

**ALLEGIANCE UNDERWRITING GROUP**  
**IN CALIFORNIA ONLY:**  
**DBA: ALLEGIANCE EXECUTIVE & PROFESSIONAL LIABILITY INSURANCE SERVICES, INC.**

**APPLICATION FOR**  
**COMBINED EMPLOYMENT PRACTICES, DIRECTORS' &**  
**OFFICERS', FIDUCIARY and CRIME POLICY**

**INSTRUCTIONS:**

1. Answer all questions (if not applicable, show N/A) and attach all additional information/explanations as required.
2. Application must be dated and signed.
3. "Applicant" and the words "You" and "Your" refers to the company, its predecessors, and all proposed Insureds, including Subsidiaries.

**I. General Information**

A. Name and address of Applicant: \_\_\_\_\_  
\_\_\_\_\_

B. Person to contact: \_\_\_\_\_  
(name, title, telephone, email) *(This individual is hereby designated to receive any and all notices from Underwriters or their authorized representatives concerning this insurance)*

C. Web-site address: \_\_\_\_\_

D. Describe nature of the Applicant's business: \_\_\_\_\_  
\_\_\_\_\_

E. Please describe the business organization type (Corporation, Partnership, Limited Liability Corporation, Other—please specify): \_\_\_\_\_

F. How long has the Applicant been under current management? \_\_\_\_\_ Years

G. Is the Applicant a subsidiary of another company or does the Applicant have a Parent company?  
*(If yes, please provide details on a separate sheet)*  Yes  No

H. Does the Applicant have any subsidiaries, affiliates, or foreign operations that are being proposed for this coverage? *(If yes, please provide details on a separate sheet)*  Yes  No

I. Does the Applicant anticipate any merger, acquisition, or addition of any operations that would comprise a twenty percent (20%) or more increase over the current number of employees?  
*(If yes, please provide details on a separate sheet)*  Yes  No

J. In the past twelve (12) months, has your total number of employees decreased by more than ten percent (10%) or five (5) employees, whichever is **greater**, through any reduction in force, systematic lay-off or by closure of any division, office or facility that you own or operate?  
*(If Yes, please complete the Reduction In Force supplement (H))*  Yes  No

K. In the next twelve (12) months, do you anticipate the total number of your employees to decrease by more than ten percent (10%) or five (5) employees, whichever is **greater**, through any reduction in force, systematic lay-off or by closure of any division, office or facility that you own or operate?  
*(If Yes, please complete the Reduction In Force supplement (I))*  Yes  No

L. If, during the next 12 months, circumstances of which you are currently unaware make it necessary for you to decrease the number of your Employees by ten percent (10%) or five (5) Employees, whichever is greater, through the implementation of any reduction in force, systematic lay-off or by closure of any division, office or facility that you own or operate (with any such reduction, lay-off or closure not known, anticipated or planned by you as of the date of this Application), do you agree that you will consult with, and adopt the advice of, a lawyer who specializes in labor and employment law (may include in-house counsel, but only if that counsel is qualified and experienced in the practice of labor and employment law) as respects the implementation of such reduction, lay-off or closure?  Yes  No

M. Has the proposed coverage ever been purchased before, whether specifically or as a part of or addition to another coverage?  Yes  No  
*(If yes, please indicate specific coverage – Employment Practices Liability, Directors & Officers Liability, Fiduciary Liability or Crime)*

<u>Year</u>	<u>Type of Coverage</u>	<u>Carrier</u>	<u>Limit</u>	<u>Deductible</u>	<u>Premium</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

N. Has any insurer ever canceled or non-renewed the Applicant or its predecessor for any of these coverages?  Yes  No  
*(If yes, please provide details on a separate sheet)*

O. Request: Please attach a copy of the latest audited financials or, if not previously audited, please complete the following for the most recently concluded fiscal year:

Annual Revenue: \_\_\_\_\_ Current Assets: \_\_\_\_\_  
 Operating Income: \_\_\_\_\_ Current Liabilities: \_\_\_\_\_  
 Net Income: \_\_\_\_\_ Total Assets: \_\_\_\_\_  
 Annual Interest Expense: \_\_\_\_\_ Total Long Term Debt: \_\_\_\_\_  
 Shareholder Equity: \_\_\_\_\_ Total Liabilities: \_\_\_\_\_

For Fiscal Year Ending: \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_  
 (mm) (dd) (yyyy)

## II. Employees

(To be completed by Applicants requesting Employment Practices Liability Coverage; please include all Subsidiary employee information on separate sheet)

