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Credit Union Bond Coverage Application

The term **Applicant** means all entities, and employee benefit plans subject to ERISA, proposed for this insurance.

I. GENERAL INFORMATION

1. **Applicant** Information:

Name of **Applicant**: _____
Street Address: _____
City, State, ZIP Code: _____
Expiring Bond Number: _____

2. **Applicant's** Standard Industrial Classification (SIC) code, if known (4-digit number): _____

II. PROPOSED ADDITIONAL INSUREDS (OTHER THAN APPLICANT)*

Complete the following table indicating all additional entities proposed for this insurance:

Name of Entity	Description of Operations (if non-deposit taking) and Relationship to Applicant

To enter more information, attach a separate page or an organization chart.

***IMPORTANT NOTE:** Receipt of this information does not constitute an agreement that coverage will be provided to the listed entities.

III. EMPLOYEE/LOCATION/EXPOSURE INFORMATION

1. Number of employees at all locations: _____
Include full time, part time, leased, temporary, volunteer and seasonal workers.

2. Locations:

a. Main Office of the **Applicant** _____ 1

b. All other locations of the **Applicant** _____
Include branches, facilities, loan production offices, mobile branches.

c. Total number of locations: _____
+

3. Are any of the above locations or employees outside the United States? _____
If Yes, attach full details. Yes ☐ No ☐

IV. REGULATORY/MANAGEMENT/OWNERSHIP INFORMATION

1. Indicate dates and by whom the last 3 regulatory examinations were made (excluding compliance and EDP exams):

Date:			
By:			

Attach a separate schedule for each deposit taking institution.

2. Have any Cease and Desist Orders, Consent Orders, Memorandums of Understanding, Letters of Agreement, Supervisory Agreements, Specific Action Directives, or other restrictive controls been issued, discussed, or adopted within the past 3 years or are there any now pending? Yes ☐ No ☐
If Yes, attach full details.
3. Have there been any changes in the Board of Directors or senior management of the **Applicant** within the past 3 years for reasons other than death or retirement? Yes ☐ No ☐
If Yes, attach an explanation.
4. During the past 3 years has there been a change in ownership of any **Applicant** or of the controlling holding company that resulted in a change in ownership of 10% or more of the outstanding voting stock? Yes ☐ No ☐
If Yes, attach full details.

V. AUDIT INFORMATION

1. Scope of financial statement preparation:
☐ CPA Compilation ☐ CPA Review ☐ CPA Audit
 If CPA Audit is checked, skip to question 4.
2. a. Are there direct annual verifications of at least 10% of the total number and the total dollar amount within each category of deposit accounts and loan accounts? Yes ☐ No ☐
 b. If less than 10% are statistical sampling techniques used? Yes ☐ No ☐
3. Are alternative audit procedures performed on all:
 a. Positive confirmations which are not returned? Yes ☐ No ☐
 b. Confirmations which are returned undeliverable? Yes ☐ No ☐
 c. Confirmations designated as "Credit Union as Addressee" or "Hold/Do Not Send"? Yes ☐ No ☐
4. Does the **Applicant** have an internal audit function? Yes ☐ No ☐
 If Yes, who performs this function? ☐ Employees Number of: _____
☐ Third Party Name of: _____
5. Have any material weaknesses or significant deficiencies been reported in the most recent management letter? Yes ☐ No ☐
 If Yes, attach a copy of the management letter and management's response.

VI. INTERNAL CONTROLS

1. Are charged-off loan entries reviewed by someone independent of the lending function? Yes ☐ No ☐
2. Are loan payments, excluding participations, permitted to be made to anyone other than any **Applicant**? Yes ☐ No ☐
 If Yes, attach full details.
3. If signatures of co-signers are not obtained in the presence of lending personnel, are such co-signers contacted before the loan proceeds are disbursed? Yes ☐ No ☐
4. If registered securities are accepted or assigned as security, are they verified directly with the issuer or through its transfer agent before loan proceeds are disbursed? Yes ☐ No ☐
5. Are all documents and collateral obtained in conjunction with loans, verified as genuine before loan proceeds are disbursed? Yes ☐ No ☐
6. Does any **Applicant** "floor plan" dealers, i.e. autos, boats? Yes ☐ No ☐
 If Yes, answer the following:
 a. Are physical inventories conducted at least monthly on a surprise basis? Yes ☐ No ☐
 b. Are individuals performing floor plan checks rotated? Yes ☐ No ☐
7. Does any **Applicant** make loans or leases outside of its normal trade territory? Yes ☐ No ☐
 If Yes, state aggregate amount. \$ _____

8. Does any **Applicant** make loans or leases to customers using third party loan production offices? Yes ☐ No ☐
If Yes, state aggregate amount. \$ _____
9. Does the **Applicant** operate an armored car or cash delivery service for itself or for third parties? Yes ☐ No ☐
10. Do employees service or load ATMs or deliver cash to or from branches? Yes ☐ No ☐
If Yes, please provide details of exposure, frequency and security procedures
-
11. Are all locations in compliance with the Bank Protection Act of 1968 and its amendments? Yes ☐ No ☐
12. Are the posting of the **Applicant's** records performed by persons who do not have sole custody of securities or authorization to execute trades? Yes ☐ No ☐
13. a. Are all securities accounts, both for the **Applicant** and its members, reconciled with brokers', security dealers' or issuing agencies' trade confirmations at least monthly? Yes ☐ No ☐
- b. Are said accounts reconciled by someone other than the employee who is authorized to place orders or execute trades? Yes ☐ No ☐
14. Are payments of overdrafts approved by an officer or branch manager? Yes ☐ No ☐
15. Are the following member accounts reviewed monthly for unusual deposit or withdrawal activity? Yes ☐ No ☐
☐ Employee/Officer Accounts ☐ Dormant/Inactive Accounts
16. Does the **Applicant** review return items and utilize security software to identify potential fraudulent deposit (check kiting) suspects? Yes ☐ No ☐
If not, provide full details of alternative procedure:
-
17. Does the **Applicant** provide initial and on-going training with regard to fraudulent deposits to tellers and other personnel involved with handling a check or draft transaction? Yes ☐ No ☐
If not, provide full details of alternative procedure:
-
18. Is there a rule against cashing checks or drafts bearing rubber stamp endorsements? Yes ☐ No ☐
19. Are tellers prohibited from cashing checks or drafts that are drawn to the order of a member for employees of that member? Yes ☐ No ☐
20. Are tellers instructed that they should not cash any official check or draft at the instruction of any officer or employee, unless the payee is in the teller's presence? Yes ☐ No ☐
21. Are employee attempts to access information for which they are not authorized reported and reviewed with the employee's supervisor? Yes ☐ No ☐
22. Are application system exception reports identifying non-monetary transactions such as changes to due dates, interest rates, interest amounts, account holder names, etc. periodically reviewed? Yes ☐ No ☐
23. Does the **Applicant** require service providers who may have access to the **Applicant's** networks or computer systems to demonstrate adequate security policies and procedures? Yes ☐ No ☐
24. Are passwords immediately deleted upon the termination of users of applications systems? Yes ☐ No ☐
25. Which of the following methods are used to confirm the authenticity of any member and internal funds transfer requests initiated by telephone, telefacsimile, email or text message:
- a. Passwords or personal identification numbers (PINs)? Yes ☐ No ☐
- b. Callbacks to an individual other than the initiating party for corporate funds transfer requests? Yes ☐ No ☐
- c. Callbacks to a predetermined telephone number for personal funds transfer requests? Yes ☐ No ☐

26. Are all non-recurring or international funds transfer requests verified for authenticity prior to execution? Yes ☐ No ☐
Describe methods used to verify the authenticity of such requests.
-
27. If repetitive member initiated funds transfers are established, do procedures for changes or deviations require supervisor approval and appropriate confirmation? Yes ☐ No ☐
28. Indicate the dollar amount above which call-back procedures are required:
 Corporate \$ _____ Personal \$ _____
29. Are funds transfer verifications sent to members daily? Yes ☐ No ☐
30. Does the **Applicant** use intrusion detection software to detect unauthorized access to internal networks and computer systems? Yes ☐ No ☐
If so, is immediate investigation required for intrusion incidents? Yes ☐ No ☐
31. Does the **Applicant's** management or an outside vendor conduct penetration testing and vulnerability assessments for internal and external network attacks to identify system vulnerabilities? Yes ☐ No ☐
If so, state frequency and who performs such tests. _____
-
32. Does the **Applicant** send or accept financial transactions intended for deposit, via the use of remote deposit capture technology (e.g. RDC – Remote Deposit Capture)? Yes ☐ No ☐

