

## Securities Dealers Fidelity Bond Self-Rating Application

Travelers Companies offer securities dealers a special bond form which complies with the fidelity bond requirements of federal and state regulatory authorities. This Securities Dealer Fidelity Bond is issued through Theodore Liftman Insurance, Inc.

**IF THIS IS NOT YOUR AREA OF RESPONSIBILITY, PLEASE FORWARD THIS INFORMATION AND APPLICATION TO YOUR INSURANCE PURCHASING OR COMPLIANCE DEPARTMENT.**

### \*KEY FEATURES\*

**Save \$\$ with an optional 2 year bond**

Pay in 2 discounted annual installments

Competitive rates include **terrorism coverage for insured losses at no additional charge**

Non-aggregate bond — coverage is for each and every loss subject to bond terms

Discovery basis bond with up to one year discovery period available

Legal expense coverage provided in addition to the bond limit of liability (subject to a cap of 100% of the bond limit)

\$25,000 audit expense and \$5,000 fidelity claims expense coverage

Coverage for unauthorized signatures of non-employees up to \$25,000 per loss and in the aggregate per year

Low deductibles

**For renewals:** no warranty or representation statement is required provided coverage is not increased. Lawyers agree this feature can help prevent coverage disputes

Credit/debit card forgery coverage

Coverage for uncollectible items of deposit up to \$25,000 per loss and in the aggregate per year

Computer systems fraud coverage including voice-initiated transfer, telefacsimile, virus and hacker coverage

Coverage for partners (if a partnership)

Coverage for dishonesty of employees and Independent Registered Representatives

ERISA bond coverage for named in-house pension and benefit plans is included at no additional charge up to your bond limit (subject to a \$500,000 cap)

This material does not amend, or otherwise affect, the provisions or coverages of any bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.

Agent: Theodore Liftman Insurance, Inc.  
101 Federal Street, 22nd Floor  
Massachusetts 02110-1827  
Tel: 617-439-9595  
Fax: 617-439-3552  
Email: bond@liftman.com  
www.liftman.com



## SELF-RATING SECURITIES DEALERS FIDELITY BOND APPLICATION

Contact Name: _____	Phone No.: _____	
Full Company Name: _____	Fax No.: _____	
Street Address: _____		
City: _____	State: _____	Zip: _____
Email Address: _____	Website Address: _____	
Do you want to receive your bond electronically? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Additional Joint Insureds: <i>(for example, operating subsidiaries and employer sponsored pension and benefit plans)</i> <i>Note: clearing brokers cannot be considered additional joint insureds.</i>		
_____		
_____		

### GENERAL INSTRUCTIONS: ALL INFORMATION PROVIDED HEREIN SHALL BE TREATED AS CONFIDENTIAL AND SHALL BE USED SOLELY FOR THE PURPOSE OF UNDERWRITING THE BOND COVERAGE.

- 1.) Review Section I "Eligibility Requirements for Self-Rating Plan." If your firm meets the requirements, proceed with these instructions. If your firm does not qualify for Self-Rating, refer to Section II for a quotation.
- 2.) Have an authorized representative of the proposed Insured complete, sign and date this application.
- 3.) Send a check for your computed premium payable to **Theodore Liftman Insurance, Inc.** with this signed application to:  
Theodore Liftman Insurance, Inc. 101 Federal Street, 22<sup>nd</sup> Floor, Boston, MA 02110-1827.

### SECTION I. ELIGIBILITY REQUIREMENTS FOR SELF-RATING PLAN

- 1.) Bond limit of \$600,000 or less. *(Higher limits are available, see Section II.)*
- 2.) Up to 400 total employees, including Independent Registered Representatives. *(If over 400, call for special rates.)*
- 3.) No claim(s) reported or knowledge of potential claim(s) that could have been made under any bond in the last four (4) years. *(If claim(s) or knowledge of potential claim(s), see Section II.)*
- 4.) Excess net capital has not dropped by 15% or more in any quarter in the last four quarters. *(If yes, see Section II.)*
- 5.) Have not been placed on Alert or Early Warning status by any regulatory organization. *(If yes, see Section II.)*
- 6.) Applicant is not a subsidiary of another broker/dealer or a financial services parent. *(If yes, see Section II.)*

### SECTION II. FOR FIRMS THAT WOULD LIKE A PREMIUM QUOTATION BUT DO NOT QUALIFY FOR SELF-RATING

Please forward the following information to Theodore Liftman Insurance, Inc. and subject to acceptance, we will prepare a quotation.

- a.) This signed application with section III and section IV(A) completed. [Note: you do not need to complete section IV(B).]
- b.) Financial statement and FOCUS report for last two (2) quarters.
- c.) Copy of last CPA audit.
- d.) CPA Management Letter and your response (if applicable).
- e.) Details of Alert or Early Warning Status notification by any regulatory organization (if applicable).
- f.) Description of any fidelity bond claim(s) in the last four (4) years or potential claim(s), including amount and remedial action taken (if applicable).
- g.) Quote bond limits of  \$ \_\_\_\_\_

(continued)

**SECTION III. UNDERWRITING INFORMATION (This section must be completed in its entirety.)**

**Exception: Travelers renewals *not* increasing coverage need only complete questions 1-8 in this section.**

- 1.) Have you or any of your employees been censured/fined by any regulatory organization or been subject to any regulatory restriction(s), sanction(s), investigation(s) or complaint(s) involving fraud in the past 5 years?  Yes  No  
*(If yes, attach full details.)*
  - 2.) Do you have a fully certified annual CPA audit?  Yes  No If yes, date of last audit: \_\_\_\_\_  
If no, please explain type and frequency of audit: \_\_\_\_\_
  - 3.) Year your firm was established: \_\_\_\_\_
- Note: Securities dealers with less than one year in business and no prior business operations may skip question 4.**
- 4.) Has your capital been within regulatory requirements during each of the past three (3) years or if you have been in business for less than three (3) years, for all your years in business?  Yes  No *(If no, attach explanation.)*
  - 5.) Has your net capital dropped by 15% or more in any of the last 4 quarters?  Yes  No *(If yes, attach details.)*
  - 6.) Date coverage to be effective: \_\_\_\_\_
  - 7.) Is applicant a subsidiary of  Bank  Broker/Dealer  Investment Advisor/Manager  Not Applicable  
If so, please provide name: \_\_\_\_\_
  - 8.) Has your firm had a change of name, ownership or address since your last application?  Yes  No *(If yes, attach full details.)*
  - 9.) Has your firm had any crime losses in the past four (4) years?  Yes  No *(If yes, attach full details.)*
  - 10.) Does the applicant have knowledge or information of any fact, circumstance or situation which might give rise to a claim under the proposed bond?  Yes  No *(If yes, attach full details and we recommend reporting it to your present carrier immediately.)*
  - 11.) Present Insurance Carrier: \_\_\_\_\_ Present Bond Limit: \_\_\_\_\_ Premium: \_\_\_\_\_
- Note: Missouri applicants are not required to answer Question 12.**
- 12.) Has any insurance company cancelled or refused to renew your bond?  Yes  No *(If yes, attach full details.)*

**SECTION IV. SELF-RATING**

**A. General Rating Information**

- 1.) Total number of employees including Independent Registered Representatives: \_\_\_\_\_
- 2.) Number of branch offices (excluding main office): \_\_\_\_\_
- 3.) Highest required minimum net capital (over last 12 months): \_\_\_\_\_
- 4.) Minimum required bond amount (net capital from A3 above x 120%) = \_\_\_\_\_  
Desired bond amount: \_\_\_\_\_ (Subject to minimum of \$25,000)  
**Bond limit from \$25,000 to \$250,000: \$5,000 Deductible**  
**Bond limit from \$250,001 to \$600,000: \$10,000 Deductible**

**B. PREMIUM COMPUTATION - In order to compute your premium, follow these steps:**

- 1.) Use the Premium Chart on page 4 to find the appropriate figure and enter it here: \_\_\_\_\_  
*If you do not have branches, enter the above figure on line B3. If you have branches, complete the following section (B2) and enter the resulting figure on line B3.*
- 2.) **BRANCH CHARGE** (complete only if you have branches)

NUMBER OF BRANCHES	<i>premium from line (B1)</i>	<i>multiply by</i>	TOTAL ANNUAL PREMIUM	
1 - 5	_____	x 1.25 =	\$ _____	}
6 - 50	_____	x 1.60 =	\$ _____	
51 - 100	_____	x 1.95 =	\$ _____	

*Enter this figure on line 3.  
(Total Annual Premium rounded to nearest dollar)*

3.) **TOTAL ANNUAL PREMIUM**

Enter your Total Annual Premium here: \$ \_\_\_\_\_  
*(rounded to nearest dollar)* (make check payable to: **Theodore Liftman Insurance, Inc.** and sign the application on page 5)

**TO SAVE \$\$ AND TIME, PURCHASE A 2 YEAR BOND BY COMPLETING THE SECTION BELOW:**

4.) **LOCK IN CURRENT LOW RATES FOR TWO YEARS WITH A DISCOUNTED PREMIUM PAYABLE IN 2 EQUAL ANNUAL INSTALLMENTS**

TOTAL ANNUAL PREMIUM	<i>multiply by</i>	FIRST ANNUAL PREMIUM FOR 2 YEAR BOND
\$ _____	x <b>.95</b> =	\$ _____
<i>(from line B3 above)</i>		<i>(rounded to nearest dollar)</i>

NOTE: Please include a check payable to: **Theodore Liftman Insurance, Inc.** for the first year's premium. The second year's premium for the same amount will be billed on the bond anniversary.

**APPLICANT: BE SURE TO SIGN THE APPLICATION ON PAGE 5.**

*(continued)*

## FIDELITY BOND PREMIUM CHART

For firms with up to 400 total employees including Independent Registered Representatives.  
 (For more than 400 employees including Independent Registered Representatives or higher limits, call for special rates.)

Find the premium where the appropriate employee range and your requested bond amount intersect.  
 Enter that figure on page 3 [section IV(B) line I]. **BE SURE TO SIGN THE APPLICATION ON PAGE 5.**

BOND AMOUNT	TOTAL NUMBER OF EMPLOYEES INCLUDING INDEPENDENT REGISTERED REPRESENTATIVES																																		
	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-75	76-100	101-125	126-150	151-175	176-200	201-225	226-250	251-275	276-300	301-350	351-400													
\$25,000	368	466	564	662	760	858	956	1054	1152	1250	1740	2119	2448	2738	3028	3318	3607	3897	4187	4477	5057	5174													
\$30,000	399	500	602	703	804	905	1007	1108	1209	1311	1817	2207	2547	2849	3152	3454	3756	4059	4361	4664	5268	5404													
\$40,000	456	564	671	779	887	994	1102	1210	1317	1425	1963	2377	2736	3061	3387	3712	4037	4363	4688	5013	5664	5833													
\$50,000	509	623	737	851	964	1078	1192	1306	1420	1534	2103	2539	2917	3264	3610	3956	4302	4648	4994	5340	6033	6232													
\$60,000	558	678	798	918	1038	1158	1278	1398	1517	1637	2237	2694	3092	3457	3822	4187	4552	4917	5282	5647	6377	6603													
\$75,000	627	756	885	1014	1142	1271	1400	1529	1657	1786	2430	2920	3346	3737	4127	4518	4909	5299	5690	6081	6862	7125													
\$100,000	733	876	1020	1163	1306	1450	1593	1736	1880	2023	2739	3283	3755	4183	4612	5041	5469	5898	6326	6755	7612	7928													
\$120,000	806	959	1112	1265	1417	1570	1723	1876	2028	2181	2945	3535	4078	4535	4992	5449	5905	6362	6819	7276	8190	8546													
\$150,000	912	1079	1247	1415	1583	1751	1918	2086	2254	2422	3261	3909	4464	4954	5444	5933	6421	6910	7400	7889	8869	9066													
\$175,000	1008	1189	1370	1551	1732	1913	2094	2276	2457	2638	3543	4243	4832	5351	5869	6388	6905	7423	7942	8461	9498	9707													
\$200,000	1102	1297	1492	1686	1881	2075	2270	2464	2659	2854	3827	4579	5199	5746	6293	6839	7384	7931	8478	9025	10118	10339													
\$250,000	1282	1504	1725	1946	2168	2389	2611	2832	3054	3275	4382	5238	5915	6512	7109	7706	8301	8898	9495	10092	11285	11526													
\$300,000	1452	1700	1948	2196	2444	2692	2940	3188	3436	3684	4924	5883	6611	7252	7894	8536	9176	9817	10459	11101	12385	12644													
\$350,000	1540	1817	2094	2371	2648	2925	3202	3479	3756	4033	5418	6489	7263	7945	8627	9310	9989	10672	11354	12036	13401	13676													
\$400,000	1575	1882	2189	2496	2804	3111	3418	3725	4032	4339	5874	7061	7880	8602	9323	10045	10765	11486	12208	12930	14374	14665													
\$450,000	1621	1957	2293	2629	2965	3301	3637	3973	4309	4645	6325	7624	8480	9235	9990	10745	11497	12251	13006	13761	15271	15575													
\$500,000	1659	1976	2344	2711	3079	3447	3817	4183	4550	4918	6757	8178	9070	9856	10642	11428	12211	12997	13783	14569	16141	16459													
\$600,000	1739	2065	2491	2915	3340	3766	4196	4618	5042	5468	7596	9239	10201	11047	11895	12742	13585	14432	15279	16126	17820	18163													

For limits over \$600,000 please indicate amount requested: \$ \_\_\_\_\_ and submit your completed application for a quotation.

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# INSURANCE FRAUD WARNINGS

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**Attention: Insureds in AR, DC, FL, KY, ME, MN, NJ, OH, and PA**

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.

**Attention: Insureds in NY**

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.

**Attention: Insureds in CO**

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.

**Attention: Insureds in TN and VA**

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.

**Attention: Insureds in LA and NM**

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.

**Attention: Insureds in OK**

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.

**Attention: Insureds in PR**

Any person who knowingly, and with intent to defraud, presents false information in an insurance request form, or who presents, helps or has presented a fraudulent claim for the payment of a loss or other benefit, or presents more than one claim for the same damage or loss, will incur a felony, and upon conviction will be penalized for each violation with a fine of no less than five thousand dollars (\$5000) nor more than ten thousand dollars (\$10,000); or imprisonment for a fixed term of three (3) years, or both penalties. If aggravated circumstances prevail, the fixed established imprisonment may be increased to a maximum of five (5) years; if attenuating circumstances prevail, it may be reduced to a minimum of two (2) years.

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The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**Must be signed by an officer, partner, or principal**

Name (printed): \_\_\_\_\_ Title: \_\_\_\_\_

**Important: Coverage is not effective until the bond is approved and paid in full. Terms of this fidelity bond may vary from those in your current bond. Be sure to read the terms of your new bond carefully. All statements are subject to the terms and conditions of the bond.**

## CLAIMS HANDLING PROCEDURE FOR THE SECURITIES DEALER FIDELITY BOND:

Send written notification of a loss including your current bond number to:

Travelers  
Bond-FPS Claims Department  
Mail Code NB08F  
385 Washington St.  
St. Paul, MN 55102

Forward a copy of this notification to:

Theodore Liftman Insurance, Inc.  
101 Federal Street, 22nd Floor  
Boston, MA 02110-1827

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### Liftman Insurance also offers:

**NEW**

- |  |   |
|--|---|
| <input type="checkbox"/> <b>Securities Dealers' Errors &amp; Omissions</b><br>(\$12,500 minimum premium) | <input type="checkbox"/> <b>Directors &amp; Officers Liability</b>    |
| <input type="checkbox"/> <b>Employment Practices Liability</b>   | <input type="checkbox"/> <b>Data Security &amp; Privacy Liability</b> |
| <input type="checkbox"/> <b>Fiduciary Liability</b>  | <input type="checkbox"/> <b>STAMP Medallion Bonds</b>                 |
| <input type="checkbox"/> <b>ERISA and Fidelity Bonds</b>   | <input type="checkbox"/> <b>Lost Securities Bonds</b>                 |
| <input type="checkbox"/> <b>Business Identity Fraud</b>  | <input type="checkbox"/> <b>State Surety Bonds</b>                    |

To obtain information on any of the above coverages, check the appropriate box and return this completed form to Liftman Insurance. You can also call 617-439-9595, email [bond@liftman.com](mailto:bond@liftman.com) or fax 617-439-3552.

Name of Firm: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

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Theodore Liftman Insurance, Inc.  
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Tel 617-439-9595 • Fax 617-439-3552 • [www.liftman.com](http://www.liftman.com) • Email: [bond@liftman.com](mailto:bond@liftman.com)