- A. Number of employees: Full Time: \_\_\_\_\_ Part Time: \_\_\_\_\_
- B. Salary ranges (including bonuses, dividends and commissions)      Number of full time employees      Number of part time employees
- |                        |   |       |       |
|------------------------|---|-------|-------|
| \$ 75,000 or less      | : | _____ | _____ |
| \$ 75,001 to \$150,000 | : | _____ | _____ |
| \$150,001 and over     | : | _____ | _____ |
- C. Does the Applicant use seasonal or temporary employees?  Yes  No  
If so, when and how many? \_\_\_\_\_  
\_\_\_\_\_
- Are these employees included in A and B above?  Yes  No
- D. Does the Applicant use leased workers?  Yes  No  
If yes, how many have been retained by the Applicant in the past 12 months? \_\_\_\_\_  
Are these employees included in A and B above?  Yes  No
- E. Does the Applicant use independent contractors?  Yes  No  
If Yes, how many? \_\_\_\_\_  
Do you want coverage for these Independent Contractors?  Yes  No
- F. In the past 12 months, how many officers have left your employ? \_\_\_\_\_  
Of the above, how many were terminated? \_\_\_\_\_
- G. In the past 12 months, how many other employees have left your employ? \_\_\_\_\_  
Of the above, how many were terminated? \_\_\_\_\_

## III. Human Resources

- A. Have the Applicant's managers and/or supervisors attended training and education programs/seminars on sexual harassment and other types of discrimination within the last 12 months?  Yes  No  
If Yes, who has attended? \_\_\_\_\_  
If Yes, who conducts the sessions? \_\_\_\_\_
- B. Does the Applicant have its employment policies/procedures reviewed by labor or employment counsel?  Yes  No  
If Yes, identify the firm and date of last review: \_\_\_\_\_

- |    |   |                              |                             |
|----|---|------------------------------|-----------------------------|
| C. | Does the Applicant have an employee handbook?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|    | If Yes, does the Applicant distribute it to all employees?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|    | If Yes, do all employees sign for its receipt?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|    | If Yes, does it expressly state that it is not a contract and that employment is “at will”?                             | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| D. | Does the Applicant have written procedures for handling employee complaints of discrimination and/or sexual harassment? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| E. | Does the Applicant require all terminations to be reviewed by:  |                              |                             |
|    | The person in charge of human resources?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|    | Outside counsel?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| F. | Does the Applicant maintain a personnel file for each employee?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**IV. Third-Party Information**

(To be completed by Applicants requesting Third-Party Discrimination Coverage)

- |    |   |                              |                             |
|----|---|------------------------------|-----------------------------|
| A. | Has the Applicant or its predecessors ever received a complaint, formal or informal, from a non-employee, such as a customer, client, or prospective customer or client complaining about discrimination or harassment by the Applicant or any employee of the Applicant? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| B. | Does the Applicant conduct staff training on client and customer relations issues such as avoiding discriminatory behavior?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| C. | Are there procedures for reporting and dealing with complaints by customers/clients?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| D. | Are the buildings and premises owned, controlled or operated by the Applicant in compliance with Title III of the Americans with Disabilities Act?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**V. Corporate Information**

(To be completed by Applicants requesting Directors & Officers Liability Coverage)

- |    |  |                              |                             |
|----|--|------------------------------|-----------------------------|
| A. | State of Incorporation: _____  |                              |                             |
| B. | Are any classes of shares publicly traded?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| C. | Does any person or entity own 10% or more of any class of shares or ownership interest issued by the Applicant? <i>(If yes, please provide details on a separate sheet)</i>  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| D. | Do the directors and officers (or their functional equivalents if the Applicant is a partnership, limited liability corporation, or other type of business organization) as a whole, directly or indirectly, own or control the voting rights of more than 50% of outstanding securities or ownership interest of the Applicant? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

- E. Has the Applicant at any time over the last three years been in breach of any debt covenants or loan agreements? *(If yes, please provide details on a separate sheet)*  Yes  No
- F. Has the Applicant at any time over the last three years changed its auditors, outside counsel or outside securities counsel? *(If yes, please provide details on a separate sheet)*  Yes  No

Provide the name of the Applicant's:

Outside Counsel: \_\_\_\_\_

Outside Securities Counsel: \_\_\_\_\_

- G. Has the Applicant:
- (1) filed within the past 12 months or does it contemplate filing within the next 12 months any registration statement with the Securities and Exchange Commission for a public offering of securities? *(If yes, attach a copy of prospectus)*  Yes  No
  - (2) issued within the past 12 months or does it contemplate issuing within the next 12 months any private debt or equity offering of securities (common or otherwise)? *(If yes, please provide details on a separate sheet)*  Yes  No
  - (3) any plans within the next 12 months for any merger, acquisition, consolidation or tender offer? *(If yes, please provide details on a separate sheet)*  Yes  No
- H. In the last 2 years, has any auditor rendered a 'going concern' opinion for the financial statement of the Organization?  Yes  No  
*(If yes, please provide details on a separate sheet)*

