

Carolina Casualty Insurance Company

4600 Touchton Road East, Building 100, Suite 400, Jacksonville, FL 32246

Renewal Proposal Form

Management Liability Insurance

CLAIMS MADE WARNING FOR APPLICATION: This Proposal Form is for a Claims Made and Reported Policy, relating to claims made against the Insureds during the Policy Period or Extended Reporting Period, if applicable.

Whenever printed in this Proposal Form, the terms in boldface type shall have the same meanings as indicated in the **Policy**. This Proposal Form is to be completed with respect to the entire Insured Entity. **Insured Entity** as used herein is defined to include the **Named Insured** and any **Subsidiaries**.

Name of **Named Insured**

Street Address

Suite

City

County

State

Zip Code

Website Address (if applicable)

Federal Employer Identification Number (FEIN)

The Officer designated as agent of the **Insured Entity** and of all **Insureds** to receive any and all notices from the **Insurer** or their authorized representatives concerning this insurance:

Contact Name

Title

E-mail Address

Telephone Number

Fax Number

Producer Information

Submitted by (Agency Name)

Dated

Agent's Name (Individual's Name)

Agent's License Number

Coverage Section(s) Requested

Directors, Officers and Corporate Liability Insurance **Coverage Section:**

Yes No

Limit Requested: \$

Employment Practices Liability Insurance **Coverage Section:**

Yes No

Limit Requested: \$

Fiduciary Liability Insurance **Coverage Section:**

Yes No

Limit Requested: \$

Indicate the type of limit requested:

Combined Aggregate Limit of Liability for all **Coverage Sections**, or

Separate Aggregate Limit of Liability for each **Coverage Section**

General Information (Provide details to all "Yes" answers by attachment, when appropriate)

1. (a) Form of organization: Cooperative Corporation Joint Venture*
 Limited Liability Corporation Nonprofit Partnership*
 Sole Proprietorship / Individual Other: _____

*If a Partnership or Joint Venture, provide participation or ownership structure details by attachment.

- (b) Type of organization: Manufacturing / Production Public Administration Retail Trade
 Service Industry Web Based Wholesale Distributing

2. The **Named Insured** has been in continuous operation since: _____

3. (a) What is the **Insured Entity's** Primary Standard Industrial Classification ("SIC") Code? _____

(b) Describe the **Insured Entity's** nature of operations: _____

4. Is the **Named Insured** or any **Subsidiary** publicly held or a public reporting company under the Securities Exchange Act of 1934? Yes No

5. Provide the following financial information with respect to the **Insured Entity**:

Assets (000): \$ _____ Annual Revenues (000): \$ _____ Total Number of **Employees**: _____
 Equity (000): \$ _____ Operating Income / Loss (000): \$ _____ Period Ending: _____ / _____ / _____

6. What percentage of the **Insured Entity's** annual revenue is generated or expected to be generated directly from the Internet over the next 18 months? _____ %

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7. (a) Is the **Insured Entity** currently in bankruptcy? Yes No
 (b) Within the next 12 months, is the **Insured Entity** contemplating filing a petition for protection under the bankruptcy code? Yes No
8. (a) Within the last 12 months, has the **Insured Entity** had any **Subsidiary**, plant, facility, branch or office closings, consolidations or layoffs? Yes No
 (b) Within the next 24 months, does the **Insured Entity** anticipate any **Subsidiary**, plant, facility, branch or office closings, consolidations or layoffs? Yes No
9. Within the last 3 years, has there been any change (resignations, departures, retirements, etc.) in the position of the Chairman of the Board, President, Chief Executive Officer or Chief Financial Officer? Yes No
 If "Yes", provide the following details by attachment: Name of individual; date of change; and reason for change.
10. Provide the following information on all Subsidiaries of the **Insured Entity**. If "None", so state. None

<u>Subsidiary Name</u>	<u>Nature of Business</u>	<u>Percent* Owned by the Insured Entity</u>	<u>Date Created or Acquired</u>	<u>Domestic / Foreign</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*If **Subsidiary** is less than 100 percent owned, provide details to all minority owners, when applicable, by attachment.

IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR SUBSIDIARIES IN QUESTION 10. UNLESS THE INFORMATION REQUESTED ABOVE IS PROVIDED HERE OR BY ATTACHMENT.

