



**ENCORE FIDUCIARY DISHONESTY POLICY
FOR EMPLOYEE BENEFIT PLANS**

APPLICATION

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is: 4323 Warren Street, NW, Washington, DC 20016-2437

APPLICATION INSTRUCTIONS

1. Whenever used in this Employee Benefit Plan Fiduciary Dishonesty Policy Application, the term Applicant shall mean Plan Administrator or Sponsor Organization acting on behalf of all entity(ies) and Employee Benefit Plans proposed for this insurance.
2. Wherever used in this Employee Benefit Plan Fiduciary Dishonesty Policy Application, the term ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended and any rules or regulations promulgated thereunder.
3. Include all requested underwriting information and attachments. Provide a complete response to all questions and attach additional pages if necessary.

I. GENERAL INFORMATION

Name of Plan: _____

Applicant Address: _____

Telephone Number: _____ Website Address: _____

Complete the chart for all trusts or Plans for which coverage is requested:

Full Name of each Plan or Trust for which coverage is requested	*Type	Total Assets	Last FYE Annual Contributions	Number of Participants	Number of Trustees and Fiduciaries	Number of all other Plan Employee

* Types: Defined Benefit (DB); Defined Contribution (DC); Welfare Benefit Plan (W); Other (O) – Attach Explanation

Policy Period Requested: From _____ to _____ both days at 12:01 a.m. at the principal address of the Applicant.

Limits of Liability and Retentions:

Insuring Agreement	Limits Requested	Retention Requested
Fiduciary Dishonesty		Not Applicable
Forgery		
Computer Theft		
Funds Transfer Fraud		
Payment Instruction/Social Engineering Fraud		
Expense Coverage		

II. UNDERWRITING QUESTIONS

A. INTERNAL CONTROLS (if any question is answered 'No' a written attachment is required)

1. Are all Plans requested to be bonded "qualified" plans within the meaning of ERISA? Yes No
 If "No," please describe any "non-qualified" Plans in an attachment to the application. Non-qualified plans not subject to ERISA must be separately added to the policy, if coverage is desired for these Plans.

2. Does any Plan considered for coverage under this policy self-administer any function? Yes No
 If "Yes," does this activity include:
 - (a) Management of investments? Yes No
 - (b) Administration of beneficiary enrollment? Yes No
 - (c) Payment of benefits? Yes No
 - (d) Administration of other services Yes No
 Please describe (i.e., Training and education, apprenticeship or similar programs):

3. Does the Applicant require the following functions to be performed by someone who is not authorized to release payments on behalf of the Plan? Yes No
 - (a) Reconcile bank statements Yes No
 - (b) Approve the use of specific vendors Yes No
 - (c) Control access to blank check stock, check writing apparatus and electronic banking system Yes No
 - (d) Reconcile cash receipts Yes No

4. Do all checks require a countersignature to withdraw funds from the Plan? Yes No
 If "No," at what dollar threshold is countersignature required? \$ _____

5. Are all of the Plan's books and accounts audited by an independent CPA, providing an unqualified auditor opinion? Yes No

6. Are all expenditures and expense reports of Plan administrators and other employees reviewed and approved by someone that is familiar with the administrator's travel, entertainment and spending history prior to payment? Yes No

7. Does the Applicant use a competitive bidding process for all high value supplies and services, including IT, legal and professional services rendered to any Plan? Yes No

8. Does the Applicant maintain levels of authority for the approval of purchases by position? Yes No

- | | | |
|---|-----|----------|
| 9. Are all outside fiduciaries bonded in line with the amounts required by section 412 of ERISA? | Yes | No |
| 10. If a Third-Party Administrator is used, does the Applicant contractually require evidence of fidelity insurance?
If "Yes," how much insurance is required? | Yes | No |
| | | \$ _____ |

B. EXTENDED COVERAGE ADDITIONAL CONTROLS (must complete if additional coverages beyond Fiduciary Dishonesty are requested)

The following coverages are provided in addition to what is required pursuant to Department of Labor regulation 2580.412-20 under the Employee Retirement Income Security Act of 1974, as amended.

(1) Forgery Coverage

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|--|-----|----|
| (a) Does the Applicant employ a positive payment system with its bank to monitor checks drawn for Plan expenses? | Yes | No |
| (b) Are blank checks and check stock kept in a secured location with limited access? | Yes | No |

(2) Computer Theft Coverage

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|---|-----|----|
| (a) Does the Applicant maintain active intrusion detection, anti-virus and spam filtering software on all systems?
"Yes," are potential computer threats, which have been identified by the protection software immediately quarantined, preventing the users from overriding the warning? | Yes | No |
| (b) Does the Applicant provide training and education to all employees regarding "phishing"? | Yes | No |

(3) Funds Transfer Fraud Coverage

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|---|-----|----|
| (a) Does the Applicant require all banking partners to call the Applicant at a pre-determined number before any transfer request is performed, either online, over the telephone or by electronic means?
If "No," please attach a description of the process outlined in the Applicant's banking agreement to verify funds transfer requests made remotely by the Applicant. | Yes | No |
| (b) If online banking software is used to perform wire transfer functions, is access to the portal restricted to specific users and/or terminals, using multifactor authentication (user names and passwords combined with a token or security code issued by the bank)? | Yes | No |

(4) Payment Instruction Fraud Coverage [Social Engineering Fraud Coverage]

A. Employee Benefit Plan Participant Controls

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|---|-----|----|
| 1. Does the Applicant provide an online portal to access their account(s)? If "Yes," what information can be added or changed or processed online: | | |
| (a) Beneficiary Data | Yes | No |
| (b) Contact Information | Yes | No |
| (c) Withdrawal Requests | Yes | No |
| (d) Banking Information [Transfer account numbers and routing numbers] | Yes | No |
| (e) Loan Application | Yes | No |
| (f) Investment Allocation | Yes | No |
| (g) Participant Contributions
If "No," skip to question 3. | Yes | No |
| 2. Please describe your online portal password reset protocols and procedures, including the use of "challenge questions" to perform Plan participant verification: | | |

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|--|-----|----|
| 3. Does the Applicant verify any changes to Employee Benefit Plan participant's mailing address or contact information with a method independent of the requester (postal notice, email to address on file, telephone call?) prior to processing the change?
(If "Yes," please describe in an attachment to the Application) | Yes | No |
| 4. Does the Applicant accept funds transfer instructions from Employee Benefit Plan Participants over the telephone or email?
If "No," skip to section B. Vendor Controls | Yes | No |
| 5. Does the Applicant, prior to transferring money or securities at the request of an Employee Benefit Plan Participant: | Yes | No |
| (a) Attempt to confirm the identity of the requestor with a password, PIN, token or other unique security code? | Yes | No |
| (b) Attempt to verify such instructions with a telephone call to a per-determined number set forth in the Employee Benefit Plan Participant's agreement with the Applicant? | Yes | No |
| (c) Maintain a contemporaneous record of any call performed by the Applicant?
If "No" to any of the Questions 5a-5c above, please describe the method by which electronic requests for funds by Employee Benefit Plan Participants or their beneficiaries are screened and verified by the Applicant. Attach additional pages if necessary. Confirmation of an alternative verification protocol must be provided in writing by the Company, if a policy is issued in reliance on this Application. | Yes | No |

B. Vendor Controls

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|--|-----|----|
| 1. Does the Applicant confirm such changes requested by a vendor/supplier with a person independent of the requestor of the change, with any changes being implemented only after the vendor/supplier has the opportunity to challenge them? | Yes | No |
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C. Administrator and Trustee Controls

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|---|-----|----|
| 1. Does the Applicant require that outgoing payments or funds transfers (other than benefit payments to participants or beneficiaries) require dual authorization in writing by two Administrators or trustees?
If "No," is there a specific amount over which dual authorization is required?
If so, what is this amount? (attach additional pages if necessary) | Yes | No |
| Yes | Yes | No |
| 2. Does the Applicant's wire transfer system or accounting system maintain an active audit trail of authority for all funds transfers approved and released? | Yes | No |
| 3. Does the Applicant's email system perform address verification, matching "From" addresses displayed to end users with the email envelope's actual sender address, flagging, blocking or quarantining those that do not match as potentially spoofed email not originating from your domain? | Yes | No |
| 4. Are employees, Administrators or trustees that are responsible for wire transfers provided anti-fraud training, including but not limited to detection of social engineering, phishing and other email scams? | Yes | No |
| 5. Please describe any other means by which wire or payment requests to be made by Administrators and trustees are screened and authenticated by the Applicant. Attach additional pages if necessary. | | |

III. LOSS EXPERIENCE

Date of Loss	Description of Loss (include controls that were circumvented, controls that were missing, and steps taken to remediate the causes of loss)	Total Amount of Loss	Indicate whether or not loss was covered under another insurance policy and include carrier's name	Open or Closed

It is agreed that, if knowledge of any facts, events or circumstances exist, whether or not disclosed, any claim based upon or arising from them, and that any claim based upon or arising from any pending or prior proceeding, is excluded from the proposed coverage.

IV. REQUIRED ATTACHMENTS

The following information must be attached for each Plan to be covered under the proposed policy:

- Most recent Audited Financial Statements for the Plan
- Most recent Form 5500's or 990's, including schedules
- Required attachments to underwriting questions, if any

V. SIGNATURE

The undersigned represents, that to the best of his/her knowledge and belief the statements set forth herein are true, and he/she has not withheld any information which is reasonably likely to influence the judgment of Hudson Insurance Company in considering this application for Fiduciary Dishonesty Coverage. The undersigned further represents that if the information supplied on this application changes between the date of this application and the effective date of the insurance or the time when the policy is bound (whichever is later), the undersigned will immediately notify Hudson Insurance Company in writing of such changes and Hudson Insurance Company may withdraw or modify any outstanding quotations based upon such changes. The signing of this application does not bind Hudson Insurance Company to complete the insurance, but it is agreed that this application and any attachments form the basis of the contract should a policy be issued and shall be deemed attached to and form part of a policy. Hudson Insurance Company is hereby authorized to make any investigation and inquiry in connection with this application it deems necessary.

Name (Please print): _____ **Title:** _____

Authorized Signature: _____ **Date:** _____

This application must be completed, signed and dated in order to bind coverage. Please submit this application and all required attachments to your Insurance Representative.

Insurance Representative, please submit this application and all required attachments to:

Encore Fiduciary

100 East Street SE, Suite 204
Vienna, VA 22180

(571) 730-4810 (phone) | (571) 730-4813 (fax)

mail@encorefiduciary.com (email)

VI. FRAUD WARNINGS

NOTICE TO ALL PROSPECTIVE INSURED:

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, for the purpose of misleading, conceals information concerning any fact material thereto, may commit a fraudulent insurance act which is a crime and subjects such person to criminal and civil penalties in many states.

NOTICE TO PROSPECTIVE INSURED 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 for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

District of Columbia

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.

Florida

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

Hawaii

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

Kentucky

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.

Louisiana, West Virginia

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.

Maine, Tennessee, Virginia, 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 may include imprisonment, fines, and denial of insurance benefits.

Maryland

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.

New Jersey

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New Mexico

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 civil fines and criminal penalties.

Ohio

Any person who, with intent to defraud or knowing that he/she 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.

Oklahoma

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.

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.