

BANKERS BLANKET BOND & ELECTRONIC COMPUTER CRIME INSURANCE PROPOSAL FORM

Please Note

1. Please answer **ALL** questions in full. If there is insufficient spaces on the form please continue on the company letterhead.
2. The latest audited Financial Statements / Annual Report / Interim Report **MUST** be attached.
3. This form may be used for new applications or new renewals. In the case of renewals the underwriters **MUST** receive a completed, signed and dated proposal form, financials/reports and acceptance of renewal terms prior to renewal date, failing which, no cover exists after said date.
4. It is the intention of underwriters that any Contract of Insurance with the Proposer shall be based upon the information provided in this Proposal Form as well as any attachments included. If a quotation is offered it will be the intention of the underwriters to offer cover **ONLY** in respect of the entities named under Particulars of Proposer.

NB: (No insurance is in force until the Proposal has been accepted by the Company and the premium paid, except as provided by an official Covering Note issued by the Company)

If MUKFIN agrees to issue a bond or electronic computer crime policy, all of the information, which the company provides, will become part of and shall form the basis of any bond issued to the Company by Mukoma Financial Services.

A. PARTICULARS OF THE PROPOSER

Name Of Proposer

Principal Address

Postal Address

Contact Person

Phone Number

Fax Number

Cell Number

E-Mail Address

Website

Type Of Organisation

VAT Number

Date Established

Principal Activities

Please complete the Schedule of the proposed Company and Subsidiaries to be insured, as attached.

What are the Company and its Subsidiaries total number of:

	Employees	Locations
a. Head Office		
Branches		
Data Processing Centres		
Admin. Centres		
b. Automated Teller Machines		

Does the Company intend to offer any new services during the next 12 months?

☐ Yes ☐ No

If Yes, please provide details.

.....

Has the Company been acquired by another entity, merged with or acquired any other business or entity during the past 5 years? ☐ Yes ☐ No

If Yes, provide, on a separate sheet, full details.

B. AUDITING & COMPLIANCE PRACTICES

Internal Audit

1. Is there an Internal Audit Department that is separate from the auditing services provided by an external auditor? ☐ Yes ☐ No

If Yes:

- a. How many people are employed in the Internal Audit Department?
- b. Have they been trained to fulfil this function? ☐ Yes ☐ No
- c. Are the personnel responsible for auditing free of all other operational responsibilities and forbidden to originate entries? ☐ Yes ☐ No
- d. Is there a formal written internal audit program that includes the computer centres and facilities? ☐ Yes ☐ No
- e. Does the Internal Audit Department conduct a periodic surprise audit of internal control systems at all locations? ☐ Yes ☐ No
- f. Is the internal audit department independent of any other function? ☐ Yes ☐ No
- g. Does the Internal Auditor report directly to the Audit Committee of the Board of Directors? ☐ Yes ☐ No

2. Do you have procedures in place to monitor the implement of recommendations made by the internal audit department? ☐ Yes ☐ No

If No, please explain.

..... there is always a way

3. How often are full internal audits conducted?

External Audit

4. State the name of the external auditors who fully audit your accounts.

5. How often are full external audits conducted?

6. Does the audit include all offices and branches, including Data Processing offices? ☐ Yes ☐ No

If no, what form does the audit take?

.....

7. Does the external auditor:
- Regularly review the system of internal control and furnish written reports? ☐ Yes ☐ No
 - Report directly to the Audit Committee of the Board of Directors? ☐ Yes ☐ No
8. Has the firm rendered an unqualified opinion for each of the last 5 years? ☐ Yes ☐ No
9. Has there been any change in the firm used by the Company in the last 5 years? If Yes, please explain. ☐ Yes ☐ No

If **Yes**, please explain.

.....

10. Has the Company complied with all recommendations made as a result of its most recent audit? ☐ Yes ☐ No
- If No, have you adopted alternative arrangements to the satisfaction of your auditor? ☐ Yes ☐ No
11. Are all entities subject to the same external audits and applicable internal controls, procedures and appropriate physical security standards? If No, please provide full details. ☐ Yes ☐ No

C. ORGANISATION PROCEDURES

- Does the Company currently maintain a manual containing the following? ☐ Yes ☐ No
 - Written instructions or operations manual on all aspects of our business that defined the duties of each employee? ☐ Yes ☐ No
 - Security procedures? ☐ Yes ☐ No
 - Written Asset/Liability Management policy? ☐ Yes ☐ No
 - Written Treasury Management policy? ☐ Yes ☐ No
 - Annual reporting and review of outside business interests of all Directors and Officers? ☐ Yes ☐ No
 - A standard procedure for investigating and verifying employees prior to their employment? ☐ Yes ☐ No
- Are the accounts of Directors and Employees reviewed regularly for unusual activity? ☐ Yes ☐ No

If Yes, by whom?

.....

- Are all employees required to take an uninterrupted, two-week holiday each calendar year? ☐ Yes ☐ No
- Are new employees required to attend a training programme? ☐ Yes ☐ No
- Are the duties of each employee arranged to prevent any one employee from controlling any transaction from commencement to completion? ☐ Yes ☐ No
- Are unannounced and irregular change made in the position of employees within a particular job strata? ☐ Yes ☐ No
- Is joint custody maintained for the safeguarding of:
 - Access to property in safes or vaults? ☐ Yes ☐ No
 - Codes, ciphers and test keys? ☐ Yes ☐ No
 - Data processing memory storage facilities (tapes, files, discs, etc.)? ☐ Yes ☐ No
- Is dual control maintained for the handling of:
 - All types of securities, negotiable and non-negotiable instruments, loan collateral unissued and blank forms of said items? ☐ Yes ☐ No
 - The reserve supply of official cheques and unissued travellers cheques? ☐ Yes ☐ No
- Is there a Chief Security Officer? ☐ Yes ☐ No

If Yes:

 - Is the Chief Security Officer responsible for the development and administration of a comprehensive security program for the Company? ☐ Yes ☐ No
 - Does he report directly to the Managing Director and the Board of Directors? ☐ Yes ☐ No
 - Is there a schedule for inspecting and testing all security devices? ☐ Yes ☐ No
 - Are all branches formally inspected regularly? ☐ Yes ☐ No

D. ACCOUNT MAINTENANCE

1. When is a cheque or savings account considered dormant/inactive?

2. How are dormant/inactive cheque and savings accounts segregated and controlled?

3. State the maximum amount a teller is authorised to pay in cash in exchange for a withdrawal request or a cheque drawn on the bank:

a) Without approval of an officer

.....

b) With approval of an officer

.....

4. Do you permit cashing of cheques or withdrawals against uncollected funds?

☐ Yes ☐ No

If Yes, please describe circumstances and for what maximum amounts.

.....

.....

5. Do you permit cashing of cheques drawn upon other banks?

☐ Yes ☐ No

If Yes, please describe circumstances and for what maximum amounts:

.....

E. PHYSICAL SECURITY

1)

State Maximum Value of	Bearer or Negotiable	Cash, Bullion, Precious Securities Stones and Similar Items
At: Head Office:		
Branches:		
Austraclear or Similar Clearing Houses:		
Other Locations;		

2)

State Maximum Amount of Cash and Bearer and Negotiable Securities in Transit at any one time:	By Armoured Motor Cash	Vehicle Securities	By Messenger(s) Cash	Securities
At: Head Office:				
Branches:				
Austraclear or Similar Clearing Houses:				
Other Locations;				

- 3) Describe the alarm systems for all locations, including surveillance and other security measures for safeguarding the physical premises of the Company.

4) Teller Positions:

- | | |
|--|--|
| i) Can each teller activate a hidden alarm? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| ii) Is excess teller cash immediately transferred to the vault? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| iii) Is all teller cash transferred to the vault at the end of each working day? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| iv) Are tellers provided with 'bait' money? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| v) Are teller's cash drawers verified as to content on an unscheduled basis? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

F. LENDING PROCEDURES

1. Please provide your best estimates as respects forms of credit extended by the Company based on the total dollar volume and percentage of the Company's loan volume derived from each category.

	Volume (ZAR)	Percentage of Loans %
a. Commercial Loans and Overdrafts		
b. Residential Real Estate Loans		
c. Personal Loans		
d. Leasing		
e. Construction Loans		
f. Development Loans		
g. Credit Card Loans		
h. Foreign exchange dealing		
i. Funds Management		
j. Others, please specify		
Total		100%

2. Do you operate and maintain a loan policy manual? ☐ Yes ☐ No
- If Yes, does it include:
- | | |
|---|--|
| a. Individual lending limits? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b. Lending criteria? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| c. Authority levels? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| d. Collateral requirements and authentication procedures? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

3. What is the highest individual amount of loan authority for officers who are not on the Loan Committee or on the Board of Directors?

4. Are the identities of all signatories independently verified for collateral agreements, loan authorisations, and notes? ☐ Yes ☐ No
5. Are all new and renewal loan applications and accompanying documents required to be signed in the presence of an officer? ☐ Yes ☐ No

If No, please explain what signature verification methods are used.

.....

6. Are data collateral involved with the granting of loans, including loan participations, always ☐ Yes ☐ No
verified as genuine on new and renewal loans before funds are disbursed?

If No, please explain what exceptions are made.
.....

7. Is substituted collateral always verified before original collateral is released? ☐ Yes ☐ No
8. Is negotiable collateral kept under dual control? ☐ Yes ☐ No

If Yes, please explain procedures.
.....

9. For the previous 2 years, indicate the amount of loans that are:

Date:	DD / MM / YYYY	DD / MM / YYYY
(a) 90 days or more past due:		
(b) Non accruals:		

10. Does the Board of Directors or a Loan Committee review all loans made? ☐ Yes ☐ No

If No, how is the loan review function accomplished?
.....

G. FUNDS TRANSFER

1. Does the Company use or subscribe to any Electronic Funds Transfer Systems, which allow direct access by clients: ☐ Yes ☐ No
- a) to its data base? ☐ Yes ☐ No
- b) to execute a transfer of funds? ☐ Yes ☐ No

If so, please list each one including a brief description of the services offered; brief description of the system configuration; approximate number of clients.

--

2. (a) If the Company is involved in wire transfers of funds does it specify and define:
- i) Authorised personnel? ☐ Yes ☐ No
- ii) Authorised personnel of correspondents and corporate customers? ☐ Yes ☐ No
- iii) Call-back procedures? ☐ Yes ☐ No
- iv) Transfer limits? ☐ Yes ☐ No
- (b) Please describe the method by which the Company secures fund transfer instructions through the use of passwords, encryption, testing, call back or other procedures.

--

- (c) What form of control is used to protect the integrity of information or electronic data transmitted or received by the Company via electronic means? (Encryption, test keys, etc.).

- (d) Are there independent individuals designated to review and reconcile all wire funds transfer transactions at the end of each day? ☐ Yes ☐ No

3. Does the Company clear debits and credits electronically through an automated clearing house or association?

If Yes, please list each clearing system.

.....

H. ELECTRONIC AND COMPUTER CRIME

Date Processing

4. Please provide a general description of the services performed by the Company's data processing operations.


mukfin
 There is always a way

5. Does the Company provide any of these services for any correspondent bank or other financial institution?

If Yes, please state the bank or financial institution.

.....

6. List the approximate percentage of data processing performed according to the following source categories:
 a) In house operations:

- b) Arrangement with joint venture:

- c) Arrangement with service vendor:

7. Are the data processing centres physically separated from other departments? ☐ Yes ☐ No

Please describe the nature of the physical operation?

