

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 INSURED 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

(Complete only those sections of this Proposal Form specific to the 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: \$

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

Current Insurance Information (Provide details to all "Yes" answers by attachment)

1. Provide the following information regarding the Insured Entity's most recent insurance policies. If "None", so state.

Type of Policy	Insurance Carrier	Expiration Date	Limit of Liability	Deductible	Premium
Directors and Officers Liability: <input type="checkbox"/> None			\$	\$	\$
Employment Practices Liability: <input type="checkbox"/> None			\$	\$	\$
Fiduciary Liability: <input type="checkbox"/> None			\$	\$	\$
General Liability: <input type="checkbox"/> None			\$	\$	\$
Other: <input type="checkbox"/> None			\$	\$	\$

2. Has the Extended Reporting Period (or Discovery Period) been exercised for the Insured Entity's most recent Directors and Officers Liability or Employment Practices Liability insurance policies? Yes No

3. Within the last 3 years, has any Claim been made or has notice been given under any of the previous policies for Directors and Officers Liability or Employment Practices Liability insurance or similar insurance? Yes No

4. Within the last 3 years, has any Directors and Officers Liability or Employment Practices Liability insurance, or similar insurance policies for the Insured Entity ever been cancelled or non-renewed? Yes No

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

1. The Named Insured has been in continuous operation since: _____
2. (a) What is the Insured Entity's Primary Standard Industrial Classification ("SIC") Code? _____
 (b) Describe the Insured Entity's nature of operations: _____
3. (a) Form of organization:

<input type="checkbox"/> Cooperative	<input type="checkbox"/> Corporation	<input type="checkbox"/> Joint Venture*
<input type="checkbox"/> Limited Liability Corporation	<input type="checkbox"/> Nonprofit	<input type="checkbox"/> Partnership*
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other: _____	

 *If a Partnership or Joint Venture, provide participation or ownership structure details by attachment.
 (b) Type of organization:

<input type="checkbox"/> Manufacturing / Production	<input type="checkbox"/> Public Administration	<input type="checkbox"/> Retail Trade
<input type="checkbox"/> Service Industry	<input type="checkbox"/> Web Based	<input type="checkbox"/> Wholesale Distributing
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? _____ %
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
 If "Yes", provide the following details by attachment: Date of event; number of Employees affected; whether outside employment counsel was consulted; and, whether severance packages were offered to all Employees affected.
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.

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

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Directors, Officers and Corporate Liability Insurance Coverage Section Information

1. Provide the following information regarding the **Insured Entity's** outstanding ownership:

	<u>Common Stock /</u>	<u>Preferred Stock</u>
	<u>Membership Units</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</u> <small>(including individual and corporate names)</small>	<u>Percent Owned by</u> <u>Security Holder</u>	<u>Represented on the Insured Entity's Board of</u> <u>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
		<input type="checkbox"/> Yes <input type="checkbox"/> No

2. 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.

3. 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)	

4. 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

IF "YES" TO ANY PART OF QUESTION 4., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED BY PROVIDING THE FOLLOWING INFORMATION FOR EACH ALLEGATION 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

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Employment Practices Liability Insurance Coverage Section Information

1. Number of Employees:

	Full Time	Part Time	Leased	Seasonal and/or Temporary	Volunteers and/or Interns	Independent Contractors	Annual Turnover Rate
Current Year:							
Last Year:							

2. 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? _____ %

3. What percentage of the Insured Entity's Employees currently earns more than \$100,000? _____ %

4. Provide the top three locations by employee count of all plants, facilities, branches or offices of the Insured Entity. If "None", so state. None

	Location	Nature of Business	Number of Employees	Domestic / Foreign
1.				
2.				
3.				

5. Does the Insured Entity currently employ a full time Human Resources professional? Yes No

6. Does the Insured Entity (details to "Yes" or "No" answers are not required by attachment):

- (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

7. 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	<input type="checkbox"/> Adherence to Employment "at-will" relationship with all Employees	<input type="checkbox"/> Employers with more than 50 Employees
<input type="checkbox"/> Anti-Discrimination Policy – Equal Employment Opportunity (EEO) Policy			<input type="checkbox"/> Family Medical Leave Act <input type="checkbox"/> California Employers Only <input type="checkbox"/> California Family Rights Act

8. 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

9. 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.

IF "YES" TO ANY PART OF QUESTIONS 8. OR 9., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED, BY PROVIDING THE FOLLOWING INFORMATION FOR EACH ALLEGATION 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

Admiral Insurance Company

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 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.

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 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 CRIME AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO APPLICANTS OF FLORIDA, 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 DISTRICT OF COLUMBIA, MAINE, MASSACHUSETTS, TENNESSEE, AND VIRGINIA 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.

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 Admiral 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:

ExecutivePerils