Directors, Officers and Corporate Liability Insurance Coverage Section Information

11. Provide the following information regarding the **Insured Entity's** outstanding ownership:
- | | | |
|--|--|------------------------|
| | <u>Common Stock /
Membership Units</u> | <u>Preferred Stock</u> |
| (a) Total number of shares or units outstanding: | _____ | _____ |
| (b) Total number of security holders: | _____ | _____ |
| (c) Number of shares or units owned directly and/or beneficially by the Insured Persons : | _____ | _____ |
- (d) Does any security holder own, or have the right to own, directly and/or beneficially, 10 percent or more of the **Insured Entity's** outstanding shares or units? Yes No
 If "Yes", provide the following information:

<u>Name of Security Holder (including individual and corporate names)</u>	<u>Percent Owned by Security Holder</u>	<u>Represented on the Insured Entity's Board of Directors or Board of Managers?</u>
_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

12. Within the last 18 months, has the **Insured Entity** been involved in, or is it presently considering, any sale of its stock (in excess of 10 percent of the total stock outstanding), repurchase of its stock, merger, consolidation, acquisition, tender offer, private placement, or divestment? If "Yes", complete (a), (b) and (c) below: Yes No
- (a) Is this with respect to a Registration Statement for a public offering of securities within the next 12 months? Yes No
 If "Yes", attach the prospectus including all amendments thereto, or describe below if prospectus is unavailable.

- (b) Is this with respect to funds being generated by venture capital or private placement funding? Yes No
 If "Yes", describe: _____
- (c) If "No", for (a) and (b) above, provide the following details below: Description of referenced transaction; date or anticipated date of transaction; and any other appropriate details. _____

13. Is the **Insured Entity** engaged in any of the following activities? If "None", so state. None
- | | |
|---|--|
| <input type="checkbox"/> Captive Insurance Company operations | <input type="checkbox"/> Insurance Company operations |
| <input type="checkbox"/> Franchising | <input type="checkbox"/> Activities that fall under The Investment Company Act of 1940 |
| <input type="checkbox"/> General Partnership operations | <input type="checkbox"/> Joint Venture(s) |

Employment Practices Liability Insurance Coverage Section Information

14. Number of Employees:	Seasonal and/or			Volunteers and/or		Independent	Annual Turnover Rate
	Full Time	Part Time	Leased	Temporary	Interns	Contractors	
Current Year:	_____	_____	_____	_____	_____	_____	_____
Last Year:	_____	_____	_____	_____	_____	_____	_____

15. What percentage of the **Insured Entity's Employees** work with the general public, work at customer locations or perform a majority of their functions off-site? _____ %
16. What percentage of the **Insured Entity's Employees** currently earns more than \$100,000? _____ %

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17. Provide the top three locations by employee count of all plants, facilities, branches or offices of the **Insured Entity**. If "None", so state. None
- | <u>Location</u> | <u>Nature of Business</u> | <u>Number of Employees</u> | <u>Domestic / Foreign</u> |
|-----------------|---------------------------|----------------------------|---------------------------|
| 1. _____ | _____ | _____ | _____ |
| 2. _____ | _____ | _____ | _____ |
| 3. _____ | _____ | _____ | _____ |
18. Does the **Insured Entity** currently employ a full time Human Resources professional? Yes No
19. Does the **Insured Entity** (details to "Yes" or "No" answers are not required by attachment): Yes No
- (a) Utilize employment applications for all prospective **Employees**? Yes No
 - (b) Require the Human Resource Department to review and approve each proposed **Employee** termination? Yes No
 - (c) Have outside employment counsel review each proposed **Employee** termination? Yes No
 - (d) Maintain a written policy prohibiting Sexual Harassment and distribute that policy to all **Employees**? Yes No
 - (e) Conduct mandatory periodic **Employee** education regarding prohibited forms of harassment? Yes No
 - (f) Periodically have its employment policies and procedures reviewed by outside employment counsel? Yes No
 - (g) Periodically have its employment policies and procedures distributed to all **Employees**? Yes No
 - (h) Have a written procedure for notification and handling of employment related grievances, disputes, notifications, or claims? Yes No
20. Indicate which formal written policies and procedures have been implemented and attach a copy of each. If "None", so state. None
- | | | |
|---|---|--|
| <input type="checkbox"/> Employee Handbook / Manual | <input type="checkbox"/> Anti-Harassment Policy, including Sexual Harassment | <u>Employers with more than 50 Employees</u> |
| <input type="checkbox"/> Anti-Discrimination Policy – Equal Employment Opportunity (EEO) Policy | <input type="checkbox"/> Adherence to Employment "at-will" relationship with all Employees | <input type="checkbox"/> Family Medical Leave Act
<input type="checkbox"/> California Employers Only
<input type="checkbox"/> California Family Rights Act |

Fiduciary Liability Insurance Coverage Section Information

21. Provide the following information regarding each employee welfare benefit plan, employee pension benefit plan or pension plan, as defined by **ERISA**, (hereinafter referred to as **Employee Benefit Plan(s)**) which the **Insured Entity** maintains or to which it contributes.
- | <u>Name of Plan</u> | <u>Type of Plan*</u> | <u>Name of Plan Sponsor</u> | <u>Number of Plan Participants</u> | <u>Fair Market Value of Plan Assets</u> |
|---------------------|----------------------|-----------------------------|------------------------------------|---|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

*Type of Plan: (DB)=Defined Benefit; (DC)=Defined Contribution; (ESOP)=Employee Stock Ownership Plan; (WB)=Health & Welfare Benefit; (MEP)=Multi Employer Plan or Multiple Employer Plan; (O)=Other

IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR EMPLOYEE BENEFIT PLAN(S) IN QUESTION 1. FOR WHICH THE ABOVE INFORMATION IS INCOMPLETE OR NOT PROVIDED.

22. Has any employee pension benefit plan or pension plan invested in securities of the **Insured Entity**? If "Yes", provide the following details by attachment: number of shares; cost of shares to the plan; fair market value of shares. Yes No
23. Has any employee pension benefit plan or pension plan invested in more than 10 percent of any entity (other than the **Insured Entity** or a pooled investment vehicle such as a mutual fund)? If "Yes", provide name of entity and amount of investment. Yes No
24. Has any **Employee Benefit Plan** loaned or pledged any **Employee Benefit Plan** assets to any party-in-interest (including the **Insured Entity**)? If "Yes", provide details by attachment. Yes No
25. Are any defined benefit plans under funded by more than 20 percent? If "Yes", provide details by attachment. Yes No
26. Are there any overdue employer contributions for any plan, or has any plan requested or contemplated filing a request for a waiver of contributions? If "Yes", provide plan name and amount of overdue contributions by attachment. Yes No
27. Within the last 3 years, has there been, or is there currently under consideration, any restructuring, termination or other similar transaction of any **Employee Benefit Plan**? If "Yes", provide details of the transaction by attachment. Yes No
28. If any of the following questions are answered "No", provide details by attachment.
- (a) Are all **Employee Benefit Plans** compliant with the Health Insurance Portability and Accountability Act ("HIPAA")? Yes No
 - (b) Does the plan sponsor comply with the summary plan description requirements under **ERISA** for all **Employee Benefit Plans**? Yes No
 - (c) Do all employee pension benefit plans or pension plans have a written investment policy? Yes No
 - (d) Are all employee pension benefit plan or pension plan assets managed by a third party investment manager? Yes No
 - (e) Do the fiduciaries review the investment guidelines used by the investment managers at least annually? Yes No
 - (f) Is the "fair market value" of all employee pension benefit plan or pension plan assets calculated at least annually? Yes No
29. During the last 5 years, has there been, or is there currently, any investigation by the IRS, Department of Labor ("DOL"), Pension Benefit Guarantee Corporation ("PBGC"), or any other state or federal agency of any **Employee Benefit Plan** or any current or former fiduciary of such **Employee Benefit Plan**? If "Yes", provide details by attachment. Yes No

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Litigation and Claim Information (Provide details to all "Yes" answers by attachment)

Directors, Officers and Corporate Liability Insurance Coverage Section only:

30. During the last 5 years, has the **Insured Entity** or any of the **Insured Persons** received any written demands for monetary or non-monetary relief, been involved in, or had any knowledge of any civil or criminal action, administrative or arbitration proceeding, including both domestic or foreign equivalents, involving:
- (a) any intellectual property disputes, including Copyright, Patent, or Trademark Laws? Yes No
 - (b) any alleged violation of any Federal or State Security Law or Regulation? Yes No
 - (c) any alleged violation of any Federal or State Anti-Trust or Fair Trade Law? Yes No
 - (d) any other allegations of violations of federal, state or local statute, regulation, ordinance or common law that would otherwise be within the scope of this proposed insurance? Yes No

Employment Practices Liability Insurance Coverage Section only:

31. During the last 5 years, has any **Insured** known of, or been involved in any lawsuit, charges, inquiries, investigations, grievances or other administrative hearings or proceedings before any of the following agencies and/or in any of the following forums, including both domestic or foreign equivalents?
- (a) National Labor Relations Board? Yes No
 - (b) Equal Employment Opportunity Commission? Yes No
 - (c) Office of Federal Contract Compliance Programs? Yes No
 - (d) U.S. Department of Labor? Yes No
 - (e) Any state or local government agency such as the Labor Department or fair employment agency? Yes No
 - (f) U.S. District or state court? Yes No
32. During the last 5 years, has any current or former **Employee** or third party made any **Claim**, or otherwise alleged discrimination, harassment, wrongful discharge and/or **Wrongful Acts** against any **Insured**? Yes No
- A **Claim** is not limited to the filing of a lawsuit or complaint with the Equal Employment Opportunity Commission or similar state or local agency. A **Claim** may also include a written demand by any current or former **Employee** seeking relief in connection with an employment-related dispute or grievance.

