



# PRIVATUS<sup>®</sup> PLUS+ APPLICATION

## A POLICY FOR PRIVATELY HELD BUSINESS ENTERPRISES

(FOR DIRECTORS AND OFFICERS AND CORPORATE LIABILITY, EMPLOYMENT PRACTICES LIABILITY, FIDUCIARY LIABILITY AND CRIME COVERAGE)

### *WHAT THE APPLICANT SHOULD KNOW ABOUT THIS APPLICATION:*

1. This application and all materials attached to and submitted with it shall be held in confidence.
2. The Applicant's submission of this application does not obligate the Applicant to buy insurance nor is the Insurer obligated to sell insurance or to offer insurance upon any specific terms requested.

### *DEFINITIONS*

1. The term "Applicant" herein refers individually and collectively to all proposed **Insureds**.
2. Terms appearing in bold face in this application are defined in the Policy.

### *CLAIMS MADE NOTICE:*

**CERTAIN COVERAGE PARTS OF THE POLICY FOR WHICH THE APPLICANT IS APPLYING PROVIDE COVERAGE ON A CLAIMS-MADE BASIS, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD, OR A CLAIMS-MADE AND REPORTED BASIS, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. PLEASE READ THE POLICY CAREFULLY**

### *DEFENSE COSTS WITHIN LIMIT NOTICE:*

**CERTAIN COVERAGE PARTS OF THE POLICY FOR WHICH THE APPLICANT IS APPLYING PROVIDE THAT THE LIMITS OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS WILL BE REDUCED AND MAY BE COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS, AND IN THE EVENT SUCH LIMITS OF LIABILITY ARE EXHAUSTED, THE INSURER SHALL HAVE NO FURTHER OBLIGATION FOR ANY LOSS UNDER THE POLICY. PLEASE READ THE POLICY CAREFULLY**

### *APPLICATION FORMS PART OF POLICY*

If the Policy applied for is issued, this application will be deemed attached to and will form a part of the Policy.

### *INSTRUCTIONS:*

1. Answer all questions. If any question does not apply, explain why.
2. If space is insufficient, continue answers on the Applicant's letterhead.
3. This application must be signed and dated by the **First Named Insured's** president, chief executive officer, chief financial officer or in-house general counsel or their functional equivalent.

*THANK YOU FOR TAKING THE TIME TO PROVIDE US WITH ACCURATE INFORMATION.*

1. GENERAL INFORMATION

- (a) Applicant Name: \_\_\_\_\_
- (b) Applicant's address and website, if any: \_\_\_\_\_  
\_\_\_\_\_
- (c) Name of Applicant's designated representative to receive all notices from the Insurer on behalf of all persons or entities proposed for this insurance: \_\_\_\_\_
- (d) State of Incorporation: \_\_\_\_\_ (e) Date Established: \_\_\_\_\_
- (f) Nature of Business: \_\_\_\_\_
- (g) Standard Industry Classification Code (SIC Code): \_\_\_\_\_
- (h) Form of business organization:     Corporation    Partnership    Limited Liability Corporation  
 Other (specify): \_\_\_\_\_

2. COVERAGE REQUESTED

- (a) Check all insurance for which the Applicant seeks coverage and indicate the Limit and Retention requested, if applicable.

Coverage Requested	Shared Limit	Separate Limit	Retention
<input type="checkbox"/> Directors and Officers and Corporate Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Employment Practices Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Fiduciary Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Crime			\$

- (b) Attach a list of all **Subsidiaries**, foundations and charitable trusts proposed for coverage, including their nature of business, date acquired or created and percentage of ownership by the **First Named Insured**.

3. POLICY PERIOD REQUESTED

From: \_\_\_\_\_ to \_\_\_\_\_ both dates at 12:01 a.m. Standard Time at the principal address of the Applicant.

4. PRIOR EXPERIENCE

*If any of the following questions are answered "Yes", please attach full details.*

- (a) Is any person or entity proposed for this insurance aware of any inquiry, investigation, communication fact, circumstance, situation or **Wrongful Act** that might give rise to a **Claim** under the proposed insurance? Yes  No
- (b) Has a **Claim** has been made against any person or entity proposed for this insurance? Yes  No

5. PRIOR INSURANCE

(a) Check the box below and complete for other primary insurance coverage currently held by the Applicant.

	Coverage Type	Insurer	Limits	Retention	Policy Period
<input type="checkbox"/>	Directors & Officers and Corporate Reimbursement				
<input type="checkbox"/>	Corporate Liability				
<input type="checkbox"/>	Employment Practices Liability				
<input type="checkbox"/>	Fiduciary Liability				
<input type="checkbox"/>	Crime				

*If any of the following Questions are answered "Yes", please attach full details.*

- (b) Have any of the Applicant's prior carriers indicated an intent not to offer renewal terms? Yes  No   
(Question not applicable to Missouri applicants)
- (c) Has any person or entity proposed for this insurance given written notice under any prior or current insurance policy of specific facts or circumstances which might give rise to a **Claim** under this proposed insurance? Yes  No
- (d) Has any **Loss** payment been made on behalf of any person or entity proposed for this insurance under any insurance policy listed in subsection (a) above or any similar insurance? Yes  No

6. ADDITIONAL REQUIRED INFORMATION

As part of this Application, please submit the following with respect to the Applicant:

- (a) Latest audited financial statement.
- (b) Complete list of the board of directors and their outside affiliations.
- (c) If applying for Directors and Officers and Corporate Liability Insurance, Appendix I.
- (d) If applying for Employment Practices Liability Insurance, Appendix II and:
  - (i) Latest Employee Handbook and copies of any written sexual harassment, ADA, FMLA, termination, severance, progressive discipline, discrimination and employment-at-will policies and procedures.
  - (ii) Consolidated EEO-1 reports for the past three 3 years.
- (e) If applying for Fiduciary Liability Insurance, Appendix III and:
  - (i) Latest CPA audited financials for each of the five (5) largest pension **Plans** (in terms of total assets), with investment portfolios. If **Plan** assets are held in a master trust, submit the master trust investment portfolio. If audited financials are not available, submit the most recent 5500s for the **Plan**.
  - (ii) Latest CPA audited financials for any **Plan** designed to invest primarily in employer securities or which invests more than ten percent (10%) of **Plan** assets in employer securities.
  - (iii) Written **Plan** description and latest financial statements, if applicable, for any non-qualified **Plans**.
- (f) If applying for Crime Insurance, Appendix IV.

## 7. FRAUD WARNINGS

**NOTICE TO ARKANSAS APPLICANTS:** ANY PERSON WHO KNOWING 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 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.

**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 OF THE THIRD DEGREE.

**NOTICE TO KANSAS APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR THE ISSUANCE OF, OR THE RATING OF, AN INSURANCE POLICY OR STATEMENT OF CLAIM OR ANY WRITTEN STATEMENT 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 THE PERSON TO CRIMINAL PENALTIES.

**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 AND NEW MEXICO 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 CIVIL FINES AND CRIMINAL PENALTIES.

**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 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 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 \$5,000 AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

**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:** ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

**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 PUERTO RICO APPLICANTS:** 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 WITH THE PENALTY OF A FINE OF NOT LESS THAN \$5,000 AND NOT MORE THAN \$10,000, OR A FIXED TERM OF IMPRISONMENT FOR 3 YEARS, OR BOTH PENALTIES. SHOULD AGGRAVATING CIRCUMSTANCES BE PRESENT, THE PENALTY THUS ESTABLISHED MAY BE INCREASED TO A MAXIMUM OF 5 YEARS, IF EXTENUATING CIRCUMSTANCES ARE PRESENT, IT MAY BE REDUCED TO A MINIMUM OF 2 YEARS.

**NOTICE TO 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 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.

8. DECLARATIONS

The undersigned authorized officer of the Applicant, on behalf of the Applicant declares:

- (a) The statements made in this Application, including the attached Appendices, are true and all materials provided to the Insurer in conjunction with this application are accurate and complete.
- (b) The Applicant understands and agrees that any Policy the Insurer issues will be issued in reliance upon such statements and information.
- (c) Other than indicated in Question 4 above, no proposed **Insured** is aware of any inquiry, investigation, communication fact, circumstance, situation or **Wrongful Act** that might give rise to a **Claim** under the proposed insurance.
- (d) Without prejudice to any other rights or remedies of the Insurer, with respect to Question 4 above, the Applicant understands and agrees that if any proposed **Insured** is aware of such inquiry, investigation, communication fact, circumstance, situation or **Wrongful Act**, whether or not disclosed, then any **Claim** arising therefrom is excluded from coverage.
- (e) The Applicant will report to the Insurer immediately, in writing, any material change in the Applicant's operations, condition or answers provided in this application that occur or are discovered between the date of this application and the effective date of any policy, if issued.
- (f) The Applicant understands and agrees that the Insurer reserves the right to modify or withdraw any proposal for insurance the Insurer has offered if such a material change occurs.

\_\_\_\_\_  
Name (please type or print)

\_\_\_\_\_  
Name (signature)

\_\_\_\_\_  
Title (President, CEO, CFO or GC)

\_\_\_\_\_  
Date

Broker/Agent:\_\_\_\_\_

Broker/Agent's License Number:\_\_\_\_\_

## APPENDIX I

(Complete this section if applying for Directors and Officers and Corporate Liability Insurance)

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### 1. OWNERSHIP STRUCTURE OF THE APPLICANT

- (a) Number of shareholders: \_\_\_\_\_ (b) Number of shares outstanding \_\_\_\_\_
- (c) Total number of shares owned by its Directors (direct and beneficial): \_\_\_\_\_
- (d) Total number of shares owned by its Officers (direct and beneficial) who are not Directors: \_\_\_\_\_
- (e) Name and percentage of shares owned by shareholders directly or beneficially holding five percent (5%) or more of the common stock (If none, check here ): \_\_\_\_\_  
\_\_\_\_\_
- (f) If the Applicant is owned by a parent company, indicate the name and principal address of the parent. \_\_\_\_  
\_\_\_\_\_
- (g) Are there any other securities which are convertible to common stock? Yes  No  If Yes, attach full details.
- (h) Are any of the Applicant's securities publicly traded? Yes  No
- (i) Does the Applicant have more than one class of stock? Yes  No  If Yes, attach full details.

### 2. INSURED INDIVIDUALS

- (a) Attach a list of the Applicant's Directors and Officers by name and affiliations with other organizations.
- (b) Attach a list of all other proposed **Insured Individuals** by name, title, responsibility and affiliation with other organizations.

### 3. NATURE OF OPERATIONS

*IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.*

- (a) Does the Applicant render any professional services for others for a fee or compensation? Yes  No
- (b) Do any of the Applicant's customers account for more than five percent (5%) of revenues? Yes  No
- (c) Is the Applicant's business success or viability dependent on any suppliers of materials or services?  
Yes  No
- (d) Does the Applicant have any collaborative or strategic partners? Yes  No
- (e) Does the Applicant have any patents, copyrights or trademarks that are material to the company?  
Yes  No

4. PAST TRANSACTIONS

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

Has the Applicant in the past thirty-six (36) months completed or agreed to, or does it contemplate within the next twelve (12) months, any of the following, whether or not such transactions were or will be completed?

- (a) Merger, acquisition or consolidation with another entity whose consolidated assets exceed twenty-five percent (25%) of the Applicant's assets? Yes  No
- (b) Sale, distribution or divestiture of any assets or stock other than in the ordinary course of business in an amount exceeding twenty-five (25%) of the Applicant's consolidated assets? Yes  No
- (c) Any registration for a public offering or private placement of securities? Yes  No
- (d) Any change in outside auditors? Yes  No

5. PAST ACTIVITIES

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

- (a) Has the Applicant changed independent auditors in the past three (3) years? Yes  No
- (b) Has the Applicant had any changes in the board of directors or senior management within the past three (3) years? Yes  No
- (c) Has the Applicant been involved in any of the following:
  - (i) Anti-trust, copyright or patent litigation? Yes  No
  - (ii) Civil or criminal action or administrative or regulatory proceeding charging violation of any law? Yes  No
  - (iv) Representative actions, class actions or derivative suits? Yes  No
  - (v) Investigation by the U.S. Securities and Exchange Commission, Equal Employment Opportunity Commission, U.S. Department of Justice, Office of Federal Contract Compliance Programs (OFCCP), U.S. Internal Revenue Service or any similar state, local or foreign agency? Yes  No

6. OUTSIDE POSITIONS

Please list all **Executive Officers** and the **Outside Entity(-ies)** for which coverage is requested:

Executive Officer	Outside Entity	Business Type (Corporation, Joint Venture, Partnership, etc.)	Nature of Business	Structure of Outside Entity*	D&O Insurance Carrier	D&O Insurance Limit
						\$
						\$
						\$
						\$

\* = Structure of Outside Entity ( For Profit Private Company = FPP; For Profit Publicly Traded = FPPT, Not For Profit = NFP)



## APPENDIX II

(Complete this section if applying for Employment Practices Liability Insurance)

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### 1. EMPLOYEE INFORMATION

- (a) Total Number of the Applicant's **Employees**: \_\_\_\_\_
- (b) Total Full-time: \_\_\_\_\_ Total Union: \_\_\_\_\_ Total Non-Union: \_\_\_\_\_
- (c) Total Part-time: \_\_\_\_\_ Total Union: \_\_\_\_\_ Total Non-Union: \_\_\_\_\_
- (d) Total Number located in the US: \_\_\_\_\_ Total Number located outside the US: \_\_\_\_\_
- (e) Total number of **Employees** in the following states:

State	CA	TX	NJ	MI	DC	FL	NY	AL
Number								

- (f) List the five (5) states with the greatest number of **Employees**:

State	Number

- (g) Does the Applicant have any employment contracts with any of its employees? Yes  No   
 If Yes, what is the total amount of annual compensation paid pursuant to all employment contracts? \$\_\_\_\_\_ (Please attach details)
- (h) Is the Applicant requesting **Third Party Claim** coverage? Yes  No
- (i) Does the Applicant utilize independent contractors? Yes  No   
 If Yes, attach complete details on the specific independent contractor and the indemnification agreement used by the Applicant.
- (j) Is the Applicant currently undergoing or does the Applicant contemplate undergoing during the next twelve (12) months any **Employee** layoffs or early retirements (including ones resulting from any type of company restructuring or office, plant or store closing)? Yes  No  If Yes, attach details.

### 2. EMPLOYMENT POLICIES AND PROCEDURES

#### (a) HUMAN RESOURCES

- (i) Does the Applicant have a dedicated Human Resource Department? Yes  No
- (ii) If No, who performs the human resource function for the Applicant? \_\_\_\_\_

(iii) Who does the head of the Human Resource Department report to? \_\_\_\_\_

(b) TESTING

(i) Does the Applicant conduct testing for any of the following (check all that apply):

Drug/alcohol screening  Physical examinations

Psychological examinations  Skills testing

(ii) Are the above tests and examinations done  pre-offer, or  post-offer of employment? Please attach details of the testing done.

(iii) Who conducts these tests? \_\_\_\_\_

(iv) Are all **Employees** subject to these tests and examinations? Yes  No  If No, which **Employees** are not subject and why? \_\_\_\_\_

(c) LEGAL COUNSEL

(i) Does the Applicant use an outside employment legal counsel for employment advice and/or defense? Yes  No  If Yes, attach full details including the names of outside counsel used.

(ii) Does the Applicant have in-house counsel? Yes  No

(iii) Does the Applicant require employment terminations to be reviewed by (check all that apply):

Human Resources

Law Department

Outside Legal Counsel

(d) EMPLOYMENT POLICIES

(i) Does the Applicant require annual written performance evaluations for all **Employees**? Yes  No

(ii) Does the Applicant provide all new hires with a written employment offer? Yes  No

(iii) Does the Applicant require an employment application be completed for all new hires? Yes  No

(iv) Is the Applicant required to file an affirmative action plan with the Office of Federal Contract Compliance Programs (OFCCP)? Yes  No  If Yes, attach copy of plan.

(v) Has the Applicant ever been the subject of an OFCCP investigation which resulted in a finding of a violation? Yes  No  If Yes, attach copy of the audit or investigation report and indicate what actions the Applicant has taken to remedy the violation.

(vi) Does the Applicant distribute an employee handbook to all **Employees**? Yes  No

(vii) Is each **Employee** required to sign that they have received a handbook? Yes  No

(viii) Is the handbook uniform for all locations and **Subsidiaries**? Yes  No  If No, please attach details of the differences

(ix) Has the handbook been reviewed by an outside employment attorney? Yes  No

3. TURNOVER

For each of the last four (4) years, state the Applicant's annual percentage turnover rate of **Employees**:

\_\_\_\_\_ % \_\_\_\_\_ % \_\_\_\_\_ % \_\_\_\_\_ %

4. PAST ACTIVITIES (Skip if completing Appendix I)

Has the Applicant been involved in any of the following:

- (a) Civil or criminal action or administrative proceeding charging violation of a federal, state or foreign employment law or regulation? Yes  No
- (b) Any other criminal action? Yes  No
- (c) Representative or class action or derivative suit in connection with employment issues? Yes  No
- (d) Investigation by the Equal Employment Opportunity Commission or any similar state or foreign agency? Yes  No

5. LOSS HISTORY

- (a) Please attach a list of all employment-related litigation and administrative proceedings (including both EEOC, state and local agency proceedings) commenced against the Applicant during the past three (3) years. The list should include the following for each litigation or proceeding:
  - (i) a description of the allegations;
  - (ii) the court or agency involved;
  - (iii) a description of any decision, determination or judgment rendered;
  - (iv) the total amount of **Defense Costs** incurred to date in the litigation or proceeding;
  - (v) any judgment or settlement amount; and
  - (vi) whether the litigation or proceeding remains pending or is closed.
- (b) Is the Applicant presently subject to any judicial or administrative order, decree, judgment or conciliation agreement that is employment-related? Yes  No  If Yes, please attach copies of all such documents.

## APPENDIX III

(Complete this section if applying for Fiduciary Liability Insurance)

### 1. THE PLANS

(a) Total Assets of all **Plans** for which coverage is requested: \$ \_\_\_\_\_

(b) List all **Plans** for which coverage is requested:

Plan Name	Plan No.	Total Assets	Number of Participants	Qualified?	Plan Type*	Investments in Applicant's securities?
		\$		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 <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 <input type="checkbox"/>

\*W = Welfare Benefit, DC = Defined Contribution, DB = Defined Benefit, E = ESOP, O = Other

### 2. PLAN MANAGEMENT

(a) Are **Plan** assets managed by an independent investment manager? Yes  No  If No, attach details of investment procedures.

(b) How often is the investment manager's performance reviewed? Monthly  Quarterly  Semi-annually  Other  If Other, attach details.

(c) How often are the investment manager's guidelines for investments reviewed by the **Plan** fiduciaries? Semi-annually  Annually  Bi-annually  Other  If Other, attach details.

(d) Does any **Plan** use an outside investment, trustee, actuarial, legal, administrative or benefits consulting provider? Yes  No  If Yes, attach the name of each organization used, the service they provide and the **Plans** for which services are provided.

### 3. PLAN STRUCTURE

(a) Is any **Plan** a multiemployer or multiple employer plan? Yes  No  If Yes, attach a list of all such **Plan**.

(b) Has any **Plan** requested or considered filing a request for termination? Yes  No  If Yes, attach full details for each such **Plan**. If Yes, has the Applicant received approval from the Department of Labor for such termination? Yes  No  N/A  If No, attach full details.

(c) In the past two (2) years, has there been any amendment to any **Plan** that has resulted in or may result in any change or reduction of **Benefits**? Yes  No  If Yes, attach details of the amendment.

(d) Has any **Plan** or portion of any **Plan** been sold, transferred or terminated? Yes  No  If Yes, attach the date of sale or termination, whether assets have been fully distributed or reverted to a party other than the **Plan** participants and name of annuity provider if **Benefits** have been secured by annuities.

(e) In the last twelve (12) months, has there been, or is there now under consideration, any merger, acquisition, restructuring or consolidation of or by the Applicant that has resulted in or may result in **Plan** participants transferring to another **Plan**, company or **Subsidiary**? Yes  No  If Yes, attach full details.

(f) Has the Applicant converted any plans to cash balance plans? Yes  No  If Yes, attach full details.

4. **PLAN FUNDING (DEFINED BENEFIT PLANS ONLY)**

- (a) Are all **Plans** adequately funded in accordance with applicable law and attested as such by an actuary? Yes  No  If No, attach full details, including the date on which funding be achieved for each such **Plan**.
- (b) Are there any overdue employer contributions for any **Plan** or has a waiver of contributions been requested? Yes  No  If Yes, attach complete details including the **Plan** name and the amount of any overdue employer contributions for each such **Plan**.
- (c) Has the Applicant converted any Defined Benefit **Plan** to a cash balance **Plan** within the previous twelve (12) months or have plans to do so within the next 12 months? Yes  No  If Yes, attach full details including the date of conversion.

5. **EMPLOYEE STOCK OWNERSHIP PLAN (ESOP PLANS ONLY)**

- (a) Date **ESOP** established: \_\_\_\_\_
- (b) Were shares acquired with borrowed money? Yes  No  If Yes, please provide the name of the institution providing financing: \_\_\_\_\_
- (c) Does anyone guarantee the financing of the **ESOP**? Yes  No  If Yes, please provide the terms of the **ESOP** financing and repayment schedule: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- (d) Who votes the shares of the **ESOP**? \_\_\_\_\_  
 \_\_\_\_\_
- (e) How are the shares divested in the event of retirement or participant termination? \_\_\_\_\_  
 \_\_\_\_\_
- (f) What percentage does the **ESOP** currently own of the **Insured Organization's** common stock? \_\_\_\_\_
- (g) Please complete the chart below:

As of Date	Total company common stock shares outstanding	Total shares owned by <b>ESOP</b>	% of company common stock owned by <b>ESOP</b>
<b>ESOP</b> Establishment			
Last Year			
Current Year			

(h) THE APPLICANT MUST ATTACH A COPY OF THE LATEST INDEPENDENT APPRAISAL DONE ON THE COMPANY STOCK.

6. **PAST ACTIVITIES**

- (a) Has there been or is there now any **Claim** against the Applicant arising out of any **Plan**? Yes  No  If Yes, attach full details
- (b) Has there been any assessment of IRS Voluntary Disclosure Program penalties against any **Plan**? Yes  No  If Yes, attach full details.

## APPENDIX IV

(Complete this section if applying for Crime Insurance)

### 1. DESCRIPTION OF OPERATIONS

Check all functions performed by the Applicant and attach an explanation of such functions:

- Trading
- Extending Credit
- Issuing Warehouse Receipts
- Transporting or Storing High Value Material
- Transporting or Storing High Value Material for Others
- Leasing
- Storing Customer Credit Card Information

### 2. COVERAGE REQUESTED

Check all coverages for which the Applicant is applying and indicate the Limits and Retention requested:

Coverage	Limits Requested:	Retention Requested:
<input type="checkbox"/> Employee Theft	\$	\$
<input type="checkbox"/> Forgery or Alteration	\$	\$
<input type="checkbox"/> On Premises Theft	\$	\$
<input type="checkbox"/> In Transit Theft	\$	\$
<input type="checkbox"/> Money Orders and Counterfeit Currency Fraud	\$	\$
<input type="checkbox"/> Computer Fraud and Funds Transfer Fraud	\$	\$
<input type="checkbox"/> Credit Card Coverage	\$	\$
<input type="checkbox"/> Client Coverage	\$	\$
<input type="checkbox"/> Expense Coverage	\$	

### 3. LOCATIONS AND EMPLOYEES

(a) Please complete the chart below:

Location	Number of Locations	Sales or Revenues	Number of Class 1 Employees*	Number of all other Employees
U.S.		\$		
Canada		\$		
Other		\$		
Total		\$		

(\*Class 1 **Employees** include management positions and other **Employees** who have access to **Money**, **Securities** or **Property**)

(b) Are new **Employees** given background checks which may include prior employment, criminal history or drug testing?  Yes  No

4. FOREIGN OPERATIONS:

If the Applicant has operations outside the U.S. or Canada, please list below:

Country	Number of Employees	Number of Locations	Type of Operations	Total Revenue from Country
				\$
				\$
				\$
				\$
				\$

5. AUDIT CONTROLS:

(a) EXTERNAL AUDIT

- (i) Does an independent CPA audit the Applicant's books at least annually?  Yes  No If Yes, indicate the name of the CPA in the space here below and attach a complete copy of the most recent annual audited financial statement. \_\_\_\_\_ . If No, please attach an explanation.
- (ii) Does the audit include a review of the EDP Department?  Yes  No If No, please attach an explanation.
- (iii) Is the audit complete and unqualified?  Yes  No If No, please attach an explanation.
- (iv) Are all locations and entities audited?  Yes  No If No, please attach a description of the extent of the audit.
- (v) Has the Applicant changed Certified Public Accountants (CPAs) in the past 3 years?  Yes  No If Yes, please attach an explanation.
- (vi) Does the Applicant's CPA provide a Management Letter?  Yes  No If Yes, please attach a copy of and the Applicant's response to the most recent letter.

(b) INTERNAL AUDIT

- (i) Is there an Internal Audit Department responsible for the oversight and review of internal audit programs for all of the Applicant's business operations, including the EDP Department?  Yes  No If No, please attach an explanation of how this function is fulfilled.
- (ii) How many people are employed in the Internal Audit Department? \_\_\_\_\_
- (iii) Does the Internal Audit Department report directly to the Board of Directors?  Yes  No
- (iv) How often are full internal audits made of all locations? \_\_\_\_\_
- (v) Does the internal audit include a review of the EDP Department?  Yes  No If No, please attach an explanation of how this function is fulfilled.

6. INVENTORY CONTROL

- (a) Is a complete inventory made with a physical check of stock and equipment?  Yes  No If Yes, (i) by whom and (ii) how often? (i) \_\_\_\_\_ (ii) \_\_\_\_\_
- (b) Does such inventory include all locations?  Yes  No
- (c) Please check any of the following characteristics or exposures that apply to the Applicant's operations:
  - Precious metals or gemstones
  - Warehouse operations
  - Care, custody and control of **Client's** property
  - Employee credit cards
  - Cash exposure greater than the deductible
  - Active participation in more than one industry
  - Narcotics
  - Proprietary credit card operation
  - Joint Ventures
  - High unit value, portable inventory
  - Private collections of art or collectibles

7. ACCOUNTS PAYABLE CONTROLS

- (a) Do all requisitions and purchase orders require the prior approval of authorized personnel?  Yes  No If No, please attach an explanation.
- (b) Do purchase orders require next level of approval?  Yes  No If No, please attach an explanation.
- (c) Can purchase order requestors approve their own requests?  Yes  No If Yes, please attach an explanation.
- (d) What dollar amount requires senior management to approve a purchase order? \$ \_\_\_\_\_
- (e) Do expense reimbursements require original receipts for expenses before reimbursement?  Yes  No If No, please attach an explanation.
- (f) Do expenses reimbursements require management approval at the next level?  Yes  No If No, please attach an explanation.
- (g) Are all disbursements system generated?  Yes  No If No, please attach an explanation of controls surrounding manual check issuance.

8. BANK ACCOUNT CONTROL

- (a) Do **Employees** who reconcile monthly bank statements also:
  - Sign checks?  Yes  No
  - Handle deposits?  Yes  No
  - Have access to check signing machines or signature plates?  Yes  No
- (b) If any answer above is Yes, will the Applicant correct the weakness?  Yes  No
- (c) Is countersignature of checks required?  Yes  No If Yes, over what limit? \$ \_\_\_\_\_



9. COMPUTER CONTROL

- (a) Are pre-authorized controls maintained for all programmers and operators? Yes No
- (b) Are the duties of programmers and operators separated? Yes No
- (c) Is the output reconciled by persons who do not prepare or process output? Yes No
- (d) Do audit practices include "tests" to detect unauthorized programming changes? Yes No
- (e) Are computerized check writing operations segregated from departments that authorize checks?  
Yes No

10. VENDOR CONTROLS

- (a) Does the Applicant have procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list? Yes No
- (b) Does the Applicant allow the same person who verifies the existence of vendors to also edit the authorized master vendor list? Yes No
- (c) Is the master vendor list verified annually by the Applicant's internal or external audit department to check for fraudulent vendors? Yes No
- (d) Are supplier's invoices matched with related purchase orders, receiving reports, and authorized vendor lists for review prior to each cash disbursement? Yes No If No, please attach a description of procedures followed.
- (e) Are purchases received at the home office or picked up at the vendor, reconciled to corresponding purchase requisitions by an **Employee** independent of the purchasing? Yes No If No, please attach an explanation.

11. FUNDS TRANSFER CONTROLS

- (a) What is the total annual value of all funds transfers? \$\_\_\_\_\_
- (b) What is the average value of a transfer? \$\_\_\_\_\_
- (c) Are there specific arrangements with banks, as to the Applicant's **Employees** authorized to:
  - Transfer funds? Yes No
  - Request changes to procedures? Yes No
  - Obtain records? Yes No
- (d) Are all banks required to authenticate the identity of the caller before acting upon the instructions?  
Yes No If Yes, how is this achieved? \_\_\_\_\_  
\_\_\_\_\_
- (e) Are all banks required to confirm funds transfer transactions in writing within twenty-four (24) hours?  
Yes No
- (f) Are there independent checks of funds transfer records by staff not authorized to handle/instruct such transfers? Yes No
- (g) Please attach a description of the internal controls which assure that fraudulent instructions cannot be given to any bank by persons either with or without authority to give genuine instructions.

12. CLIENT SERVICES (Answer only if applying for **Client** coverage)

- (a) Please fully describe the services that the Applicant provides for **Clients** at the **Clients'** locations, including but not limited to accounting, payroll or purchasing services: \_\_\_\_\_  
\_\_\_\_\_
- (b) What are the estimated annual revenues generated from these operations? \$ \_\_\_\_\_
- (c) Do **Employees** have access to **Client's Money, Securities or Property**? Yes No If Yes:
  - (i) What is the value thereof? \$ \_\_\_\_\_
  - (ii) Describe the security procedures used to limit theft: \_\_\_\_\_  
\_\_\_\_\_
- (d) State the number of **Employees** engaged in the services outlined in Question 12(a) above? \_\_\_\_\_
- (e) Does the Applicant have written contracts with **Clients** concerning the services outlined in Question 12(a) above? Yes No If Yes, please attach copies of the contracts.
- (f) At what hours do **Employees** perform these services? \_\_\_\_\_
- (g) Describe the supervision these **Employees** receive from both the Applicant and the **Client**: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (h) Are **Client** supervisors of your **Employees** rotated by the **Client**? Yes No
- (i) Do **Employees** have access to **Clients'** computer and/or security systems? Yes No If Yes, please provide details of the work performed and any security procedures used to limit theft.
- (j) Do **Employees** have access to **Clients'** payroll and/or accounting departments or similar departments? Yes No If Yes, please provide details of the work performed and any security procedures used to limit theft.

13. SECURITIES

- (a) State the value of negotiable owned or held **Securities**. If none, please write "None" here: \_\_\_\_\_
- (b) Where are **Securities** kept? \_\_\_\_\_
- (c) If safe deposit boxes are used, has the bank been instructed to require two (2) individuals to be present before entry to any box is permitted? Yes No If No, identify by name and position those having access: \_\_\_\_\_  
\_\_\_\_\_

14. PRECIOUS METALS OR HIGH VALUE PROCESSING MATERIALS

Is there an exposure of precious metals or stones (such as gold, silver, copper, platinum, industrial diamonds, computer chips or similar high-valued materials)? Yes No If Yes, please attach a list of exposures, identify each location, describe security controls and state a maximum value at each location.

15. EMPLOYEE BENEFIT PLANS

Attach a separate sheet listing the name of each **Employment Benefit Plan** required to be bonded by Title 1 of the Employee Retirement Income Security Act (ERISA) for which coverage is requested. If no plans are to be covered, please check this box:

16. MONEY, SECURITIES AND PAYROLL EXPOSURES

(a) Indicate the maximum amount of **Money**, checks and **Securities** at any one location and transported from any one location by a method other than an armored motor vehicle?

	At any one location	Transported by means other than an armored motor vehicle
<b>Money:</b>	\$	\$
Checks:	\$	\$
<b>Securities</b>	\$	\$

(b) At locations where **Money** or **Securities** are kept, are they kept in a fire protected safe? Yes No If Yes, do the safes have central station alarm systems? Yes No

(c) Does the Applicant utilize any night watchman or security services? Yes No

17. PREVIOUS CRIME LOSSES

Provide the following information for any loss discovered during the past five (5) years, which involved or potentially involved a peril of the type covered by proposed insurance. If none, please write "None" here: \_\_\_\_\_

Description of Loss	Date Discovered	Amount of Loss	Deductible at Time of Loss	Location, if other than Main Office
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	