VII. CURRENT INSURANCE INFORMATION/REQUESTED INSURANCE TERMS

Complete the following table or submit a copy of current bond, declarations and all endorsements:

Effective Date: _____ Expiring insurer: _____ Expiring premium: \$ _____

Desired Bond Coverage	Requested Limit	Requested Deductible
Fidelity Employee Dishonesty <input type="checkbox"/> Including <input type="checkbox"/> Excluding Contract EDPs Trading Loss ERISA Restoration Expenses Employee Faithful Performance	\$ \$ \$ \$ \$	\$ \$ \$0 \$ \$
On Premises	\$	\$
In Transit	\$	\$
Forgery or Alteration	\$	\$
Securities <input type="checkbox"/> Including <input type="checkbox"/> Excluding Loan Participation	\$	\$
Kidnap and Ransom	\$	\$
Counterfeit Money and Counterfeit Money Orders	\$	\$
Claim Expense	\$	\$
Indemnity for Injury or Death of Directors or Employees For Injury of Directors or Employees	Maximum weekly payment of \$500 to any one Director or Employee not to exceed total payments of \$10,000	\$0
For Death of Directors or Employees	\$10,000	\$0
Servicing Contractors (number of) <# of SC>	\$	\$

Automated Teller Machines (number of) <# of ATMs>	\$	\$
Transit Cash Letters	\$	\$
Safe Deposit Box (number of boxes) <# of SDBs> (number of locations with boxes) <# of locs> Legal Liability	\$	\$
Loss of Customers' or Members' Property <input type="checkbox"/> Including <input type="checkbox"/> Excluding Money	\$	\$
Real Property Mortgages – Defective Signatures	\$	\$
Stop Payment Orders or Wrongful Dishonor of Checks or Drafts	\$	\$
Computer Systems Computer Fraud Fraudulent Instructions Remote Access PBX System Fraud Restoration Expenses	\$ \$ \$ \$	\$ \$ \$ \$
Individual Retirement Account / Eligible Deferred Compensation Plan	\$	\$
Redemption of United States Savings Bonds	\$	\$
Consumer Legislation	\$	\$
Fraudulent Deposits	\$	\$
Business Credit and Debit Cards and Travel Advances	\$	\$

VIII. LOSS INFORMATION

1. Has the **Applicant** or any proposed insured sustained any bond-related losses, whether or not covered by insurance, in the past 3 years? Yes ☐ No ☐
*Include any incident which may lead to the filing of notice or claim with the **Applicant's** current carrier (Include any fraudulent deposit and check kiting losses, whether or not reimbursed, for any occurrence exceeding \$5,000. Occurrence means the total loss or series of losses involving the fraudulent activity of one individual.)*

If Yes, please complete the table below and attach a separate sheet if necessary:

Date Discovered	Description of Loss	Amount of Loss	Amount Recovered from Insurance	Corrective Procedures Implemented	Claim Status
		\$	\$		
		\$	\$		

IX. REQUIRED ATTACHMENTS

As part of this Application, please submit the following documents:

- Copy of most recent CPA Audit, or Director's Exam (if not filed with the SEC)

X. COMPENSATION NOTICE

Important Notice Regarding Compensation Disclosure

For information about how Surety One, Inc. is compensated an intermediary, please visit
<https://suretyone.com/producer-compensation>.

XI. FRAUD WARNINGS

Attention: Insureds in Alabama, Arkansas, D.C., Maryland, New Mexico, and Rhode Island

Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or who knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Attention: Insureds in Colorado

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Attention: Insureds in Florida

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Attention: Insureds in Kentucky, New Jersey, New York, Ohio, and Pennsylvania

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. (In New York, the civil penalty is not to exceed five thousand dollars (\$5,000) and the stated value of the claim for each such violation.)

Attention: Insureds in Louisiana, Maine, Tennessee, Virginia, and Washington

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

Attention: Insureds in Oregon

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

Attention: Insureds in Puerto Rico

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years; if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

XII. SIGNATURE SECTION

THE UNDERSIGNED OFFICER OF THE APPLICANT (AUTHORIZED REPRESENTATIVE) DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, THE STATEMENTS SET FORTH IN THIS APPLICATION FOR INSURANCE AND MATERIAL SUBMITTED THEREWITH ARE TRUE AND COMPLETE. SUCH APPLICATION AND MATERIALS WILL BE RELIED ON BY THE UNDERWRITER AND BE THE BASIS OF THE INSURANCE. IF ANY INFORMATION IN THIS APPLICATION CHANGES PRIOR TO THE INCEPTION DATE OF THE BOND, THE APPLICANT WILL NOTIFY THE UNDERWRITER OF SUCH CHANGES AND THE UNDERWRITER MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION. THE UNDERWRITER IS AUTHORIZED TO MAKE INQUIRY IN CONNECTION WITH THIS APPLICATION. THE SIGNING OF THIS APPLICATION DOES NOT BIND THE UNDERWRITER TO OFFER, NOR THE APPLICANT TO PURCHASE, THE INSURANCE.

ELECTRONICALLY REPRODUCED SIGNATURES WILL BE TREATED AS ORIGINAL.

Signature*: Officer of **Applicant**
(Authorized Representative)

Name (Printed)

Title

Date

***IF YOU ARE ELECTRONICALLY SUBMITTING THIS APPLICATION TO THE UNDERWRITER, APPLY YOUR ELECTRONIC SIGNATURE TO THIS FORM BY CHECKING THE ELECTRONIC SIGNATURE AND ACCEPTANCE BOX BELOW. BY DOING SO, YOU HEREBY CONSENT AND AGREE THAT YOUR USE OF A KEY PAD, MOUSE, OR OTHER DEVICE TO CHECK THE ELECTRONIC SIGNATURE AND ACCEPTANCE BOX CONSTITUTES YOUR SIGNATURE, ACCEPTANCE, AND AGREEMENT AS IF ACTUALLY SIGNED BY YOU IN WRITING AND HAS THE SAME FORCE AND EFFECT AS A SIGNATURE AFFIXED BY HAND.**

AUTHORIZED REPRESENTATIVE'S ELECTRONIC SIGNATURE AND ACCEPTANCE ☐

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WE'VE MADE IT EASY FOR YOU TO COMPLETE AND SUBMIT THIS APPLICATION

TWO EASY WAYS TO COMPLETE THIS APPLICATION — PRINT OR DIGITAL

For PRINT completion:

1. Print this PDF.
2. Complete the application with a black pen by legibly writing your responses in the applicable fields.
3. Use one of the following ways to submit the completed application:
 - a. Scan, then email the pages to Underwriting@SuretyOne.com or your assigned underwriter
 - b. Mail the pages to our Raleigh NC address (listed above)
 - c. Fax the pages to 919–834–7039

For DIGITAL completion:

1. Download this PDF to your computer.
2. Open the file in a PDF editor, such as Adobe Acrobat Reader DC
(available for free here: <https://get.adobe.com/reader/>).
3. Complete the application by typing and clicking your responses in the applicable fields.
4. Save your updated file to your computer by going to File > Save as...
5. Use one of the following ways to submit the completed application:
 - a. Attach the PDF to an email, and send to Underwriting@SuretyOne.com or to your assigned underwriter
 - b. Upload the PDF to the form on www.suretyone.com/contact-us

Note: Incomplete applications may result in processing delays.

Fidelity bonds, also known as Commercial Crime Policies, are written to protect organizations from the impact of an employee's dishonest acts. Surety One, Inc. offers very broad forms for both domestic and international business operations, following the S.F.A.A. formats which include:

- Employee theft
- Depositors forgery or alteration
- Theft, disappearance and/or destruction of money and securities
- Robbery and safe burglary
- Computer Crime (theft, funds transfer fraud, etc.)
- Counterfeit currency/money orders

The basic coverage forms can be expanded by negotiated endorsement. Do you have an "outside of the box" or "non-standard" fidelity risk? No problem. Do you need a special fidelity bond manuscripted for your particular client? Surety One, Inc. can help.