

SOCIAL ENGINEERING FRAUD | FRAUDULENTLY INDUCED TRANSFERS CRIME INSURANCE SUPPLEMENTAL APPLICATION

Nearly all Social Engineering Fraud | Fraudulently Induced Transfer losses arise from one or more of your employees being tricked into believing that a request to modify account information, transfer funds or initiate a payment to a third party is genuine. The fraudster may use hacked legitimate email addresses, email addresses designed to look real but which actually contain anomalies, phone calls or even in-person meetings to impersonate a client, vendor or another employee. These questions are designed to help The Guarantee understand the extent to which your organization is prepared to defend against these types of frauds.

ALL QUESTIONS MUST BE ANSWERED. It is extremely important that any “No” answer provided herein be supplemented with a detailed explanation as to how the control deficiency is addressed within the organization.

If you need additional space to provide a more fulsome answer to any question, please add it to the end of this application as an addendum.

GENERAL INFORMATION

- Principal Applicant: _____
- Principal Address: _____
(Number) (Street) (City) (Province) (Postal Code)
- Are the controls outlined in this supplemental application consistent across all companies and locations insured by the main crime policy to which this coverage attaches? Yes No
 If no, please provide details as to where they deviate: _____

A. ANTI-FRAUD TRAINING

- Is anti-fraud training, which specifically includes ways of identifying and avoiding social engineering, phishing, impersonation or other types of scams, provided to:
 - Employees responsible for initiating, authorizing or executing payments or funds transfer requests Yes No
 - Employees who are custodians of or have access to sensitive/private information Yes No
- Is there a written manual for anti-fraud training? Yes No
 If yes, please attach a copy to this application
 If no, please describe the nature/scope of the anti-fraud training _____
- Does the Applicant have in place a formalized process by which employees can flag or otherwise bring to the attention of management potential social engineering or other types of fraudulent activity (eg. Phone hotline, dedicated reporting email address, intranet based reporting)? Yes No
 If yes, please describe the nature of the reporting mechanism. _____

B. VENDOR or SUPPLIER CONTROLS

- Does the Applicant confirm the authenticity of every request to change vendor or supplier account information (including all bank account information, invoice changes, telephone or telefacsimile numbers, location and contact information) prior to implementation of the requested change by a direct call to the vendor or supplier using a telephone number provided by the vendor or supplier before the change request was received? Yes No
 If yes, are all changes to the vendor or supplier information required to be approved by a second, next-level person prior to the change being made? Yes No

- 8. Does the Applicant verify all supplied vendor or supplier bank account information by a call directly to the bank prior to adding a vendor or supplier to the master vendor or supplier list? Yes No
- 9. Does the Applicant run exception reports (manual or automatic) showing all changes made to the information of vendors or suppliers? Yes No
How frequently are those reports run and reviewed? _____
- 10. Does the Applicant have procedures in place to verify the legitimacy of new vendors prior to transacting business with them? Yes No
If yes, describe those procedures _____

C. CLIENT CONTROLS

- 11. Does the Applicant confirm the authenticity of every request to change Client information (including all bank account information, invoice changes, telephone or telefacsimile numbers, location and contact information) prior to implementation of the request by a direct call to the Client using a telephone number provided by the Client before the request was received? Yes No
If yes, are all changes to the Client information required to be approved by a second, next-level person prior to the change being made? Yes No
- 12. Does the Applicant have custody or control over any funds or money belonging to any of its Clients including but not limited to escrow or trust accounts? Yes No
If yes, describe the nature of the control/custody and the controls in place to protect the movement of those funds _____

D. WIRE TRANSFER PROCEDURES

- 13. Are there procedures in place (other than dual authorization requirements) to ensure that all payment or funds transfer requests (including requests originating from within an Insured entity, a Client or a Vendor) are authentic? Yes No
If yes,
A. Please describe the procedures _____
B. Are these procedures used without exception? Yes No
- 14. Is more than one person required at all times to authorize a payment or funds transfer, including those for payment of an invoice or a Client repayment? Yes No
If no, describe the situations in which only one person may authorize a payment or funds transfer _____
- 15. Is the authority to make payments or initiate a funds transfer limited or restricted based on the size of the payment or transfer? Yes No
If yes, please detail the nature of the restriction and at what various levels the restrictions are imposed (eg. Transfers up to \$100,000 can be approved by a manager, transfers up to \$500,000 can be approved by a VP, all other transfers need to be approved by the CFO) _____
- 16. Describe any other procedures or controls in place to minimize the frequency or severity of a potential Social Engineering Fraud loss (eg. Limitations on the number of transfers a person may make in a given time period, maximum dollar value a person may transfer in a given time period, use of third party software etc.) _____

E. FOR FINANCIAL INSTITUTIONS ONLY - Please complete this section if you are a Financial Institution N/A

- 17. Are you a Registered Investment Adviser? Yes No
If so, are your Clients (tick all that apply):
Individuals Registered Investment Companies Private Fund Managers Family Offices Other _____
- 18. Are you a Fund Manager? Yes No
If so, do you manage (tick all that apply):
Hedge Funds Private Equity Funds Venture Capital Funds Mutual Funds Pooled Funds
Other _____

- 19. How many Clients do you have? _____
- 20. How many of your Clients are individuals? _____
- 21. What are your assets under management? \$ _____ as at _____ (Date)
- 22. Do you own or have management control over a broker/dealer? Yes No
 If yes, do they carry their own fidelity insurance? Yes No
- 23. Please describe the process used to authenticate the identity of Clients and the validity of any funds transfer instructions (eg. Call-backs at predetermined numbers, text message authorization, email authorization, voice recognition software, valid test code, test key etc.) _____
- 24. Are there at least two people required at all times to authorize a funds transfer from your bank or fund custodian? Yes No
 If no, please describe situations in which one person is able to initiate/authorize a fund transfer from your bank or fund custodian _____
- 25. Are all funds transfers reconciled daily? Yes No

F. LOSS HISTORY

- 26. Has the Applicant sustained a loss under the terms of this coverage extension being applied for (whether or not insured) in the past 6 years? Yes No
 If yes, please complete the following table:

DATE OF LOSS	QUANTUM OF LOSS	DESCRIPTION OF EVENT AND WHAT CORRECTIVE ACTION WAS TAKEN
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

This supplemental application is attached to and forms part of the main crime application submitted to the **Underwriter**.

The **Underwriter** and its agent(s) are hereby authorized to make any investigation and/or enquiry in connection with this application as it deems necessary. If coverage is bound subsequently, the **Insured** agrees that the **Underwriter** may from time to time use and disclose any and all information it deems necessary to any authority or regulator, its lawyers, affiliates, associates, agents or representatives, as is required for the purposes of its operations as an insurance company.

The signing of this application does not bind the applicant or the Underwriter. The signatory must be an officer of the applicant, the Risk Manager or the person responsible for the firm’s insurance.

Signed at: _____ (Date: Day, Month, Year)
(Location)

Signed by: _____ (Title)
(Signature)

(Print Name)