Fiduciary Liability Insurance Coverage Section only:

33. During the last 5 years, has any **Insured** been named as a party in any civil or criminal action, administrative, arbitration, regulatory or investigative proceeding, or received any other written demands for money or services that would be within the scope of this proposed insurance? Yes No

IF "YES" TO ANY PART OF QUESTIONS 30., 31., 32., OR 33., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED, BY PROVIDING THE FOLLOWING INFORMATION BY ATTACHMENT:

- | | | | |
|----------------------------------|--|---------------------|--------------------|
| (a) Date Claim first made | (b) Claimant's Name | (c) Allegation | (d) Current Status |
| (e) Demand Amount | (f) Settlement (Indemnity) or Reserve Amount | (g) Attorney's fees | |

Documents Required (The following information must be submitted with the completed Proposal Form).

Directors, Officers and Corporate Liability Insurance Coverage Section only:

- Provide details to all "Yes" answers, when applicable, by attachment
- Most recent interim and annual financial statements (audited, if available)

Employment Practices Liability Insurance Coverage Section only:

- Provide details to all "Yes" answers, when applicable, by attachment

Fiduciary Liability Insurance Coverage Section only:

- Provide details to all "Yes" answers, when applicable, by attachment
- A copy of the most recent public accountant's audit report or IRS Form 5500 for each **Employee Benefit Plan**

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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 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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER 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.

NOTICE TO NEW MEXICO, 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 APPLICANTS OF 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.

NOTICE TO APPLICANTS OF MINNESOTA, NEW JERSEY, OHIO, AND OKLAHOMA: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUDS OR DECEIVES ANY INSURER OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, IS GUILTY OF A FELONY AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO MAINE, MASSACHUSETTS, 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 COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

NOTICE TO APPLICANTS OF 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.

NOTICE TO ARKANSAS, DISTRICT OF COLUMBIA, LOUISIANA, MARYLAND, AND RHODE ISLAND 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 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.

Please Read Carefully

The undersigned, acting on behalf of all **Insureds**, declare that the statements set forth herein are true and correct and that thorough efforts have been made to obtain sufficient information from each and every **Insured** proposed for this insurance to facilitate the proper and accurate completion of this Proposal Form.

The undersigned agree that the particulars and statements contained in the Proposal Form and any material submitted herewith are their representations and are the basis of the insurance contract. The undersigned further agree that the Proposal Form and any material submitted herewith shall be considered attached to and a part of the **Policy**. Any material submitted with the Proposal Form shall be maintained on file (either electronically or paper) with the **Insurer** and shall be deemed to be attached hereto as if physically attached.

It is further agreed that:

- if any significant change in the condition of the applicant is discovered between the date of this Proposal Form and the **Policy** inception date, which would render this Proposal Form inaccurate or incomplete, notice of such change will be reported in writing to the **Insurer** immediately;
- the information contained in this Proposal Form shall not be used by the **Insureds** as notice, nor will the **Insurer** recognize and/or accept the information contained herein as notice, as provided for in section VII. of the Common Policy Terms and Conditions Section of this **Policy**;
- any **Policy**, if issued, will be in reliance upon the truth of such representations; provided, however, with respect to such statements and representations, no knowledge or information possessed by any **Insureds** shall be imputed to any other **Insureds**. If any person or persons knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons. However, if the Chairperson of the Board of Directors, President, Chief Executive Officer, or Chief Financial Officer of the **Insured Entity** knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons and the **Insured Entity**;
- this Proposal Form has been completed as respects the entire **Insured Entity**;
- the signing of this Proposal Form does not bind the undersigned to purchase the insurance.

Dated President, Chief Executive Officer, Chief Financial Officer, or equivalent position (Signature)

Title President, Chief Executive Officer, Chief Financial Officer, or equivalent position (Print Name)

Dated Human Resources Manager, or equivalent position (Signature)

This Carolina Casualty Insurance Company Proposal Form, including any material submitted herewith, shall be held in strictest confidence.

A POLICY CANNOT BE ISSUED UNLESS THE PROPOSAL FORM IS PROPERLY SIGNED AND DATED.

Please submit this Proposal Form including appropriate documentation to:

Monitor Liability Managers, LLC, 2850 West Golf Road, Suite 800, Rolling Meadows, IL 60008-4039