

**BROKER-DEALER GUARD FIDELITY BOND**

**Mercer Consumer, a service of Mercer Health & Benefits Administration LLC, is the Industry Leader offering the most comprehensive Fidelity Bond coverage available in the marketplace.**

**Highlights of the Broker-Dealer Guard Fidelity Bond include:**

- > Designed to meet all requirements for compliance with ERISA
- > Unaggregated \$1 million limit with no aggregate policy limit
- > Officers, directors, and employees are covered above and beyond the standard
- > Traditional Proof of Loss method inclusive of Claims Expense
- > Over Twenty Coverages are included under the standard BDG Fidelity Bond policy, such as:
  - > (A) Fidelity, (B) On Premises, (C) In Transit, (D) Forgery and Alteration, (E) Securities, (F) Counterfeit Currency
  - > Computer Crime: seven separate coverages including telephone and email transfer fraud
  - > Impersonation Fraud Protection (a.k.a social engineering)
  - > Coverage for a joint insured when added by name as a joint insured; compliant with ERISA Act of 1974

This rider broadens the scope of coverage to include coverage for theft of customer property by Registered Representatives. Additional premium charges will apply.

- > Provides coverage for theft of customer property by Registered Representatives. Additional premium charges will apply.
- > Provides coverage for theft of customer property by Registered Representatives. Additional premium charges will apply.
- > Administrative action; and 2) notification costs, crisis expenses and post-event services, such as credit monitoring to affected individuals.
- > America by offering expert assistance and financial relief should a covered employee, representative and/or family member become a victim of identity theft.

For more information, please contact your broker or Mercer Consumer at 1-800-978-6273.

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## Answers to the Most Frequently-Asked Questions:\*

- Q.** What is a Fidelity Bond, and why does my firm need one?
- A.** A Fidelity Bond insures your firm against intentional fraudulent and dishonest acts committed by your employees and registered representatives under certain specified circumstances. Besides being a FINRA requirement, having a Fidelity Bond just makes good business sense.
- Q.** How do I determine what minimum limit of liability I need to carry?
- A.** According to Rule 4360 of the FINRA Manual, if your required net capital under SEC Rule 15c3-1 is less than \$250,000, then you are required to carry a Fidelity Bond in the amount of 120 percent of your required net capital or \$100,000, whichever is greater. If your required net capital is \$250,000 or greater, please refer to FINRA Rule 4360 to determine your minimum required bond limit.
- Q.** Does this policy satisfy the ERISA Fidelity Bond requirements for my in-house pension and profit-sharing plans?
- A.** Our Fidelity Bond allows you to add these plans at no additional cost, subject to the limit of your firm's Fidelity Bond. If your firm's limit falls short in satisfying your ERISA requirements, you will still need to carry a separate ERISA Bond for those plans unless you choose to increase your firm's Fidelity Bond to the limit of your ERISA requirement. If you require a separate ERISA Bond, Mercer also offers this product.
- Q.** What other products are available to broker-dealer firms?
- A.** Mercer Consumer offers a variety of insurance products including Cyber Privacy Liability, Errors & Omissions Liability, Directors & Officers Liability, Employment Practices Liability, Signature Guarantee Medallion Bonds, and many more. For more information on these or other products, please contact us at **1-800-978-6273** or visit our online website at [www.brokerdealercoverage.com](http://www.brokerdealercoverage.com)

## FINRA-Required Coverages Included:\*

- **(A) Fidelity, (B) On Premises, (C) In Transit, (D) Forgery and Alteration, (E) Securities, (F) Counterfeit Currency**

