

Large Risk Crime Application

Underwritten by Allmerica Financial Benefit Insurance Company

Name of Agency: _____ Agency Code: _____ Bond No: _____

Name of Insured: Spartanburg School District 3

(First Named Insured and all additional insureds. Attach separate sheet if necessary)

Principal Address: 3535 Clifton Glendale Road, Spartanburg, SC 29307

Date Business Established: 1951 Latest Fiscal Year End Revenues: \$ 52,561,136

Effective Date of Coverage: July 1, 2024

Do you want Employee Benefit Plans to be added as Named Insureds? Yes No

If Yes, please list Employee Benefit Plans: _____

Applying For: Primary Coverage Excess Coverage

Coverage Requested:	Limit of Liability	Deductible
1. Employee Theft		
a) Per Loss Coverage	\$ <u>500,000</u>	\$ <u>5,000</u>
b) Employee Theft – Per Employee (Governmental Only)	\$ <u>100,000</u>	\$ <u>5,000</u>
Faithful Performance (Governmental only) (\$1MM Maximum Limit)	\$ <u>500,000</u>	\$ <u>5,000</u>
2. Forgery Or Alteration	\$ <u>500,000</u>	\$ <u>5,000</u>
3. Inside The Premises – Theft Of Money And Securities	\$ <u>100,000</u>	\$ <u>5,000</u>
4. Inside The Premises – Robbery Or Safe Burglary Of Other Property	\$ <u>100,000</u>	\$ <u>5,000</u>
5. Outside The Premises	\$ <u>100,000</u>	\$ <u>5,000</u>
6. Computer Fraud	\$ <u>100,000</u>	\$ <u>5,000</u>
7. Funds Transfer Fraud	\$ <u>500,000</u>	\$ <u>5,000</u>
8. Money Orders And Counterfeit Money	\$ <u>100,000</u>	\$ <u>5,000</u>

Other Insuring Agreements Added By Endorsement:

\$ _____ \$ _____
\$ _____ \$ _____

1. Description of Organization:

A) Commercial Entities: Partnership Corporation Proprietorship LLC
 Predominant Activity: Manufacturer Processor Wholesaler Distributor
 Retailer Service Other (explain) _____

Describe the products or services of your predominant activity: _____

B) Governmental Entities: State County City Town Township Village
 Borough Other Political Subdivision (Explain.) Public School Distr.
 Public Educational Service (explain) _____ Public Utility (Explain.) _____
 Public Housing Authority Other (explain) _____

2. Current Crime Insurance Program:

Check if none

<u>Insurance Carrier:</u> (Primary or Excess):	<u>Policy Period:</u>	<u>Limit of Insurance:</u>	<u>Deductible or Underlying:</u>	<u>Expiring Premium:</u>
Travellers Primary	7/1/23 - 6/30/24	\$ 500,000	\$ 5,000	\$ 4,609

Do you presently have any crime coverage in effect on a Commercial Package Policy or Business Owners' Policy?
 Yes No If yes, please provide:

<u>Insurance Carrier:</u>	<u>Policy Number:</u>	<u>Policy Period</u>	<u>Limit of Insurance:</u>	<u>Deductible</u>
			\$	\$

Has any similar insurance been declined or cancelled during the past six years? Yes No

If yes, please explain: _____

3. Loss Experience (during the last 6 years)

Check if none

<u>Description of Loss:</u>	<u>Date:</u>	<u>Amount of Loss:</u>	<u>Insurance Recovery:</u>	<u>Corrective Action Taken:</u>
		\$	\$	

(Attach separate sheet with explanation, if necessary.)

4. Classification of Employees:

Total Number of Employees: 720 Number of Officers: 13
 Number of Employees who handle, have custody of, or maintain records of money, securities or other property 120

5. Location Information:

Number of Domestic Locations:

Manufacturing 0 Warehouses 0 Distribution Centers 0 Retail 0 Other 7

Foreign Locations:

<u>Country</u>	<u>Type of Operation</u>	<u>Number of Employees</u>	<u>Revenues (If applicable)</u>
NONE			\$
			\$

6. Audit Procedures:

- A. Is an independent CPA firm involved in the applicant's financial reporting? Yes No
 If yes, how often? Quarterly Semi-Annually Annually
- B. If yes, what is the level of accounting? Audit Review Compilation
- C. Are all subsidiaries and locations included in the audit? Yes No N/A
- D. Is the audit report rendered directly to the Owners or Board of Directors? Yes No N/A

- E. Does the CPA firm prepare a Management Letter/Internal Control Deficiency Letter commenting on internal controls weaknesses with recommendations for improvement? Yes No N/A
- F. Has the CPA firm made any recommendations that have not been adopted? Yes No N/A
- G. Do you have a documented system of internal control policies/ procedures? Yes No
- H. Does the applicant maintain an internal audit department? Yes No
- I. If no, is there an individual responsible for oversight and enforcement of internal control policies and procedures? Yes No
- J. Do you have an employee "whistle blower" or fraud hotline program for reporting fraud? Yes No
- K. Are internal audits conducted on a regular and surprise basis and do they cover all locations? Yes No N/A

7. Pre-employment Screening (Conducted prior to hiring in all business units):

Is the following pre-employment screening conducted prior to hiring in all business units, both domestically and internationally?

