

Proposal Form for Pembroke 4000 Financial Institutions Bankers Blanket Bond and Electronic Computer Crime Policy

1. Please answer all questions leaving no blank spaces.
2. If there is insufficient space to complete any answers, please continue on your headed paper.
3. This form must be signed and dated by a director of the Proposer.
4. Please attach the most recent audited Report and Accounts.
5. Any contract of insurance made by the Underwriter and the Proposer shall be based upon the answers and information provided in this Proposal Form and any other additional information provided by the Proposer.
6. This proposal is an application for insurance which shall be subject to the terms and conditions of the Pembroke 4000 Bankers Blanket Bond and Electronic Computer Crime Policy as varied by Underwriters.

PARTICULARS OF PROPOSER

1. Please state the name and address of the Proposer, listing all subsidiaries for which cover is requested, indicating the location, staff numbers and principal activity of each company.

Name	Address	Staff Numbers	Principal activity

2. Has the Proposer been acquired by another entity, merged With or acquired any other business during the last 5 years?

Yes No

If yes, please provide details.

3. Please state at the dates indicated:

	Currently or at date of last interim report	At last year end	At previous year end
Total Assets			
Total Loans (as an asset if applicable)			
Profit before tax			
Market Capitalisation			

(All figures consolidated).

COMPUTER CRIME

1. Do you have a designated Data Security Officer? Yes No
2. Do you use an internationally industry recognized computer system and software? Yes No
3. Are the Proposer's premises protected by the following:
 - (a) burglar alarm? Yes No
 - (b) camera system? Yes No
 - (c) guards? Yes No
 - (d) card swipe access? Yes No
4. What positive entry control procedures are used to restrict the entry of non-authorized personnel into the Proposer's data processing centres?
5. Is at least one file generation stored and secured off-site from the main data centre in a restricted area? Yes No
6.
 - (a) Are passwords used to afford varying levels of access to the computer system depending on the need and authorization of the user? Yes No
 - (b) Does the system enforce regular password change? Yes No
 - (c) Following employee dismissal or resignation are relevant computer system passwords immediately disabled? Yes No
 - (d) Upon resignation is computer access restricted during a notice period? Yes No

7. Please provide a description of the methods used to secure electronic data exchange or funds transfer instructions (such as passwords, encryption, testing, call backs or other message authentication)

8. Do you allow the transfer of funds via telephonic instruction? Yes No

If yes:

- (a) is there a written agreement with customers? Yes No
- (b) does the written agreement contain transfer limits? Yes No
- (c) is verification other than that of the initiator of the transfer instruction required prior to such transfer taking place? Yes No

9. Are all key source documents maintained in a secure environment prior to being entered into the computer system in order to prevent unauthorised modification or inappropriate use of data? Yes No

THE INTERNET

1. Do you provide an internet facility? Yes No

If yes, do you offer any of the following?

- (a) account balance? Yes No
- (b) pre-authorised account to account transfers? Yes No
- (c) loan applications? Yes No
- (d) mortgage applications? Yes No
- (e) business/company account management facilities? Yes No
- (f) insurance products? Yes No
- (h) on-line securities dealing? Yes No

(i) other? Please provide details:

2. Do you have formal terms and conditions governing the use of your Internet facility which specify the obligations and responsibilities of its users?

Yes No

3. Please identify user authentication methods used:

(a) password

Yes No

(b) one-time password

Yes No

(c) public/private key encryption

Yes No

(d) digital signature

Yes No

(e) other, please specify:

4. Do you encrypt data while it is stored or held within your Internet facility?

Yes No

5. Are firewalls and/or comparable software used to authorise access to your Internet facility?

Yes No

6. Do you use any anti-virus software?

Yes No

Is it upgraded regularly?

Yes No

6. Do you monitor and produce reports on intrusion / unauthorised access activity?

Yes No

7. Do you have a specific department which maintains your Internet Facility?

Yes No

LENDING PROCEDURES (only complete if applicable)

1. Do you operate a formal policy manual or similar internal document? Yes No
If yes, does this include:
 - (a) individual lending limits? Yes No
 - (b) tiered authority levels? Yes No
 - (c) lending criteria? Yes No
 - (d) collateral requirements and procedures to authenticate and verify the value of collateral? Yes No
 - (e) procedures to authenticate the loan applicant? Yes No
2. When were the items listed in 1 (a) to (e) above last reviewed?
3. Are loans independently reviewed to ensure compliance with the loan policy manual? Yes No

INSURANCE COMPANIES (only complete if applicable)

1. Do you operate a formal underwriting manual covering all classes of insurance business written? Yes No
2. Please indicate where business production is obtained from as a percentage of the following:
 - (a) agents : %
 - (b) brokers: %
 - (c) direct sales: %
 - (d) other, please specify? %
3. Is premium paid by agents on the proposer's behalf? Yes No
4. Do premium payments clearly identify the proposer? Yes No

5. Are those designated to receive premium operationally segregated in day to day handling of business? Yes No
6. Is responsibility for claims inspections and settlement segregated from underwriting? Yes No
7. Are claims payments agreed by at least two authorised staff? Yes No

INVESTMENT FUNDS / ASSET MANAGEMENT
(only complete if applicable)

1. Are there defined and communicated formal trading Policies and dealing limits? Yes No
2. How frequently are trading positions reviewed for compliance with formal trading policies and investment mandates?
3. Are accounts of trades which exceed set limits identified or rectified or referred to senior management for immediate action? Yes No
4. Do trade counterparties receive authorized confirmation of all deals prior to settlement? Yes No
5. Is the investment portfolio periodically substantiated against recorded values independently of the dealer and fund manager? Yes No
6. Are responsibilities for investment decisions segregated from accounting activities and custodial responsibilities? Yes No

VALUES AT RISK

1. Please state the maximum amount of cash held:
- (a) at any single location:
 - (b) at individual tellers:
 - (c) within automated teller machines:

- (d) with custodians:
- 2. Please state the maximum amounts or values carried by:
 - (a) armoured motor vehicle:
 - (i) cash:
 - (ii) securities:
 - (b) messengers:
 - (i) cash:
 - (ii) securities:
- 3. Please state the maximum value of securities held:
 - (a) at any one location:
 - (b) with custodians:

CONTROL PROCEDURES

- 1. Does the Proposer have an employee Handbook/Manual? Yes No
If Yes,
 - (a) does it contain instructions on all aspects of your business? Yes No
 - (b) does it clearly define the individual duties of each employee? Yes No
 - (c) does it address security procedures including electronic data security? Yes No
- 2. Are employees trained and re-trained, if necessary on all aspects of:
 - (a) physical and electronic data security? Yes No
 - (b) operational procedures? Yes No
- 3. Are all employees required to take an uninterrupted two week holiday each calendar year? Yes No
- 4. Are the duties of each employee arranged so that no one

employee is permitted to control any transaction from beginning to completion? Yes No

5. Do you have established employee leaving procedures? Yes No

6. Are any branches, subsidiaries or associated companies allowed to maintain different operational procedures than the Head Office/Parent Company? Yes No

If yes, please provide details:

7. Are reference and background checks made on all new employees? Yes No

8. Do you maintain dual control over the handling of:
(a) securities? Yes No

(b) company/corporate cheques and drafts? Yes No

(c) dormant accounts (over 6 months)? Yes No

(d) access codes, cyphers, test keys? Yes No

9. Is joint custody maintained for the safeguarding of:
(a) access codes, ciphers, test keys? Yes No

(b) access to Property in safes or vaults? Yes No

AUDIT AND RISK MANAGEMENT

1. a) Does the Proposer have a Risk Management department? Yes No

b) If so, please describe the Risk Management approach taken.

2. a) Does the Proposer have an internal audit department? Yes No

b) If so, how many staff are employed in this function?

3. a) Please state the name and address of external auditors.

b) Please state the frequency of auditing services performed by the external auditor.

c) Does the external auditor regularly review the system of internal controls and furnish written reports? Yes No

d) Please attach a copy of the most recent management letter from the external auditing firm and the Proposer's response thereto.

e) Has the external auditing firm been changed in the last five years? Yes No

If yes, please explain why the change was made.

f) Please attach a copy of the most recent management letter from the external auditing firm and the Proposer's response thereto.

4. a) Does the Proposer have a Compliance Officer? Yes No

b) If so, please state duties and to whom he or she reports.

c) Please attach curriculum vitae.

5. a) Does the Proposer have a written code of ethics encompassing all employees which includes a statement on the principles of acceptable conduct, and with guidelines for acceptable outside activities, conflict of interests, gifts from customers, and prohibition on other employment? Yes No

- b) Are employees required to agree in writing that they have read the ethics code and are abiding by it? Yes No
- c) Do you require all directors and employees to declare their outside business interests and specify relationships which could lead to possible conflicts of interest? Yes No

Pembroke

PARTICULARS OF COVERAGE

1. Please state details of current Crime insurance as follows:

Insurer:	
Sum Insured:	
Deductible:	
Premium:	Only complete if NOT insured with Pembroke 4000.

2. Please state the level of cover desired:

Sum Insured:	
Deductible:	

3. a) Has any application made by the Proposer or its predecessors in business for Crime Insurance ever been declined? Yes No

If so, please state reasons.

b) Has any Crime Insurance in the name of the Proposer or its predecessors in business ever been cancelled? Yes No

If so, please state reasons.

CLAIMS HISTORY

1. During the last five years has the Proposer received any admonishment or critical directive from any regulatory authority?

Yes No

If yes, please give details:

2. Has the Proposer any knowledge or information, after full enquiry, of any circumstance whatsoever which might give rise to financial loss to the Proposer or its subsidiaries or any branches to which this application applies?

Yes No

If yes, please give details:

4. Has any financial loss of a type being the subject of this insurance been incurred by the Proposer, its subsidiaries or any branches to which this application applies during the past five years?

Yes No

DECLARATION

WE HEREBY DECLARE THAT the above statements and particulars are true and complete to the best of our knowledge and that we have not suppressed or misstated any material facts and we agree that this application shall be the basis of any contract subsequently effected between the Proposer and the Underwriters.

Date

Signature

(Director)

Signing this Proposal Form does not bind the Proposer to complete this insurance.

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