## Additional Automatic Coverages Included at No Cost\*:

- **(G) Audit Expense**—(Limit \$25,000; Subject to \$5,000 Deductible) Covers expenses incurred by the insured for the costs of audits or examinations required by any governmental regulatory authority for reason of discovery of a loss sustained by a dishonest or fraudulent act of an employee
- **(H) Credit Card Forgery**—(Matches Limit and Deductible for Coverage (A) Fidelity) Covers loss the Insured shall sustain through forgery or alteration of, on or in, any written instrument required in conjunction with any business credit card issued to the Insured or to any partner, officer or employee of the Insured
- **(I) Unauthorized Signatures**—(Limit \$25,000; Subject to \$5,000 Deductible) Covers loss resulting from the insured having accepted, paid or cashed any check or withdrawal order made or drawn on a customer's account which bears the signature of one other than a person whose name and signature is on file with the insured as a signatory on such account
- **(J) Stop Payment Liability**—(\$25,000 Occurrence Limit; \$100,000 Aggregate Limit; \$5,000 Deductible) Covers losses for complying with or failing to comply with stop payment instructions for checks
- **(K) Uncollectible Items of Deposit**—(\$25,000 Occurrence Limit; \$100,000 Aggregate Limit; \$5,000 Deductible) Covers loss resulting from payments of dividends or funds shares, or withdrawals from a customer's account as a direct result of items of deposit that are not paid for any reason

## Additional Automatic Coverages (continued):\*

**Computer Crime Coverage Endorsement Rider**—Seven separate coverages included; some are defined below (Limits and Deductibles Match the Coverage for Coverage (A) Fidelity)

- **(L) Computer Systems Fraud**—Covers loss from fraudulent entry or change of electronic data or computer program. Applicable to any computer system operated by the insured
- **(M) Data Processing Service Operations**—Covers loss from a fraudulent entry or change of electronic data or computer program with regards to providing of data processing services for a client
- **(N) Telephone or Email Transfer Fraud**—Covers loss resulting directly from the insured having in good faith, transferred funds from a customer's account, or a customer's certificated securities, in reliance upon a fraudulent instruction transmitted to the insured via telephone or electronic email
- **(O) Telefacsimile Transfer Fraud**: Covers loss resulting directly from the insured having in good faith, transferred or delivered funds, certificated securities or uncertificated securities through a computer system covered under the terms of the Computer System Fraud insurance agreement due to their reliance on a fraudulent instruction received through a "Telefacsimile Device"
- **(P) Destruction of Data or Programs by Hacker**—Covers loss due to a hacker that causes the insured to transfer, pay or deliver funds or property, establish credit or give any value as the direct result of malicious damage or destruction to the insured's computer system
- **(Q) Destruction of Data or Programs by Virus**—Covers loss due to a computer virus that causes the insured to transfer, pay or deliver funds or property, establish credit or give any value as the direct result of malicious damage or destruction to the insured's computer system
- **(R) Voice Computer Systems Fraud**—Covers loss from charges for voice telephone long-distance calls incurred due to fraudulent use of Voice Computer System
- **Impersonation Fraud Protection (aka Social Engineering)**—(Variable Limit; Minimum Limit of \$50,000 subject to \$10,000 Deductible) Covers losses due to social engineering or fraudulently-induced instructions from someone purporting to be an employee of the Insured firm (Included as a Standard Rider)
- **Claims Expense**—(Limit \$10,000; Subject to \$5,000 Deductible) Covers reasonable expenses incurred for producing and certifying details of the Insured's business required by Underwriter to arrive at a covered loss payable under the bond (Section VI.D.2 of Policy)

## Coverage options available for additional premium†:

- **Registered Representative Amendatory Enhancement (RRAE)** — This rider broadens the scope of coverage to include coverage for theft of customer property by Registered Representatives.
- **Corporate Identity Protection (CIP)**—Responds to a data breach involving customers' personal, identifiable information. Coverage may be available for: 1) defense costs in response to any claim, suit or administrative action; and 2) notification costs, crisis expenses and post-event services, such as credit monitoring to affected individuals.
- **Personal Identity Coverage (PIC)**—Responds to one of the fastest growing crimes in America, by offering expert assistance and financial relief should a covered employee, representative and/or family member become a victim of identity theft.
- **Registered Investment Advisors (RIA)**—Provides coverage for the First Named Insured as a Registered Investment Advisor or an affiliated RIA.

FINRA® is a registered trademark of Financial Industry Regulatory, Inc.

† Subject to underwriting review.

\*Additional conditions of coverage apply according to policy terms which supersede any summarized descriptions. All claims are subject to the full terms and conditions of the policy.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.**

Name of insurance company to which Application is made (the "Insurer")

**Broker-Dealer Guard<sup>SM</sup> Application  
A Blanket Fidelity Bond for Securities Dealers**

**Eligibility Requirements**

- You have not filed any claims under your Fidelity Bond in the past 3 years.  
 True       False
- Your home office is domiciled within the continental United States, Alaska, or Hawaii. (Please note that the U.S. Virgin Islands and Puerto Rico are excluded from the continental U.S.)  
 True       False
- You are registered as a broker-dealer with FINRA or in the process of completing the registration process with FINRA.  
 True       False

**If you checked "False" to any of the above Eligibility Requirements questions, please do not proceed with completing this application.**

**Applicant Information**

Broker-dealer Name (First Named Insured): \_\_\_\_\_

*Additional Insureds or Joint Insureds (The following may be eligible for additional Insured or Joint Insured status: operating subsidiaries, affiliated Registered Investment Advisors, Employee Benefit Plans, and in-house pension and/or profit sharing plans. A clearing broker **cannot** be considered as either an additional Insured or a Joint Insured.)*

Name of Additional Insured(s)	Relationship to First Named Insured

*The First Named Insured and any additional Insured(s) are referred to herein, individually and collectively, as "you" or "Applicant."*

Contact Person: \_\_\_\_\_ BD CRD#: \_\_\_\_\_

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

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_ Website: \_\_\_\_\_

Applicant's Insurance Broker's Name:			
Applicant's Insurance Broker's Contact Name:		Applicant's Insurance Broker's E-Mail Address:	

**Underwriting Information**

1. **Desired Effective Date:** \_\_\_\_\_

2. **(a) Number of Registered Representatives:** \_\_\_\_\_

**(b) Number of Employees (not counted above):** \_\_\_\_\_

3. **Total number of branches (excluding main office):** \_\_\_\_\_

*Pursuant to FINRA Rule 3110(f)(2)(A), as amended, a "branch office" is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security, or is held out as such. Please note that there are a number of exceptions to this definition.*

4. **Highest Net Capital Requirement during the preceding 12-month period:** \_\_\_\_\_

*The "preceding 12-month period" means the 12-month period that ends 60 days before the yearly anniversary date of the firm's fidelity bond.*

**5. Minimum Required Bond Amount**

*Pursuant to FINRA Rule 4360, the following chart provides minimum required limits of liability based on a firm's net capital requirements. Please indicate the appropriate Minimum Required Bond amount based on your firm's net capital as indicated above in Question Four.*

	<b>Net Capital Requirement</b>	<b>Minimum Required Bond</b>
<input type="checkbox"/>	Less than \$250,000	Greater of either: (A) 120% of firm's required net capital per Exchange Act Rule 15c3-1; or (B) \$100,000
<input type="checkbox"/>	\$250,000 - \$300,000	\$600,000
<input type="checkbox"/>	\$300,001 - \$500,000	\$700,000
<input type="checkbox"/>	\$500,001 - \$1,000,000	\$800,000
<input type="checkbox"/>	\$1,000,001 - \$2,000,000	\$1,000,000
<input type="checkbox"/>	\$2,000,001 - \$3,000,000	\$1,500,000
<input type="checkbox"/>	\$3,000,001 - \$4,000,000	\$2,000,000
<input type="checkbox"/>	\$4,000,001 - \$6,000,000	\$3,000,000
<input type="checkbox"/>	\$6,000,001 - \$12,000,000	\$4,000,000
<input type="checkbox"/>	\$12,000,001 +	\$5,000,000

6. (a) Desired Bond Limit: \$ \_\_\_\_\_

The desired bond limit must be equal to or exceed the minimum required bond limit indicated in Question Five above.

(b) Desired Deductible\*: Choose one of the following deductible amounts:

- \$5,000 (Only available for bond Limits of \$100,000 - \$250,000)
- \$10,000 (Only available for bond Limits of \$100,000 - \$2,000,000)
- 10% of the Bond Limit
- 25%\* of the Bond Limit
- Other amount \$ \_\_\_\_\_

\*When deciding your deductible amount, please note that a firm must deduct from its net worth any deductible amount that is greater than 10% of the limit for purposes of calculating a firm's net capital. Please review FINRA Rule 3460 for more information.

7. Please check any Exchanges of which you are a member. (Check all that apply):

- NASDAQ OMX BX
- Chicago Stock Exchange
- Pacific Stock Exchange
- NASDAQ OMX PHLX
- Midwest Stock Exchange
- Chicago Board of Options Exchange
- NYSE MKT LLC

8. Are you registered to do business in the state of Arkansas?  Yes  No

9. If you are fully disclosed, please list your clearing broker: \_\_\_\_\_

10. During the past five years, were any of your firm's current or past registered representatives fined, penalized or suspended while with your firm?  Yes  No

If yes, please provide a complete Form U-4, including the Disclosure Report Page (DRP), for each incident:

Number of incidents: \_\_\_\_\_

Date of such incident(s): \_\_\_\_\_

Dollar amount of each incident: \_\_\_\_\_

Cause of each incident: \_\_\_\_\_

11. What year was the First Named Insured established? \_\_\_\_\_

12. Has any insurance been declined or cancelled during the past three years?  Yes  No  
(Missouri applicants need not reply.)

If "yes," please provided details of such declination or cancellation: \_\_\_\_\_

13. Below, list all losses sustained during the past three years, whether reimbursed or not. Attach an additional sheet if needed.

If none, please check here to indicate **No Losses**.

Date of Loss	Type of Loss	Amount of Loss	Corrective Action

**DO NOT COMPLETE QUESTIONS 14 THROUGH 16 UNLESS (A) YOUR DESIRED LIMIT IS GREATER THAN \$2,000,000; (B) OR YOU REPORTED LOSSES FOR QUESTION 13 ABOVE.**

**14. AUDIT PROCEDURES:**

- (a) Is there an audit by an independent CPA at least annually?  Yes  No
- (b) If yes, is it a complete audit made in accordance with generally accepted auditing standards and so certified?  Yes  No  
If the answer to (b) is "no," explain the scope of the CPA's examination \_\_\_\_\_  
\_\_\_\_\_
- (c) Name and location of CPA: \_\_\_\_\_
- (d) Date of completion of the last audit by CPA: \_\_\_\_\_
- (e) Is there a continuous internal audit by an Internal Audit Department?  Yes  No
- (f) Are money and securities actually counted and verified?  Yes  No

**15. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):**

- (a) Are bank accounts reconciled by someone not authorized to deposit or withdraw funds?  
 Yes  No  
If "no," explain: \_\_\_\_\_  
\_\_\_\_\_
- (b) Is countersignature (dual signature) of checks required?  Yes  No
  - (i) If "yes," at what dollar threshold is countersignature required? \_\_\_\_\_
  - (ii) If "no," describe the system in effect to prevent unauthorized issuance of checks (e.g., countersignatures of purchase orders or invoices): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Are monthly statements (whether or not there was activity in the account) mailed directly to all customers?  Yes  No

If "no," explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) Are procedures established so that no single employee is able to control a process from beginning to end (e.g., request a check or wire transfer; approve the payment; and sign a check or wire transfer form)?  Yes  No

(e) Are all requests for disbursement of customer funds and Insured's funds verified?  Yes  No

**16. Has there been any change in ownership or management within the past three years?**  Yes  No

If "yes," explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Additional Optional Coverages

You may add the following coverage options to the bond for an additional premium (subject to underwriting). If you are interested in any of the following enhancements to your bond, please select the applicable coverage(s) and fill out the required information below for each option.

**Registered Representative Amendatory Enhancement (RRAE)** - This rider broadens the scope of coverage to include coverage for theft of customer property by Registered Representatives. Additional premium charges will apply.

**Registered Investment Advisors (RIA)**- Please complete this section only if you require Registered Investment Advisor Coverage for the First Named Insured or coverage for any affiliated Registered Investment Advisor ("RIA").

**Corporate Identity Protection/Privacy Coverage (CIP)** - This coverage enhancement responds to a data breach involving personal, identifiable information. Coverage may be available for: 1) defense costs in response to any claim, suit or administrative action; and 2) notification costs, crisis expenses and post event services, such as credit monitoring to affected individuals. Additional premium charges will apply.

**Personal Identity Coverage (PIC)** - This coverage enhancement provides expert assistance and financial relief should a covered individual become a victim of identity theft. Additional premium charges will apply.

**RRAE Required Information:**

During the past five years, have any of your firm’s current or past Registered Representatives responded “yes” to any or all parts of the following questions:

- 1. “Criminal Disclosure” Questions 14. A or 14. B of Form U-4?  Yes  No
- 2. “Customer Complaint/Arbitration/Civil Litigation Disclosure” Question 14. I of Form U-4?  Yes  No

If you answered “yes” to either (1) or (2) above, please provide a complete Form U-4, including the DRP, for each Registered Representative for whom you answered “yes.” Any “yes” response requires underwriting approval prior to adding RRAE coverage.

**Registered Investment Advisor Coverage (RIA)** – Please complete this section only if you require Registered Investment Advisor Coverage for the First Named Insured or coverage for any affiliated Registered Investment Advisor (“RIA”).

*\*Pursuant to Proposed FINRA Rule 1111(a)(2), an “Affiliate” is an entity that is controlled by, or is under common control with, an Applicant (First Named Insured).*

**I. RIA Entity Required Information:**

1. Name(s): \_\_\_\_\_

2. Date the RIA entity was created: \_\_\_\_\_

3. RIA entity’s relationship with the First Named Insured: \_\_\_\_\_

4. Does the RIA entity have existing fidelity bond coverage?  Yes  No  
If “yes,” please indicate the limit: \_\_\_\_\_

5. Describe the operations and products of each requested RIA entity.  
Please indicate if state-registered or SEC-registered.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. List all losses sustained during the past three years by each RIA, whether reimbursed or not, from \_\_\_\_\_ to \_\_\_\_\_. (Missouri applicants need not reply.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Do the internal controls that apply to the First Named Insured also apply to the RIA?  Yes  No  
If “no,” please explain how they differ.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



8. Was there any criticism of any RIA in either the last State or Federal examination?  Yes  No  
 If "yes," please explain.

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**II. RIA Rating Information:**

For all entities seeking coverage (including all RIAs and the First Named Insured), please indicate the following:

Do not count any individual more than once.

1.	Number of individuals who act on your behalf who are registered as Investment Advisory Representatives (IARs) and Registered Representatives (RR) (whether or not an Employee):	
2.	Number of individuals who act on your behalf who are IARs only (whether or not an Employee):	
3.	Number of individuals who act on your behalf who are RR only (whether or not an Employee):	
4.	Number of individuals who act on your behalf who are non-registered Employees:	
5.	Number of branch offices (as defined in FINRA Rule 3110(f)(2)(A) across all insured entities (including the First Named Insured and any additional Insured) for which you are applying for this insurance: <i>(Do not count the main office of the First Named Insured)</i>	

**Corporate Identity Protection/Privacy Coverage (CIP)** – This coverage enhancement responds to a data breach involving personal, identifiable information. Coverage may be available for: 1) defense costs in response to any claim, suit or administrative action; and 2) notification costs, crisis expenses and post event services, such as credit monitoring to affected individuals. Additional premium charges will apply.

**Eligibility Requirements**

- You have 400 or fewer employees.  True  False
- Your firm is not located in Vermont.  True  False

If you checked "false" to either of the above Eligibility Requirements questions, please do not proceed with completing this application.

*Amounts incurred for defense costs, administrative expenses, notification costs, crisis expenses, and post event services expenses shall reduce the amount of insurance available to pay judgments or settlements and shall be subject to the applicable deductible.*

**I. CIP Required Information:**

Corporate Structure:

- Non-profit
- Private
- Public
- Private with public debt

Projected Annual Revenue: \$ \_\_\_\_\_

**II. CIP Application Activities:**

**1. Retail Sales:**

- a. What percentage of annual sales are retail sales or services, meaning sales or services direct to individual consumers?
  - Less than 5%
  - More than 5% and less than 50%
  - More than 50%
- b. If applicable, are you in compliance with requirements provided to you by a financial institution in connection with an agreement to accept credit card transactions including CISP; the PCI Data Security Standard; or, any other requirements provided to you?
  - Yes  No

**2. Does the First Named Insured have each of the following in place?**

- a. a person or group responsible for information security  Yes  No
- b. a virus protection program  Yes  No
- c. a firewall  Yes  No
- d. a software update process, including updating patches and anti-virus software
  - Yes  No
- e. a complete network scan of external ports completed once every 90 days  Yes  No
- f. a user awareness training program for privacy and information security issues  Yes  No
- g. a current Information Security Policy which documents security procedures, responsibilities, and testing?  Yes  No
- h. a current Information Security Incident Response Plan covering unintended release, theft or loss of personal information?  Yes  No

**3. Does the Applicant encrypt all sensitive and Personally Identifiable Information?  Yes  No**

If no, please explain: \_\_\_\_\_

**III. CIP Prior Coverage and Loss Information**

- 1. Has the First Named Insured been denied an application for identity theft, cyber-liability or other insurance policy or bond providing same or similar coverage as the insurance sought or has a policy or bond issued to the First Named Insured been cancelled or non-renewed by the insurance carrier in the past 3 years?  Yes  No (Missouri applicants need not reply.)**

If "yes," give details:

\_\_\_\_\_

2. Has the Applicant experienced any loss that would be covered under this coverage in the past 3 years?  Yes  No

If "yes," include date, type and amount of loss:

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3. Has the Applicant had a theft of or unintended release of personal information in the past 3 years?  Yes  No

If yes, did the Applicant notify the individuals whose information was stolen or released?

Yes  No

If yes, please describe the nature and size of the release and any corrective action taken:

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4. Has the Applicant been the subject of an administrative investigation, hearing or disciplinary action conducted by a Federal, State, or Local Regulator that involved identity theft or a privacy violation of any nature in the past 3 years?  Yes  No

If yes, describe and include any corrective action taken: \_\_\_\_\_

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5. Has the Applicant been named in a civil or criminal proceeding that involves identity theft or a privacy violation of any nature?  Yes  No

If yes, describe the outcome and include any corrective action taken: \_\_\_\_\_

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**IV. CIP Desired Terms**

Please select one of the Limit and Deductible Options in the table below:

	<i>Aggregate CIP Limit</i>	<i>Personal Identity Liability Sublimit</i>	<i>Administrative Action Sublimit</i>	<i>Identity Event Services Sublimit</i>	<i>Deductible Amount</i>
<input type="checkbox"/>	\$50,000	\$50,000	\$50,000	\$50,000	\$1,000
<input type="checkbox"/>	\$100,000	\$100,000	\$100,000	\$100,000	\$2,500
<input type="checkbox"/>	\$250,000	\$250,000	\$250,000	\$250,000	\$5,000
<input type="checkbox"/>	\$500,000	\$500,000	\$250,000	\$250,000	\$10,000
<input type="checkbox"/>	\$750,000	\$750,000	\$250,000	\$250,000	\$10,000
<input type="checkbox"/>	\$1,000,000	\$1,000,000	\$250,000	\$250,000	\$10,000

**Personal Identity Coverage (PIC)** – This coverage enhancement provides expert assistance and financial relief should a covered individual become a victim of identity theft. Additional premium charges will apply.

**Eligibility Requirements**

- Your firm is not located in Vermont.  True  False

If you checked "false" to the above Eligibility question, please do not proceed with this application.

**I. PIC Required Information:**

1. Do you currently have an identity theft insurance program in place?  Yes  No

If "yes," please attach the policy or bond.

2. Have you ever had an application for identity theft insurance declined or has a policy or bond issued to you been cancelled or non-renewed by the insurance carrier?  Yes  No

If "yes," please give details. (Missouri Applicants need not reply.)

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3. Have you had any identity theft losses over the past three years (whether or not covered by insurance)?  Yes  No

If "yes," include date, type and amount of loss.

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4. Have you had any theft of customer/member/employee information over the past three years (whether or not covered by insurance)?  Yes  No

If "yes," include date, type and amount of loss.

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5. Do you train employees on privacy, information security and related issues annually or more frequently?  Yes  No

If yes, please provide information about the training provided.

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6. How many of your employees reside in the State of New York? \_\_\_\_\_

## II. PIC Desired Terms

Please select your Scope(s) of Coverage and one Limit Option in the table below:

### Scope of Coverage (Select One):

<input type="checkbox"/>	Employee Only
<input type="checkbox"/>	Employee Plus Spouse
<input type="checkbox"/>	Employee Plus Spouse and Children Ages 18-23
<input type="checkbox"/>	Employee Plus Spouse and Children Ages 0-23

### Requested Limit (Select One):

	PIC Aggregate Limit	PIC Deductible
<input type="checkbox"/>	\$10,000	\$0
<input type="checkbox"/>	\$25,000	\$0

**NOTICE TO APPLICANTS:** 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 ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO ALABAMA APPLICANTS:** 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 IS GUILTY OF A CRIME AND MAY BE SUBJECT TO RESTITUTION FINES OR CONFINEMENT IN PRISON, OR ANY COMBINATION THEREOF.

**NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO COLORADO APPLICANTS:** 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 AUTHORITIES.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:** WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN

INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

**NOTICE TO FLORIDA APPLICANTS:** 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.

**NOTICE TO KANSAS APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD, PRESENTS, CAUSES TO BE PRESENTED OR PREPARED WITH KNOWLEDGE OR BELIEF THAT IT WILL BE PRESENTED TO OR BY AN INSURER, PURPORTED INSURER, BROKER OR ANY AGENT THEREOF, ANY WRITTEN, ELECTRONIC, ELECTRONIC IMPULSE, FACSIMILE, MAGNETIC, ORAL, OR TELEPHONIC COMMUNICATION OR STATEMENT AS PART OF, OR IN SUPPORT OF, AN APPLICATION FOR THE ISSUANCE OF, OR THE RATING OF AN INSURANCE POLICY FOR PERSONAL OR COMMERCIAL INSURANCE, OR A CLAIM FOR PAYMENT OR OTHER BENEFIT PURSUANT TO AN INSURANCE POLICY FOR COMMERCIAL OR PERSONAL INSURANCE WHICH SUCH PERSON KNOWS TO CONTAIN MATERIAL FALSE INFORMATION CONCERNING ANY FACT MATERIAL THERETO; OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT.

**NOTICE TO KENTUCKY APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.

**NOTICE TO LOUISIANA APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO MARYLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY OR WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY OR WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MINNESOTA APPLICANTS:** A PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

**NOTICE TO NEW JERSEY APPLICANTS:** ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW YORK APPLICANTS:** 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 SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

**NOTICE TO OHIO APPLICANTS:** ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

**NOTICE TO OKLAHOMA APPLICANTS:** WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY (365:15-1-10, 36 §3613.1).

**NOTICE TO OREGON APPLICANTS:** 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, MAY BE GUILTY OF A FRAUDULENT ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO PENNSYLVANIA APPLICANTS:** 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.

**NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS:** 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.

**NOTICE TO VERMONT APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE STATEMENT IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIMINAL OFFENSE AND SUBJECT TO PENALTIES UNDER STATE LAW.

The undersigned is a duly authorized representative of the Applicant and he/she understands and acknowledges that Applicant satisfies the Eligibility Requirements as described on this application and represents that the information furnished in this application is complete, true and accurate. Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, on this application or otherwise, shall be grounds for rescission of any bond issued in reliance upon such information.

If CIP is being purchased, the undersigned hereby acknowledges that he/she is aware that the Limit of Liability contained in this bond shall be reduced, and may be completely exhausted, by the costs of legal defense and, in such event, the Insurer shall not be liable for the costs of legal defense or for the amount of any judgment or settlement to the extent that such exceeds the Limit of Liability of this bond, and the undersigned further acknowledges that legal defense costs that are incurred shall be applied against the deductible amount.

All written statements and materials furnished to the underwriting insurance company by or on behalf of the Applicant in conjunction with this application are incorporated by reference into this application and made part of it.

The insurance for which you are applying is subject to approval by the underwriting insurance company. Receipt of a completed application and/or premium payment does not bind the insurance company to issue coverage to you.

**Sign:** \_\_\_\_\_

**Name (please print):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**First Named Insured's Insurance Broker's Name:** \_\_\_\_\_

**First Named Insured's Insurance Broker's License #:** \_\_\_\_\_

**First Named Insured's Insurance Broker's Address:** \_\_\_\_\_

**Please mail or fax the completed application to:**

**Mercer Consumer  
P.O. Box 310293  
Des Moines, IA 50331-0293**

**1-800-978-6273**

**Fax: Attn. Fidelity Bond Team 515-365-3005**

**[www.brokerdealercoverage.com](http://www.brokerdealercoverage.com)**



QUESTIONNAIRE

1. Please indicate how you acquired this application:

- Direct Mailer  Conference  Website  Requested  Provided by a broker or consultant  
 Other \_\_\_\_\_

2. Prior Insurance: Carrier \_\_\_\_\_ Expiration Date \_\_\_\_\_ Annual Premium \_\_\_\_\_

3. Do you currently have any of the following products?

- Cyber Security Liability Insurance?  Yes  No (Expiration Date \_\_\_\_\_)
- Errors & Omissions Liability Insurance?  Yes  No (Expiration Date \_\_\_\_\_)
- Directors & Officers Liability Insurance?  Yes  No (Expiration Date \_\_\_\_\_)
- Fiduciary Liability Insurance?  Yes  No (Expiration Date \_\_\_\_\_)
- Employment Practices Liability Insurance?  Yes  No (Expiration Date \_\_\_\_\_)
- ERISA Bond?  Yes  No (Expiration Date \_\_\_\_\_)
- Signature Guarantee Medallion Bond?  Yes  No (Expiration Date \_\_\_\_\_)
- Business Owners, Workers' Comp, Business Auto, Excess Liability?  Yes  No (Expiration Date \_\_\_\_\_)

4. If you do not currently have these coverages with Mercer Consumer, may we contact you to discuss our product line and obtain additional information to provide you with a quotation of those coverages you have an interest in?  Yes  No

- If "Yes," please provide contact information:

Contact Name \_\_\_\_\_ Phone Number \_\_\_\_\_  
Email Address \_\_\_\_\_

5. Would you like to receive email updates regarding Mercer Consumer insurance products and offers?\*

- Yes  No

\* If "Yes," please include email address above.