- A. Criminal history record? Yes No
- B. Reference checks with all prior employers during the past five years? Yes No
- C. Do you perform credit checks? Yes No
- D. Drug Testing Yes No

8. Disbursement and Check Handling Controls:

- A. Do employees who reconcile monthly bank statements also:
 a) Sign checks? Yes No
 b) Handle bank deposits? Yes No
 c) Have access to check signing machines or signature plates? Yes No
- B. Is countersignature of checks required? Yes No
 If yes, over what amount? \$ ANY
 If no, who can sign checks? _____
- C. Are internal controls systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher, sign a check)? Yes No
- D. Are all invoices verified against purchase orders, receiving reports, and authorized master vendor list prior to issuing payment? Yes No
- E. Are the invoices stamped "paid" at the time checks are issued to prevent issuing duplicate checks? Yes No N/A
- F. If applicable, is check stock stored under dual control with controlled access? Yes No N/A
- G. Does the accounts payable system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends? Yes No
- H. Are incoming checks immediately stamped "For Deposit Only"? Yes No
- I. Are all expense reports documented with applicable receipts, and reviewed by Someone knowledgeable about the employees work, travel itineraries and typical expenses? Yes No
- J. Are domestic and international accounts payable procedures and controls the same? Yes No

9. Payroll Controls

- A. Do you outsource your payroll function? Yes No
- B. Are management policies and computer system controls in place to prevent persons who approve new hires from adding them into the payroll? Yes No
- C. Are additions to the payroll system automatically reported via the computer system to a Human Resources manager who reconciles payroll changes with the new hire documentation? Yes No
- D. Does the audit department have a program in place to detect possible ghost employees? Yes No
- E. Are domestic and international payroll controls the same? Yes No

10. Vendor and Purchasing Controls:

- A. Is the responsibility for authorizing vendors, making a requisition, approving invoices, and processing payments segregated among different individuals? Yes No
- B. Is your purchasing department separated from receiving responsibilities and supervised by a person who is not authorized to make payments? Yes No N/A
- C. Is an authorized vendor list used and updated at least annually? Yes No
- D. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized vendor list? Yes No
- E. If "Yes," is "due diligence" conducted by someone other than the person requesting such addition? Yes No
- F. Does the purchasing system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends? Yes No N/A
- G. Are domestic and international vendor and purchasing controls the same? Yes No N/A

11. Inventory Controls:

- A. Are the duties of purchasing, receiving, storekeeping and shipping separate so that no one person can control these functions from beginning to end? Yes No N/A
- B. Is the responsibility for verifying merchandise received subject to ultimate control of more than one individual? Yes No N/A
- C. Is a perpetual inventory maintained for:
 - 1. Stock, including raw materials, and manufacturing components? Yes No N/A
 - 2. Manufactured or finished goods? Yes No N/A
 - 3. Scrap Yes No N/A
- D. Is a complete inventory made with a physical check of stock and equipment? Yes No N/A
If yes, by whom? _____ How Often? _____
- E. Is physical inventory protected by:
 - a) Alarm system? Yes No
 - b) Video camera? Yes No
 - c) Security guards? Yes No
 - d) Security fencing? Yes No
- F. Are domestic and international inventory controls the same? Yes No N/A

12. Computer Controls:

- A. Is there a software security system in place to detect fraudulent computer usage by employees or outsiders? Yes No

- B. Are passwords and access codes changed at regular intervals and when users are terminated? Yes No
- C. Are EDP systems, programs and procedures, including changes thereto, authorized, documented and tested? Yes No N/A
- D. Are access controls esigned so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure? Yes No
- E. Are business-to business or business-to-consumer transactions performed over the internet? Yes No
- If "Yes":
- a) Are firewalls configured to restrict all IP communications except those necessary to conduct business and are firewall security patches current? Yes No
- b) Is firewall port scanning and penetration testing conducted regularly? Yes No N/A
- c) Were web-based applications independently tested for security vulnerabilities prior to, or at the time of, deployment and have they been similarly tested whenever the applications have been modified? Yes No
- F. Are domestic and international computer controls the same? Yes No N/A

13. Funds Transfer Controls

- A. What is the average daily dollar volume of electronic funds transfer? \$ 7,500 Maximum \$ 2,000,000
- B. Is there a written policy regarding wire transfers? Yes No N/A
- C. Have approval authorities been established in writing, and are they current? Yes No N/A
- D. Has separation been established between the individuals responsible for approving and processing wire transfers? Yes No N/A
- E. Does the receiving financial institution immediately verify the completion of the transfer of funds? Yes No N/A
- F. Are transfer verifications sent to an Employee or a department other the one who initiated the transfer? Yes No N/A
- G. Are wire transfers reconciled the same day the transfer verifications are received by a person who did not approve or transmit such wire transfer? Yes No N/A
- H. Are domestic and international wire transfer controls the same? Yes No N/A

14. Inside & Outside the Premises Coverage Exposure:

MAXIMUM EXPOSURE INSIDE THE PREMISES:

<u>Location</u>	<u>Securities/ Checks</u>	<u>Cash</u>	<u>Safes? (Yes or No)</u>	<u>Alarm System? (Yes or No)</u>
District Office	\$ <u>1,000,000</u>	\$ <u>5,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Cannons Elementary	\$ <u>10,000</u>	\$ <u>2,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Cowpens Elementary	\$ <u>10,000</u>	\$ <u>2,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Pacolet Elementary	\$ <u>10,000</u>	\$ <u>2,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Cliffdale Middle	\$ <u>20,000</u>	\$ <u>4,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Broome High	\$ <u>30,000</u>	\$ <u>5,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Daniel Morgan Tech Center	\$ <u>20,000</u>	\$ <u>4,000</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	\$ _____	\$ _____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

A. Do you use an Armored Motor Vehicle Company to transport Money or Securities? Yes No

If NO, PLEASE COMPLETE: MAXIMUM EXPOSURE OUTSIDE THE PREMISES:

Location	Securities/Checks	Cash	# of Messengers	# of Guards	Safety Satchel Yes/No
_____	\$ _____	\$ _____	_____	_____	_____
_____	\$ _____	\$ _____	_____	_____	_____
_____	\$ _____	\$ _____	_____	_____	_____

15. Additional Internal Control Questions for Governmental Entities Only

- A. Is there a written investment policy? Yes No N/A
- B. Is there an investment department which is separate from the Treasurer's Dept.? Yes No N/A
- C. Is there a periodic review by an investment committee or board? Yes No N/A
- D. Who makes investment decisions? Chief Financial Officer

16) MATERIAL CHANGE

If any of the Applicants discover or become aware of any significant change in the condition of the Applicant between the date of this Application and the policy inception date, which would render the Application inaccurate or incomplete, notice of such change will be reported in writing to us immediately and any outstanding quotation may be modified or withdrawn.

17) DECLARATIONS, NOTICE AND SIGNATURES

The submission of this Application does not obligate the Insurer to issue, or the Applicant to purchase, a policy. The Applicant will be advised if the Application for coverage is accepted.

The authorized signer of this application represents to the best of his/her knowledge and belief that the statements set forth herein are true, accurate, complete and include all material information. The authorized signer also represents that any fact, circumstance or situation indicating the probability of a claim or legal action now known to any entity, official or employee involving the proposed coverage has been declared, and it is agreed by all concerned that the omission of such information shall exclude any such claim or action from coverage under the insurance being applied for, whether or not disclosed. Any claim based upon, arising out of or in connection with any misrepresentation, omission, concealment, untruthful, inaccurate, or incomplete statement of a material fact in this supplemental application or otherwise shall be excluded from coverage. Signing of this application does not bind Allmerica Financial Benefit Insurance Company or any of its insurance affiliates or subsidiaries to offer, nor the authorized signer to accept insurance. It is agreed this application and any attachments hereto shall be the basis of the insurance and will be incorporated by reference and made part of the policy should a policy be issued.

18) FRAUD NOTICES

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

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 ARIZONA AND MISSOURI APPLICANTS: Claim Expenses are Inside the Policy Limits. All claim expenses shall first be subtracted from the limit of liability, with the remainder, if any, being the amount available to pay for damages.

NOTICE TO ARKANSAS, LOUISIANA 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 CALIFORNIA APPLICANTS: For your protection, California law requires the following to appear on this form: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state 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 Agencies.

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 HAWAII APPLICANTS: 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.

NOTICE TO IDAHO AND OKLAHOMA APPLICANTS: 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.

NOTICE TO KANSAS APPLICANTS: Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares 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 materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

NOTICE TO KENTUCKY 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.

NOTICE TO MAINE, 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 MARYLAND APPLICANTS: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or 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 MICHIGAN APPLICANTS: Any person who knowingly and with intent to defraud an insurance company or another 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 act, which is a crime and subjects the person to criminal and civil penalties.

NOTICE TO NEW JERSEY APPLICANTS: Any person who knowingly includes any false or misleading information on an application for an insurance policy or files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

NOTICE TO NEW HAMPSHIRE 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.

NOTICE TO NEW MEXICO AND RHODE ISLAND 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 civil fines and criminal penalties.

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 OREGON APPLICANTS: Any person who knowingly and with intent to defraud or solicit another to defraud any insurance company: (1) by submitting an application, or (2) by filing a claim containing a false statement as to any material fact, may be violating state law.

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 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.

< SAMPLE >

Note: This Application must be signed by the chief executive officer or chief financial officer of the Applicant acting as the authorized representatives of the person(s) and entity(ies) for this insurance.



Signature

Asst. Supt. (CFO) 3.11.24

Title Date

Bond No: _____
Agency Code: _____
Produced By: Agent: _____
Agent Signature: _____ Agent License No.: _____
Agency Taxpayer ID or SS No.: _____
Agency: _____
Address (Street, City, State, Zip): _____
