Surety One, Inc. · SuretyOne.com · Underwriting@SuretyOne.com
5 W Hargett St, 4th Floor, Raleigh NC 27601 · T: 800 373 2804 · F: 919 834 7039
404 Av De La Constitución, #708, San Juan PR 00901 · T: 787 333 0222 · F: 787 293 9221

ERISA FIDELITY BOND APPLICATION

Non-Qualifying Plan Assets · Small Plan Audit Waiver (29 C.F.R. § 2520.104-46)

For plans holding real estate, private notes and mortgages, partnership or LLC interests, closely held stock, precious metals, digital assets or other property outside a regulated custodian, and which require an ERISA § 412 fidelity bond equal to not less than 100% of the value of those assets. Answer every question; write "N/A" where a question does not apply. Monetary amounts are as of the end of the most recent plan year unless otherwise stated. The required document checklist is on page 5.

1 PLAN AND SPONSOR

Plan Name		Plan Sponsor* *(the employer that maintains the plan)*	
Sponsor EIN	Plan No. *(Form 5500)*	Nature of Sponsor Business	
Mailing Address	City	State	Zip Code
Contact Name	Email Address	Telephone	
Plan Type ○ **Defined Contribution** ○ **Defined Benefit** ○ **Cash Balance** ○ **Other:**			
Is this a participant directed plan with segregated accounts for each participant? ○ Yes ○ No		Is the plan a one participant (owner only) plan with no common law employees? ○ Yes ○ No	

2 BOND REQUESTED

Bond Amount Requested **$**	Requested Effective Date	Total Plan Assets **$**	Total Non-Qualifying Assets **$**
Prior or Current Carrier	Current Bond Limit, if any **$**	Fidelity Losses, Past Five Years **$**	
Is the plan claiming, or does it intend to claim, the small plan audit waiver? (29 C.F.R. § 2520.104-46) ○ Yes ○ No		If yes, plan years for which the waiver has previously been claimed	
If yes, is the requested bond amount intended to equal at least 100% of the value of the non-qualifying assets? ○ Yes ○ No			
If the bond amount requested exceeds the value of the non-qualifying assets (or the plan is not claiming the waiver), explain the reason for the requested limit.			

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3 NON-QUALIFYING ASSETS

List each non-qualifying asset or class of asset. Attach a separate schedule if more rows are needed, together with the valuation support identified on the checklist.

Nature of the non-qualifying assets** *(check all that apply)*

☐ Real estate ☐ Private notes or mortgages ☐ LP or LLC interests ☐ Closely held stock
☐ Precious metals or collectibles ☐ Digital assets ☐ Tangible property or equipment ☐ Other:

ASSET DESCRIPTION	TITLE HELD BY	CURRENT VALUE	VALUATION DATE	VALUED BY
		$		
		$		
		$		
		$		
		$		

Is title to each non-qualifying asset held in the name of the plan trust (or the trustee, as trustee of the plan)? ○ Yes ○ No	If no, explain how title is held and why
Who performs the annual fair market valuation of the non-qualifying assets, and when was the most recent independent valuation obtained?	
Are the non-qualifying investments originated, managed or administered by a third party manager, custodian or administrator? ○ Yes ○ No	If yes, identify the firm and its role
Does any trustee, sponsor principal or other party in interest hold an interest in any non-qualifying asset, or in the entity that issued it, other than as a plan participant? ○ Yes ○ No	If yes, describe the interest (co-owner, LLC member, borrower, etc.)
Within the past five years, has the plan engaged in any transaction with a party in interest, or received any inquiry, audit notice or correspondence from the Department of Labor or Internal Revenue Service? ○ Yes ○ No	If yes, describe
Does the plan hold employer securities?*** (29 U.S.C. § 1107(d)(1)) ○ Yes ○ No	If yes, value at the end of the most recent plan year $
Are any non-qualifying assets held in the individual accounts of participants other than the sponsor principals who act as trustees? ○ Yes ○ No	

4 PARTICIPANTS AND TRUSTEES

Total Participants	Participants Who Are Not Owners, Trustees or Officers	Number of Plan Trustees	% of Plan Assets Held by Trustees and Sponsor Principals as Participants
Names and titles of the trustees and the named fiduciary			
Do investment decisions require approval of all trustees? ○ Yes ○ No		If no, is a quorum required? ○ Yes ○ No	

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5 ADMINISTRATION AND CONTROLS

Outside service providers retained by the plan *(check all that apply)*

- ☐ Third party administrator
- ☐ Investment advisor
- ☐ Custodian
- ☐ CPA
- ☐ Legal counsel
- ☐ Appraiser
- ☐ Actuary

Firm Names

Who handles the day to day administration of the plan, and who exercises investment oversight?

Does the sponsoring company have a CPA audit that includes the plan? ○ Yes ○ No	Are plan bank accounts reconciled by someone not authorized to deposit or withdraw funds? ○ Yes ○ No
Is countersignature or dual authorization required for disbursements from plan accounts? ○ Yes ○ No	If yes, above what amount? **$** / If no, who has sole signature authority?

Who has authority to direct the sale, encumbrance or transfer of a non-qualifying asset, and does that action require the approval of more than one person?

* The Plan Sponsor is the organization or business that created and maintains the plan providing retirement or other benefits for its employees. In some cases the Plan Sponsor's name may differ from the Plan Name.

** "Qualifying plan assets" are defined at 29 C.F.R. § 2520.104-46(b)(1)(ii) and include qualifying employer securities, participant loans, assets held by a bank, insurance company, registered broker dealer or other organization authorized to act as IRA trustee or custodian, shares of a registered investment company, insurance company investment and annuity contracts, and assets in participant directed individual accounts for which the participant receives an annual statement. All other plan assets are non-qualifying.

*** Section 407(d)(1), 29 U.S.C. § 1107(d)(1), defines employer securities as "a security issued by an employer of employees covered by the plan, or by an affiliate of such employer."

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FRAUD STATEMENTS

NOTICE TO 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 act, which is a crime and may subject such person to criminal and civil penalties.

ALABAMA: "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."

ARKANSAS: "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."

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 from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies."

DISTRICT OF COLUMBIA: "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."

FLORIDA: "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."

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: "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: "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 or 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."

NEW YORK: "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."

OHIO: "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."

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."

RHODE ISLAND: "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."

TENNESSEE: "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."

VIRGINIA: "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."

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 include imprisonment, fines, and denial of insurance benefits."

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."

PUERTO RICO: "Any person who knowingly, and with the intention of defrauding, presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars ($5,000) and not more than ten thousand dollars ($10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years. If extenuating circumstances are present, it may be reduced to a minimum of two (2) years."

AUTHORIZATION

The undersigned, a trustee or other authorized fiduciary of the plan, declares that the statements in this application and in the attached documents are true and complete, that no material fact has been withheld, and that no loss, theft or dishonesty affecting plan assets is known other than as disclosed herein. The undersigned agrees that this application forms the basis of any bond issued and authorizes Surety One, Inc. and the surety to verify the information provided.

Applicant Signature: _____ Title: _____

Name (printed): _____ Date: _____

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REQUIRED DOCUMENTS AND HOW TO SUBMIT

A quotation cannot be released until every applicable item below has been received. Items marked with a check box may be ticked as they are assembled.

SUBMISSION CHECKLIST

☐ **01** **Completed application**
This form, signed by a trustee or other authorized plan fiduciary.

☐ **02** **Form 5500 or 5500-SF, with schedules**
Most recent filing. If the plan has not yet filed, provide the trust's opening balance sheet.

☐ **03** **Annual trust accounting or asset statement**
Most recent plan year end. CPA audited if an audit exists; otherwise the TPA or trustee prepared statement.

☐ **04** **Valuation support for each non-qualifying asset**
Appraisal, capital account statement, note and mortgage schedule, or other evidence of current fair market value.

☐ **05** **Most recent custodial or monthly statement**
For any plan assets held or managed by a third party.

☐ **06** **Signed no known loss memorandum**
Provided by Surety One with this application.

☐ **07** **Declarations page of the current bond**
If a fidelity bond is presently in force with another carrier.

☐ **08** **Plan trust agreement or adoption agreement**
The pages identifying the trustees and the named fiduciary. Required only when the application does not make these clear.

TWO WAYS TO COMPLETE THIS APPLICATION

For DIGITAL completion:

1. Download this PDF to your computer.
2. Open it in a PDF editor such as Adobe Acrobat Reader (free at get.adobe.com/reader).
3. Type and click your responses; sign by typing your name.
4. Save the completed file (File > Save As).
5. Email the PDF and checklist documents to Underwriting@SuretyOne.com or your assigned underwriter, or upload at suretyone.com/contact-us.

For PRINT completion:

1. Print this PDF.
2. Complete it legibly with a black pen.
3. Submit by one of the following:
   a. Scan and email to Underwriting@SuretyOne.com or to your assigned underwriter
   b. Mail to our Raleigh, NC address (letterhead, above)
   c. Fax to 919 834 7039

Note: Incomplete applications may result in processing delays.

WHY THE BOND MUST EQUAL 100% OF THE NON-QUALIFYING ASSETS

ERISA § 412 (29 U.S.C. § 1112) ordinarily requires a fidelity bond of 10% of plan funds handled, subject to a $500,000 maximum required amount ($1,000,000 for plans holding employer securities). A plan with fewer than 100 participants may waive the annual independent audit only if at least 95% of its assets are qualifying plan assets, or if every person who handles the non-qualifying assets is covered by an ERISA fidelity bond in an amount not less than the full value of those assets (29 C.F.R. § 2520.104-46(b)(1)). Plans relying on that second condition routinely require limits well above the statutory maximum, and underwriting turns on the nature, custody, valuation and control of the non-qualifying assets. Questions may be directed to an underwriter at (919) 859-5294.

We can help! Visit us at SuretyOne.com, call (800) 373-2804 or email Underwriting@SuretyOne.com to discuss your bond needs.

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