

11/1/14-15 Renewal



**Crime Insurance Application  
Renewal Application**

**General Information**

- Name of Applicant: Shelby County, Tennessee
  - Address of Applicant: 160 N. MAIN ST, suite 800  
Memphis TN 38103
- Date of last long form application: 10/19/2012 Carrier (if not Hiscox): Chartis/AIG
- If the last long form application was completed more than 3 1/2 years ago, do not complete this form, please complete a Hiscox New Business Application. If the last long form application was not a Hiscox application, please attach a copy of the last long form application.

**Changes**

- Since the last application:
- Has there been any change in the subsidiary list? If Yes, please attach a list of all subsidiaries including operations, percent of ownership and the date acquired or created.  Yes  No
  - Has there been any change in:
    - Audit controls  Yes  No
    - Internal controls  Yes  No
    - Vendor controls  Yes  No
    - Computer controls  Yes  No
    - Maximum cash exposure  Yes  No
    - Predominant business activity  Yes  No
- Please enclose documentation supporting all Yes answers.

**Exposure Information**

- Domestic Employees: 5,805
- Foreign Employees: \_\_\_\_\_
- Grand Total: 5,805
- Estimate the percentage of the Grand Total who have access to cash, checks and approval: 10 %
- Total Number of Locations: 100 est. Retail Locations: N/A

**Loss History**

List all losses sustained, whether or not claimed, and if claimed, whether or not reimbursed during the past six years from the completion date of this application for any similar insurance requested in this application. Check if none

| Date of Loss | Type of Loss (Employee Theft, Forgery, etc.) | Amount of Loss |
|--------------|--|----------------|
| 4/21/2011    | Employee Dishonesty                          | \$ 909,306.61  |
|              |  | \$             |
|              |  | \$             |

Please attach full details of all losses including descriptions, corrective action taken, estimated ultimate total amount and amount covered by insurance.

**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.

**NOTICE TO ARKANSAS, NEW MEXICO 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 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 INSURANCE 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 AUTHORITIES

**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 IN THE THIRD DEGREE.

**NOTICE TO KENTUCKY APPLICANTS:** 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.

**NOTICE TO LOUISIANA 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 MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO MARYLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND 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 NEW JERSEY APPLICANTS:** ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL 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 OKLAHOMA APPLICANTS:** 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 (365:15-1-10, 36 §3613.1).

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS MATERIALLY FALSE INFORMATION IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**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 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 INSURANCE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT 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 MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW YORK 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 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.

|                       |   |                           |  |      |  |
|-----------------------|---|---------------------------|--|------|--|
| Signature             | <div style="border: 1px solid black; padding: 5px; display: inline-block;"><i>H Kennedy</i><br/>Applicant</div> | Title                     | <div style="border: 1px solid black; padding: 5px; display: inline-block;">CAO</div> | Date | <div style="border: 1px solid black; padding: 5px; display: inline-block;">9-24-14</div> |
|                       | <div style="border: 1px solid black; height: 30px; width: 100%;"></div>   |                           | <div style="border: 1px solid black; height: 30px; width: 100%;"></div>              |      |  |
| Signature of Producer |   | Date                      |  |      |  |
|                       | <div style="border: 1px solid black; height: 30px; width: 100%;"></div>   |                           | <div style="border: 1px solid black; height: 30px; width: 100%;"></div>              |      |  |
| Address of Producer   |   | Producer's License Number |  |      |  |

**APPROVED AS TO FORM  
AND LEGALITY:**  
  
**Contract Administration/  
Assistant County Attorney**

Name of Insurance Company to which Application is made (herein called the "Insurer")

**Commercial Crime Policy and  
Governmental Crime Policy**

**Crime Loss Detail Questionnaire**

**Section A.  
GENERAL INFORMATION:**

Named Applicant: Shelby County, Tennessee

Principal Address: 160 N. Main, #1150, Memphis, TN 38103

**Section B.  
LOSS DETAILS**

Please provide the following details for all claims in the past 6 years, whether reimbursed or not.

1. Date of loss. 04/21/2011
2. Dollar amount of loss. 1,063,903.20
3. Type of loss (employee theft, robbery/burglary, etc.). employee theft
4. How did the loss occur?  
employee wrote checks to his own company or other party for excess funds collected when property was sold at tax sale
5. How long did the loss occur before it was discovered? May 2008 - March 2011
6. How was the loss discovered and by whom?  
Attorney for former owner of property that was sold at tax sale requested payment of excess proceeds from the sale of the property. It was discovered that those funds had been disbursed improperly; this discovery and name of payee led to additional improper disbursements.
7. Did the loss occur due to  lack of internal controls or  that established procedures were not being followed?
8. What controls/procedures would have prevented the loss or resulted in earlier detection of the loss?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
Future disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between Trustee & Chancery Clerk's office; document to be verified as original and must include court order. See attachment.
9. What correctives have been implemented?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
Future disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between Trustee and Chancery Clerk's office; document to be verified as original and must include court order. Email attached.
10. Did the individual involved have any prior dishonesty?
11. Were charges pressed against the individual? Yes  No
12. To what degree were background checks conducted prior to the loss? Yes  No   
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing
13. After the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing

14. Any recovery/salvage?

Employee and accomplice plead guilty, sentenced and restitution ordered.  
See attached summary of claim.

Signed

*[Handwritten Signature]*

(Applicant)

Date

10-19-12

Title

Mayor

(must be signed by Authorized Representative)

**APPROVED AS TO FORM  
AND LEGALITY:**

*[Handwritten Signature]*

**Contract Administration/  
Assistant County Attorney**

## CLAIM INFO

|              |  |  |  |              |
|--------------|--|--|--|--------------|
|              |  |  |  |              |
| 1,063,903.20 | total claimed  |  |  |              |
| -81,355.49   | BG refunded cashiers check   |  |  | > 982,547.71 |
|              | Travelers disallowed as after<br>knowledge of dishonesty check<br>3/17/2011 #38283 |  |  |              |
| -73,241.10   |  |  |  |              |
| 909,306.61   | final claim  |  |  |              |
| -25,000      | deductible   |  |  |              |
| 884,306.61   | Travelers paid   |  |  |              |
|              |  |  |  |              |
|              |  |  |  |              |

**Policy :** 0006735671-029-000 SHELBY COUNTY GOVERNMENT  
0011567424-029-000 COUNTY OF SHELBY, TENNESSEE

**Filters:** Status = ALL

**Requester ID:** 517333

**Report Date / Time:** 08/05/2013 15:39 EST

**Valuation Date:** 07/31/2013

**Source:** U.S.

The AIG Loss Run is a detail report, providing claim and financial information.

Run additional reports using IntelliRisk at <https://aig.com/ir>.

Certain claim information may not be available in this report, since claim availability can vary based on the insurance program or benefit state (due to regulatory considerations.)

Some of the content contained in this report is subject to confidentiality laws and may be privileged. This report is intended for review and use by authorized representatives of the insured or other parties authorized by the insured. If you are not the intended recipient, you are hereby notified that any disclosure, copy or distribution of this information is strictly prohibited, as is the taking of any action by you in reliance on its contents. If you received this communication in error, please notify us immediately.

**AIG Loss Run  
Financial Lines Claims**

0008735671-029-000 SHELBY COUNTY GOVERNMENT 09/01/2008 - 09/01/2007

Report Date / Time: 08/05/2013 15:39 E:  
Valuation Date: 07/31/2013  
Currency: USD

| Claim Name   | Loss State       | DW / HD                         | Adjuster Name                    | Loss Description                        | Loss Paid |
|--|------------------|---------------------------------|----------------------------------|---|-----------|
| Claim #  | Loss Date        | Status                          | Manager                          |   |           |
| COUNTY OF SHELBY, TENNESSEE<br>95-032172-001<br>17/24/2007 | TN<br>07/24/2007 | 039/165<br>Closed<br>02/15/2008 | ELIZABETH RILEY<br>BARBARA LEONE | POTENTIAL CLAIM FOR EMPLOYEE DISHONESTY | .00       |
| -Asco-Mod: 0008735671-029-000                              |                  |                                 |                                  | Claim Count = 1                         | .00       |

**Policy :** 0002881268-029-000 COUNTY OF SHELBY, TENNESSEE  
**Filters:** Status = ALL  
**Requester ID:** 517333  
**Report Date / Time:** 08/06/2013 16:14 EST  
**Valuation Date:** 07/31/2013  
**Source:** U.S.

The AIG Loss Run is a detail report, providing claim and financial information.  
Run additional reports using IntelliRisk at <https://aig.com/ir>.

Certain claim information may not be available in this report, since date availability can vary based on the insurance program or benefit state (due to regulatory considerations.)

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AIG Loss Run  
Financial Lines Claims

0002861286-029-000 COUNTY OF SHELBY, TENNESSEE 08/01/2007 - 08/01/2008

Report Date / Time: 08/08/2013 16:14:51  
Valuation Date: 07/31/2013  
Currency: USD

| Line   | Line  | Line   | Line     | Line    | Line        |
|--------|-------|--------|----------|---------|-------------|
| Number | State | Policy | Adjuster | Manager | Description |

039

No Claims for Policy 0002861286-029-000 / Criteria

.00

Auto-Mat: 0002861286-029-000

Claim Count = 0

**Policy :** 0011755575-029-000 COUNTY OF SHELBY, TENNESSEE  
**Filters:** Status = ALL  
**Requester ID:** 517333  
**Report Date / Time:** 08/05/2013 15:45 EST  
**Valuation Date:** 07/31/2013  
**Source:** U.S.

The AIG Loss Run is a detail report, providing claim and financial information.  
Run additional reports using IntelliRisk at <https://aig.com/ir>.

Certain claim information may not be available in this report, since data availability can vary based on the insurance program or benefit state (due to regulatory considerations.)

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**AIG Loss Run  
Financial Lines Claims**

0011567424-029-000    COUNTY OF SHELBY, TENNESSEE    09/01/2006 - 09/01/2009

Report Date / Time: 06/05/2013 15:39 E:  
Valuation Date: 07/31/2013  
Currency: USD

| Claim Name   | Claim Number | Claim Date | Div / Line | Start Date | End Date | Loss Description | Loss Paid |
|--|--------------|------------|------------|------------|----------|------------------|-----------|
| 039/   |              |            |            |            |          |                  |           |
| No Claims for Policy 0011567424-029-000 / Criteria |              |            |            |            |          |                  | .00       |
| Asso. No: 0011567424-029-000                       |              |            |            |            |          |                  |           |
| Claim Count: 0                                     |              |            |            |            |          |                  | .00       |

AIG Loss Run  
Financial Lines Claims

0011755675-029-000 COUNTY OF SHELBY, TENNESSEE 09/01/2009 - 09/01/2010

Report Date / Time: 09/05/2013 15:45 E  
Valuation Date: 07/31/2013  
Currency: USD

| Claim Number | Policy Number | Adjuster | Loss Description |
|--------------|---------------|----------|------------------|
| 039          |               |          |                  |

No Claims for Policy 0011755675-029-000 / Criteria .00

Asso-Mod: 0011755675-029-000 Claim Count = 0 .00



Date: 08/05/2013

Loss Run Report By Policy/Bond 105489546 (Shelby County, Tennessee)

Time: 1:29:59 PM

| Policy/Bond | Eff Dt     | Account Number | Account Name             | Insured/Principal               | Claimant | Incur Pd   | Exp Pd | Incurred      | Clm Type   |
|-------------|------------|----------------|--------------------------|---------------------------------|----------|------------|--------|---------------|------------|
| 105489546   | 09/01/2010 | 5785119        | SHELBY COUNTY, TENNESSEE | The County Of Shelby, Tennessee |          | 884,306.61 | 0.00   | Not Available | Claim      |
| T1107249    | 09/01/2011 | 061457         |                          |                                 |          |            |        |               | Closed     |
|             | 04/21/2011 |                |                          |                                 |          |            |        |               | 11/15/2011 |

Number of claims found: 1