8. Are programming and processing operations separated physically and as to personnel involved?

9. Are the data processing centres specifically protected by the following: Burglar Alarm

Camera System

☐ Yes ☐ No

Fire Suppression System

☐ Yes ☐ No

Guards

☐ Yes ☐ No

Access Control System:

☐ Yes ☐ No

Other Methods:

☐ Yes ☐ No

10. Are there positive entry control procedures used to restrict the entry of non-authorised personnel into the Company's data processing centres?

☐ Yes ☐ No

11. Are the following entry control procedures utilised?

Mantrap entry System

☐ Yes ☐ No

Television recorder to a central guard area

☐ Yes ☐ No

Personal identification by shift supervisors

☐ Yes ☐ No

Minicomputer badge System

☐ Yes ☐ No

12. Is at least one file generation stored and secured off-site from the main data centre?

☐ Yes ☐ No

If Yes, is it stored in a restricted area?

☐ Yes ☐ No

13. Are tape/disc libraries physically separated from other departments in a restricted area?

☐ Yes ☐ No

Service Bureau or Facilities Manager Computer System

14. Does the Company utilise any person, partnership or organisation to convert source data to electronic data? ☐ Yes ☐ No

i) The name of the bureau or facilities manager

ii) The service provided.

15. Have all service bureaux/facilities managers been authorised by written agreement? ☐ Yes ☐ No

16. Does the Company require all service bureaux/facilities managers utilised to obtain separate fidelity insurance? ☐ Yes ☐ No

If Yes, for what minimum amount?

.....

17. Does the Company provide bureau facilities to others? If Yes, please provide full details.

Input and System Access

18. Are passwords used to afford varying levels of entry to the computer system depending upon the need and authorisation of the user? ☐ Yes ☐ No
19. Does the system enforce regular password changes? ☐ Yes ☐ No

If Yes, what frequency?

.....

If passwords are not utilised, describe the alternative methods used to protect access to the computer system.

20. Do the personnel inputting data either initial, sign or otherwise identify data they prepare? ☐ Yes ☐ No
21. Is the use of terminals restricted to authorised personnel only? ☐ Yes ☐ No
22. Are unique passwords used to identify each terminal? ☐ Yes ☐ No
23. Are terminals restricted to the type of message that can be sent or received from them? ☐ Yes ☐ No
24. Are log-on passwords, separate from an individual operator's password, used when logging into a terminal to provide verification of the terminal's identity? ☐ Yes ☐ No
25. Do you utilise any software security packages to control access to your computer system? If Yes, please specify packages used. ☐ Yes ☐ No
26. Do you use a software system to monitor telecommunications? ☐ Yes ☐ No
27. Is an exception log used which is regularly checked to verify the integrity of transactions? ☐ Yes ☐ No

Independent Contractors

28. Does the Company use independent contractors to prepare electronic computer instructions? ☐ Yes ☐ No
29. Are written agreements obtained from the independent contractors outlining their responsibilities? ☐ Yes ☐ No
30. Does the Company require the independent contractors to obtain separate fidelity insurance? ☐ Yes ☐ No

If Yes, for what minimum amount?

.....

Internet Facility/E-commerce

31. Do you provide an Internet facility? ☐ Yes ☐ No
- If Yes, do you offer:
- a. Product information? ☐ Yes ☐ No
- b. Account balances? ☐ Yes ☐ No
- c. Loan applications? ☐ Yes ☐ No
- d. Account transfers on a pre-authorised basis? ☐ Yes ☐ No
- e. Business/company account management facilities? ☐ Yes ☐ No
- f. Insurance products? ☐ Yes ☐ No
- g. on-line securities dealing? ☐ Yes ☐ No
- h. other, please specify: ☐ Yes ☐ No

.....

32. Are there formal terms and conditions in place for the use of your Internet facility, which outline the obligations and responsibilities of the users? ☐ Yes ☐ No
33. How is the identity of the user verified and authenticated? ☐ Yes ☐ No
- a. password? ☐ Yes ☐ No
- b. key encryption? ☐ Yes ☐ No
- c. digital signature? ☐ Yes ☐ No
- d. other, please specify:
34. Are firewalls and/or comparable software used to authorise access to your internet facility? ☐ Yes ☐ No
35. Do you monitor and produce reports on unauthorised access activity? ☐ Yes ☐ No
36. Do you have fully tested disaster recovery and business continuity plan? ☐ Yes ☐ No
37. Do you encrypt data whether in your internet facility or other computer system? ☐ Yes ☐ No

If Yes, please provide details.

.....

.....

.....

I. DISCRETIONARY ACCOUNT MANAGEMENT

1. Does the Company undertake trust activities or discretionary account management? If so: ☐ Yes ☐ No
- a) Are all clients' agreements reviewed annually? ☐ Yes ☐ No
- b) Are all trust and/or discretionary transactions subject to the same procedures and review as the Company's own transactions? ☐ Yes ☐ No

If No, please describe:

.....

c) State:

i) The number of discretionary accounts

ii) The asset value of the largest managed account

d) How often are financial reports rendered to clients?

- e) Does the Applicant have an approved list of investments/securities that can be recommended to clients? ☐ Yes ☐ No

Fund or Investment Management

If you are involved in fund or investment management activities:

1. Does the Company currently maintain a manual containing a written investment policy? ☐ Yes ☐ No
2. Are trading transactions and positions reviewed for compliance with formal trading policies manual? ☐ Yes ☐ No
3. Are accounts of trades which exceed set limits identified or rectified or referred to senior management for immediate action? ☐ Yes ☐ No
4. Do counterparties receive authorised confirmation for all deals prior to settlement? ☐ Yes ☐ No
5. Are responsibilities for investment decisions segregated from accounting activities and custodial responsibilities? ☐ Yes ☐ No

K. INSURANCE PROVIDER

If you provide insurance services:

1. Do you have and maintain a formal underwriting manual for all classes of insurance? ☐ Yes ☐ No
2. What is the percentage of business production in the following areas:

Agents		
Direct sales		
Brokers		
Other, please specify		
3. Are payments made direct to you? ☐ Yes ☐ No
4. Is the responsibility for the claims department totally segregated from underwriting? ☐ Yes ☐ No
5. Are the claims reviewed and agreed by minimum of two authorized individuals before payment is made direct to the insured? ☐ Yes ☐ No

L. LOSS EXPERIENCE

Has the Company at any time during the past 5 years (whether insured or uninsured) had any potential or actual losses under its bond programme? ☐ Yes ☐ No

If Yes, please provide, on a separate sheet, full details including but not limited to Date Discovered; Location; Nature of Loss; Amount of loss.

Please summarise on a separate sheet:

- 1) Any litigation/legal action settled within the past 3 years or now pending that is not listed in Question 1 immediately above; and/or,
- 2) Any action which the Company has reason to anticipate may be filed against it or any Director, Officer or Employee, which would be a subject.

DECLARATION

I/We declare that the above statements are true and complete.

At the present time, other than as stated above, I / We have no reason to anticipate any claim being brought against me/s that would constitute a claim under the insurance now being renewed or applied for.

I / We declare that in the event of this being a renewal of a policy, there have been no material alterations to the risk as submitted to the underwriter originally, and if a new application that all material facts have been disclosed.

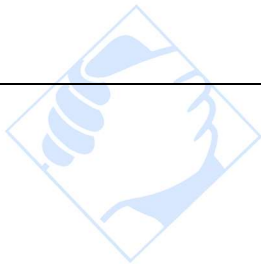
I/We agree that this declaration shall form, together with the proposal form, the basis of the contract between me/us and the Insurers, and that I/We are properly authorised to sign this declaration.

Full name:

Capacity:

Signature:

Date:



mukfin
There is always a way