## VI. Fiduciary Liability Information

(To be completed by Applicants requesting Fiduciary Liability Coverage)

- A. Does the Applicant have more than 5 plans to be covered under the proposed insurance? *(If the answer is yes, please provide details on a separate sheet)*  Yes  No
- B. Indicate the type of plans to be insured:
- |                                       |                              |                             |
|---------------------------------------|------------------------------|-----------------------------|
| 1) Pension . . . . .                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2) Welfare Sharing . . . . .          | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3) Profit Sharing . . . . .           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4) Employee Stock Ownership . . . . . | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5) 401k . . . . .                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6) Defined Contribution . . . . .     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7) Defined Benefit . . . . .          | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
- C. Total Number of Employees enrolled in all plans: \_\_\_\_\_
- D. Total asset value of the combined plans for the most recent fiscal year: \_\_\_\_\_
- E. Do all plans conform to the standards of eligibility, participation, vesting and other provisions of the Employee Retirement Income Security Act of 1974, as amended?  Yes  No

- F. Are the plans reviewed at least annually to assure that there are no violations of any plan trust agreements, prohibited transactions or party in interest rules?  Yes  No
- G. Are any plans under funded by more than 30%?  Yes  No  
*(If the answer is yes, please provide details on a separate sheet)*
- H. Does the Applicant have any delinquent contributions to any plan?  Yes  No  
*(If the answer is yes, please provide details on a separate sheet)*
- I. Have any of the plans been terminated, suspended, merged or dissolved within the last 24 months? *(If the answer is yes, please provide details on a separate sheet)*  Yes  No
- J. Does the Applicant anticipate terminating, suspending, merging or dissolving any plans within the next 18 months? *(If the answer is yes, please provide details on a separate sheet)*  Yes  No
- K. Are more than 10% of the assets of any plan, other than an Employee Stock Ownership Plan, invested in any securities of or loan to the Applicant?  Yes  No  
*(If the answer is yes, please provide details on a separate sheet)*

**VII. Crime Liability Information**

*(To be completed by Applicants requesting Crime Coverage)*

- A. Number of officers and employees who handle, have custody of or maintain records of money, securities or other property: \_\_\_\_\_
- B. Is there an annual audit or review performed by an independent CPA on the books and accounts, including a complete verification of all securities, shares and bank balances?  Yes  No
- C. Are bank accounts reconciled by someone not authorized to deposit or withdraw from those accounts?  Yes  No
- D. Is counter signature of checks required?  Yes  No
- E. Are pre-authorized controls maintained for all programmers and operators?  Yes  No
- F. Do audit practices include tests to detect unauthorized programming changes?  Yes  No
- G. Are computerized cheques writing operations segregated from departments that authorize cheques?  Yes  No

## VIII. Loss History and Known Circumstances

A. (To be completed by all Applicants)

Does any director, officer, manager, member manager, managing partner, general partner trustee, fiduciary, principal or, with respect to Employment Practices Liability Insurance only, any employee with personnel responsibility, have any knowledge of any fact, circumstance, situation, event or transaction that could give rise to a Claim or in any other way suspect that a Claim may be brought? *(If yes, please provide details on a separate sheet)*  Yes  No

*For example, but not by way of limitation, it would be reasonable for you to foresee that a Claim may be brought against you if a current or former employee, including officers, or an applicant for employment, has expressed dissatisfaction with the employment relationship or the employment application process by:*

- i) making a formal complaint to an officer, principal, or supervisory employee of unfair employment practices;*
- ii) otherwise complaining of discrimination, harassment, or unfair treatment;*
- iii) threatening to hire an attorney; or*
- iv) asking for a severance package in excess of what was offered.*

B. (To be completed by Applicants for Employment Practices Liability Coverage)

(1) Have any civil or criminal charges, claims, losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years which could fall within the scope of this proposed insurance, whether or not insured, including without limitation any claim involving (a) employees or independent contractors; (b) class action suits or (c) investigations by the Department of Labor, or similar state or foreign agency?  Yes  No

(2) Have any losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years alleging violation of any **Wage and Hour Law**?  Yes  No

*(If yes to the above, please provide a full description of each claim on a separate sheet and please include copies of all demands and lawsuits, as well as all charges, inquiries, investigations, grievances or other proceedings before the Equal Employment Opportunity Commission, or any other governmental agency with responsibility for employment practices.)*

Total number of Employment Practice Liability Claims in the last 5 years: \_\_\_\_\_

C. (To be completed by Applicants for Directors & Officers Liability Coverage)

Have any civil or criminal charges, claims, losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years which could fall within the scope of this proposed insurance, whether or not insured, including without limitation any claims involving: (1) alleged state or federal copyright, patent, antitrust, fair trade, or securities violations; (2) class actions or derivative suits; or (3) investigations by the SEC, the Department of Labor, or similar state or foreign agency?  Yes  No

*(If yes to the above, please provide a full description of each claim on a separate sheet and please include copies of all demands and lawsuits, as well as all charges, inquiries, investigations, grievances or other proceedings)*

D. (To be completed by Applicants for Fiduciary Liability Coverage)

- (1) Have any civil or criminal charges, claims, losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years which could fall within the scope of this proposed insurance, whether or not insured?  Yes  No
- (2) Has any **Plan** ever participated in a voluntary compliance program administered by the IRS or the DOL and has there been any assessment of IRS Closing Agreement Program (CAP) penalties against any **Plan**?  Yes  No

*(If yes to the above, please provide a full description of each claim on a separate sheet and please include copies of all demands and lawsuits, as well as all charges, inquiries, investigations, grievances or other proceedings)*

E. (To be completed by Applicants for Crime Coverage)

Within the last 5 years, has the Applicant for this insurance had any experience which may, or potentially involve, peril of the type covered by this policy?  Yes  No  
*(If yes to the above, please provide a full description on a separate sheet)*

**The Applicant and all Insureds acknowledge that any Claims, or Claims later arising from circumstances reported, or that should have been reported, in this Section VIII. will be excluded from coverage.**

**Please ensure that additional information, as requested in this application, is attached.**

**The Applicant warrants after full investigation and inquiry that the statements set forth herein are true and include all material information.**

**The Applicant on behalf of all proposed Insureds further warrants that if the information supplied on this application changes between the date of this application and the inception date of the Policy, it will immediately notify Underwriters of such change. Signing of this application does not bind Underwriters to offer, nor the Applicant to accept, insurance, but it is agreed that this application shall be the basis of the insurance and will be attached and made a part of the Policy should a policy be issued.**

_____	_____	_____
Date	Signature of Applicant's Chairman of the Board* or President*	Title
_____	_____	_____
Date	Signature of Applicant's Human Resources Representative	Title

Note:

\*= functional equivalent if the Applicant is a partnership, limited liability corporation, or other type of business organization



**Reduction In Force Supplement (H)**

A. How many employees were laid off? \_\_\_\_\_

B. What date(s) did the lay-off's take place? \_\_\_\_\_

C. Did you consult with and follow the recommendations of a lawyer who specializes in labor and employment law as respects the implementation of such reduction, lay-off or closure?  Yes  No

D. Were severance packages offered to all laid-off employees?  Yes  No

E. Were signed releases gained from all laid-off employees?  Yes  No

F. Were exit interviews completed with all laid-off employees?  Yes  No

G. Did any of the laid off employees express that they were considering bringing any sort of complaint or claim?  Yes  No

H. Please provide available details on the above.

**Reduction In Force Supplement (I)**

A. How many employees will be laid off? \_\_\_\_\_

B. What date(s) will the lay-off be effective? \_\_\_\_\_

C. Do you agree to consult with and follow the recommendations of a lawyer who specializes in labor and employment law as respects the implementation of such reduction, lay-off or closure?  
 Yes  No

D. Will severance packages be offered to all laid-off employees?  Yes  No

E. Will signed releases be gained from all laid-off employees?  Yes  No

F. Will exit interviews be completed with all laid-off employees?  Yes  No

G. Please provide available details on the above.

**SUPPLEMENTAL CLAIM INFORMATION**

Claimant(s): \_\_\_\_\_

Position/Title(s): \_\_\_\_\_

Defendant(s): \_\_\_\_\_

Position/Title(s): \_\_\_\_\_

Claim status:            Incident                                  Claim                                  Suit

Venue:  
(Court or Agency) \_\_\_\_\_

Date of act(s) causing claim / incident: \_\_\_\_\_

Date claim / incident reported to the  
applicant: \_\_\_\_\_

Nature of claim and allegations:

Name of defense attorney and law firm: \_\_\_\_\_

Name of plaintiff attorney and law firm: \_\_\_\_\_

If Closed, total paid (defense and loss): \_\_\_\_\_

If Open:

1. Claimant's demand: \_\_\_\_\_

2. Insurer's defense and/or loss reserves: \_\_\_\_\_

3. Defense costs incurred to date: \_\_\_\_\_

4. Applicant's settlement offer: \_\_\_\_\_

5. Applicant's estimate of settlement: \_\_\_\_\_

Remedial action taken to prevent a similar claim: