



**Standard Form 14 Financial Institution Bond  
Coverage Application**  
*for Broker-Dealers*

**Travelers Casualty and Surety Company of America**

Answer each question on behalf of all entities seeking coverage. If additional space is needed, attach a separate page.

**PRIMARY APPLICANT GENERAL INFORMATION**

Name of Applicant: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Year Established: \_\_\_\_\_

Primary Contact Name and Title: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_ Web Address: \_\_\_\_\_

**ADDITIONAL APPLICANT INFORMATION**

1.	Name	Percentage Owned	Year Started	Description of Operations	Entity Type
		%			
		%			
		%			
		%			

2. In the past 3 years, have there been any changes in the Applicants' ownership or management?  Yes  No  
If Yes, attach an explanation.

**CURRENT COVERAGE INFORMATION**

3. Name of current Insurer: \_\_\_\_\_

4. Complete the following table for each entity requesting coverage or attach a copy of the expiring coverage declarations page.

Insuring Agreement	Current Limit	Current Deductible
Fidelity	\$	\$
On Premises	\$	\$
In Transit	\$	\$
Forgery or Alteration	\$	\$
Securities	\$	\$
Counterfeit Money	\$	\$
Computer Systems Fraud	\$	\$
Fraudulent Funds Transfer	\$	\$
Social Engineering Fraud	\$	\$
Claims Expense	\$	\$
Audit Expense	\$	\$
Unauthorized Signatures	\$	\$
Uncollectible Items of Deposit	\$	\$
Business Credit, Debit, or Charge Card Forgery	\$	\$
Other Insuring Agreements ( <i>Specify</i> ):	\$	\$

## EXPOSURE INFORMATION

5. What is the total number of Applicants':
- a. officers and employees (including part-time, leased, temporary, volunteer, and seasonal workers)? \_\_\_\_\_
  - b. FINRA Registered Representatives? \_\_\_\_\_
  - c. locations other than the home office of the Applicants? \_\_\_\_\_
  - d. locations outside the U.S., Canada, or U.S. Territories? \_\_\_\_\_
- Attach a separate page with a list of the locations outside the U.S., Canada, or U.S. Territories.*
6. Is the Applicant a member of FINRA?  Yes  No
7. What are the total assets as of year-end December 31<sup>st</sup>: \$ \_\_\_\_\_
8. Indicate if the Applicant is a subsidiary of any of the following and provide the name of the parent entity.  
 Bank  Broker/Dealer  Investment Advisor/Manager  Not Applicable  
*Provide the name of the parent entity.*

## REGULATORY INFORMATION

9. In the past 3 years, have there been any regulatory actions taken against any Applicant?  Yes  No  
*If Yes, complete the following and attach an explanation:*
- | Type of Action | Regulatory Body | Inception Date of Action |
|----------------|-----------------|--------------------------|
|                |                 |                          |
|                |                 |                          |
|                |                 |                          |
|                |                 |                          |
10. Has any Applicant or Applicant's employees been censured or fined by any regulatory organization or been subject to any regulatory restrictions, sanctions, investigations, or complaints involving fraud in the past 5 years?  Yes  No  
*If Yes, attach an explanation.*

## AUDIT INFORMATION

11. Does the Applicant have an annual CPA audit of its financial statements?  Yes  No  
*If No, attach an explanation.*
12. In the past 3 years, has the Applicant changed outside auditors?  Yes  No  
*If Yes, attach an explanation.*
13. Has the Applicant complied with all recommendations made in its most recent CPA audit?  Yes  No  
*If No, attach an explanation.*
14. Were any of the following cited regarding the internal controls of any Applicants in connection with the Applicant's most recent CPA audit?
- a. Material Weaknesses  Yes  No
  - b. Significant Deficiencies  Yes  No
- If Yes, attach an explanation.*
15. Do internal audits include periodic reports that are rendered directly to the Board of Directors or its audit committee?  Yes  No

## OPERATIONAL EXPOSURES

16. Is there segregation of duties within all Applicants' operations so that no single transaction is controlled by one person?  Yes  No  
*If No, attach an explanation.*

17. Are all incoming checks and drafts immediately stamped "for deposit only"?  Yes  No
18. Is countersignature of checks required?  Yes  No  
*If Yes, what is the dual signing limit? \$ \_\_\_\_\_*
19. Are bank statements reconciled at least monthly by someone not authorized to sign checks/drafts, initiate payments, authorize payments, or make deposits or withdrawals?  Yes  No
20. Which of the following fraud mitigation controls does the Applicant have in place? (Check all that apply):
- Internal audit department
  - Written internal fraud reporting procedures for employees
  - Whistleblower hotline (available to employees and customers)
  - Other (Attach description)

***TRANSFER CONTROLS (IF COVERAGE IS REQUESTED)***

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**SOCIAL ENGINEERING FRAUD (INSURED'S ASSETS)**

21. Do the Applicants have written procedures in place to verify the authenticity of invoices and other payment requests received from a vendor or a client?  Yes  No
22. Do the Applicants have written procedures in place to verify the receipt of services, supplies, or goods against an invoice before making payment to a vendor or a client?  Yes  No
23. Do the Applicants confirm all changes to vendor or client information by a direct call using a pre-determined telephone number?  Yes  No  
*If Yes, answer questions a. and b. If No, attach a summary of the Applicants' procedures.*
- a. Do the Applicants wait to process change requests until the vendor or client has confirmed the change request?  Yes  No
  - b. Do the Applicants confirm change requests with an individual other than the individual who requested the change?  Yes  No
- If 23a. or b. are answered No, attach a summary of the Applicants' procedures.*
24. Do the Applicants have written procedures in place to verify the authenticity of payments or funds transfer requests received from another employee of the Applicant authorized to release payments or funds?  Yes  No  
*If Yes, answer questions a. - c. If No, attach an explanation.*
- a. Attach a copy of the procedures.
  - b. Are all procedures performed consistently across all subsidiaries, departments, and locations?  Yes  No  
*If No, attach an explanation.*
  - c. Are all procedures performed on every request?  Yes  No

**FRAUDULENT INSTRUCTIONS (CUSTOMER'S ASSETS)**

25. Do the Applicants have a written agreement with their customers outlining specific verification methods or instructions for all electronic funds transfer requests?  Yes  No  
*If Yes, attach a copy of the agreement. If No, attach an explanation.*
26. Do the Applicants have written procedures in place to verify the authenticity of payments or funds transfer requests received from another employee of the Applicant authorized to release payments or funds?  Yes  No  
*If Yes, answer questions a. - c. If No, attach an explanation.*
- a. Attach a copy of the procedures.
  - b. Are all procedures performed consistently across all subsidiaries, departments, and locations?  Yes  No  
*If No, attach an explanation.*
  - c. Are all procedures performed on every request?  Yes  No
27. Do the Applicants have an established out-of-band process to verify funds transfer instructions from someone purporting to be a customer?  Yes  No  
*If Yes, indicate which of the following are used (check all that apply):*
- Voice authentication technology
  - Calling a customer at a pre-determined telephone number
  - Sending a text message to a pre-determined telephone number
  - Token technology
  - Other (Attach description)

28. Are employees who are responsible for fund transfer requests trained at least annually to detect fraudulent transfer requests?  Yes  No

### **DIGITAL ASSET EXPOSURES**

29. Do the Applicants have, or are they contemplating, any exposure or business activities related to digital assets?  Yes  No  
*If Yes, attach an explanation.*

### **LOSS INFORMATION**

30. In the past 3 years, has any Applicant sustained any bond-related losses whether or not covered by insurance?  Yes  No  
*If Yes, complete the table.*

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

31. In the past 3 years, has any similar bond coverage been canceled? (Missouri Applicants: do not complete.)  Yes  No  
*If Yes, attach an explanation.*

### **REQUIRED ATTACHMENTS**

As part of this Application, provide copies of the documents listed below. Such documents are made a part of this Application, and the Insurer may elect to obtain requested information from public sources, including the Internet.

- Copy of the most recent CPA Audit (if not publicly filed)
- Copy of the most recent CPA Letter to Management and the Applicant's response (if any)

### **NOTICE REGARDING COMPENSATION**

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: \_\_\_\_\_

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

### **FRAUD STATEMENTS – ATTENTION APPLICANTS IN THE FOLLOWING JURISDICTIONS**

**ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, 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.

**CALIFORNIA:** For your protection California law requires the following to appear on this form. Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

**COLORADO:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company to defraud or attempt 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 to defraud or attempt to defraud the policyholder or claimant regarding a settlement or award payable from insurance proceeds will be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

**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.

**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.)

**LOUISIANA, MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON:** It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company to defraud the company. Penalties include imprisonment, fines, and denial of insurance benefits.

**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.

**PUERTO RICO:** Any person who knowingly and intending to defraud 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, will incur a felony and, upon conviction, will be sanctioned for each violation with the penalty of a fine of not less than \$5,000 and not over \$10,000, or a fixed term of imprisonment for three years, or both penalties. Should aggravating circumstances be present, the penalty established may be increased to a maximum of five years; if extenuating circumstances are present, it may be reduced to a minimum of two years.

## **SIGNATURES**

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The undersigned Authorized Representative represents that to the best of their knowledge and belief, and after reasonable inquiry, the statements provided in response to this Application are true and complete, and, except in North Carolina, may be relied upon by Travelers as the basis for providing insurance. The Applicant will notify Travelers of any material changes to the information provided. Except in North Carolina and Utah, this Application, including any requested or submitted information, will be deemed attached to and form a part of any policy issued.

Electronic Signature and Acceptance – Authorized Representative\*

\*If electronically submitting this document, electronically sign this form by checking the Electronic Signature and Acceptance box above. By doing so, the Applicant agrees that use of a key pad, mouse, or other device to check the Electronic Signature and Acceptance box constitutes acceptance and agreement as if signed in writing and has the same force and effect as a signature affixed by hand.

Authorized Representative Signature: <b>X</b>	Authorized Representative Name and Title:	Date (month/dd/yyyy):
Producer Name (required in FL & IA): <b>X</b>	State Producer License No (required in FL):	Date (month/dd/yyyy):
Agency:		Agency Phone Number: