

**NOTICE**

THE POLICY FOR WHICH APPLICATION IS MADE, SUBJECT TO ITS TERMS, APPLIES ONLY TO ANY CLAIM OR LOSS DISCOVERED (AS APPLICABLE IN THE COVERAGE SECTION FOR WHICH APPLICATION IS MADE) MADE AGAINST ANY OF THE INSURED DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY AMOUNTS INCURRED AS COSTS, CHARGES AND EXPENSES (AS DEFINED IN THE COVERAGE SECTION FOR WHICH APPLICATION IS MADE), AND COSTS, CHARGES AND EXPENSES SHALL BE APPLIED TO THE RETENTIONS.

**INSTRUCTIONS**

Please type or print all answers clearly. Answer all questions completely, leaving no blanks. If there is insufficient space to complete an answer, please continue on a separate sheet indicating the question number. If any questions, or any part thereof, do not apply, print N/A in the space. Insert checks in Yes or No answer boxes, if any.

**I. General Information**

1. Name of **Applicant**:

Years of Operations: \_\_\_\_\_

2. Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

3. Nature of Operations: \_\_\_\_\_

**Applicants Website** \_\_\_\_\_

Primary SIC Code: \_\_\_\_\_

Coverage Sections Requested:  D&O  Employment Practices Liability  Fiduciary Liability  Crime

4. Has the Applicant in the past 18 months been involved with any actual, negotiated or attempted merger, acquisition or divestment?  Yes  No

If "Yes," please provide details in the notes section of this application or a separate page.

5. Does the Applicant contemplate transacting any mergers or acquisitions that would involve more than 50% of the total assets of the Applicant in the next 12 months?  Yes  No

If "Yes," please provide details in the notes section of this application or a separate page.

6. Does the Applicant own more than (3) subsidiaries?  Yes  No

If "Yes," please provide details in the notes section of this application or a separate page.

7. Are there any subsidiaries with operations that are unrelated to the primary business of the Applicant?  Yes  No

If "Yes," please provide details in the notes section of this application or a separate page.

8. Are there any foreign operations that are unrelated to the primary business of the Applicant?  Yes  No

If "Yes," please provide details in the notes section of this application or a separate page.

**II. Financial Information**

1. Describe the following financial information for the Applicant and all Subsidiaries.

Based on Financial Statements Dated:

Total Assets	\$	\$
Cash	\$	\$
Total Liabilities	\$	\$
Total Revenues	\$	\$
<input type="checkbox"/> Net Income <input type="checkbox"/> Net Loss	\$	\$
Cashflow from Operations	\$	\$

2. Will more than 50% of the total long-term liabilities mature within the next 18 months?  
If "Yes," please provide details in the notes section of this application or a separate page.  Yes  No
3. Does the Applicant anticipate in the next 12 months or has the Applicant transacted in the last 24 months any restructuring or legal or financial reorganization or filing of bankruptcy?  
If "Yes," please provide details in the notes section of this application or a separate page.  Yes  No
4. Does the Applicant derive any revenue from governmental sources?  
If "Yes," please provide the amount or percentage of revenue  Yes  No
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### III. Directors & Officers and Company Coverage Section Information

For questions are checked "Yes," please provide details in the notes section of this application or a separate page.

1. Total number of common shares outstanding: \_\_\_\_\_
2. Total number of shares held by Directors and Officers: \_\_\_\_\_
3. Does any shareholder of the Applicant own five percent or more of the voting shares directly or beneficially?  Yes  No

Shareholder	Ownership %	Board Representation?

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4. Is the Applicant formed as a partnership or act as a general partner in any partnerships?  Yes  No
5. Has the Applicant experienced changes to its Board of Directors or to its Key Executives over the past 12 months?  Yes  No
6. Is the Applicant currently (or during the past 12 months has the Applicant been) in breach, violation or waiver of any debt covenant?  Yes  No
7. Within the last 18 months, has the Applicant transacted or attempted a private debt or equity offering of securities?  Yes  No  
If yes, please provide details on a separate page and the amount: \$ \_\_\_\_\_
8. Within the next 18 months does the Applicant anticipate any:
- a. private debt equity offering of securities?  Yes  No
  - b. public offering of securities?  Yes  No
9. Does the Applicant have any direct or indirect insurance operations?  Yes  No
10. Does the Applicant's charter or by-laws contain indemnification provisions?  Yes  No
11. Has the Applicant been the subject of or been involved in any:
- a. Anti-Trust, Copyright or Patent Litigation?  Yes  No
  - b. Civil, Criminal or Administrative proceeding alleging violation of any Federal or State Securities Laws?  Yes  No

## IV. Employment Practices Coverage Section Information

1. Please enter the total number of employees in the boxes below.

Note: Seasonal, Temporary and Leased Employees to be included as Part-Time employees

Number of Employees in **All States / Jurisdictions:**

	Domestic – Non Union	Domestic – Union	Foreign	Total
Full-Time				
Part-Time				

Independent Contractors	
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Number of Employees in **CA or HI Only**

	Domestic – Non Union	Domestic – Union	Total
Full-Time			
Part-Time			

Independent Contractors	
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Number of Employees in **AK, AL, CO, FL, GA, LA, MA, NJ, NY, OR, TX or WA Only:**

	Domestic – Non Union	Domestic - Union	Total
Full-Time			
Part-Time			

Independent Contractors	
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2. For the past 3 years, what has been the annual percentage turnover rate of employees at all locations?

Current Year: \_\_\_\_\_ %      Prior Year: \_\_\_\_\_ %      Year 3: \_\_\_\_\_ %

3. Does the Applicant have a Human Resources or Personnel Department?  Yes  No

If "No," please provide details in the notes section of this application or a separate page. If "Yes," please provide contact information for loss prevention offerings.

Contact : \_\_\_\_\_ Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email or Fax: \_\_\_\_\_

4. Does the Applicant use outside counsel for employment advice and policy guidance?  Yes  No

If "No," please provide details in the notes section of this application or a separate page.

5. Have all management staff and officers attended training and education programs on sexual harassment within the last 18 months?  Yes  No

6. Is there a formalized process and written procedures for:

Compliance with the American with Disabilities Act	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Compliance with the 1991 Civil Rights Act	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Compliance with the Family Medical Leave Act	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Legally prohibited Discrimination	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Sexual Harassment	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Workplace Harassment (or violence)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employee appraisals / reviews	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employee procedures when acting with Third Parties	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employee disciplinary actions	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Terminations, layoffs and early retirements	<input type="checkbox"/> Yes	<input type="checkbox"/> No

7. Does the Applicant distribute the above listed procedures to all employees?  Yes  No
- If "Yes," are all employees required to acknowledge via signature and is the acknowledgement stored within the employees file?  Yes  No
8. Has the Applicant been involved in employment or labor related litigation resulting in payment (including defense costs) greater than \$25,000, during the last 3 years?  Yes  No  
If "Yes," please provide details in the notes section of this application or a separate page.
9. Does the Applicant anticipate in the next 12 months, or has the Applicant transacted in the last 12 months, any plant, facility, branch or office closing, consolidations or layoffs? If "Yes," please provide details in the notes section of this application or a separate page.  Yes  No

## V. Fiduciary Coverage Section Information

1. Please provide the information for each Plan to be covered.

Plan Names	Plan Assets (market value)	Type of Plan*	Number of Participants	Plan Status**

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

\*\*Active=A, Merged=M, Terminated=T, Frozen=F

2. Do all of the plans conform to the standards of eligibility, participation, vesting and other provisions of the Employee Retirement Income Security Act of 1974, or as amended?  Yes  No
3. Are assets managed by an investment manager as defined in ERISA?  Yes  No  
If "No," please provide details on a separate page.
4. In the past 24 months, has there been any amendment(s) to any plan(s), or has any amendment been contemplated, that resulted in or may result in any change or reduction of benefits, including but not limited to an increase in participants' share of costs?  Yes  No  
If "Yes," please provide details on a separate page.
5. 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
6. Are any Plans managed by an independent third-party administrator?  Yes  No
- a. If "Yes," how often is the performance reviewed? \_\_\_\_\_
- b. If "Yes," how often are request for proposals used? \_\_\_\_\_
7. Are any of the Plan assets invested in the Applicant's own securities?  Yes  No
8. Are all defined benefit plans adequately funded in accordance with ERISA or any applicable common or statutory law as attested to by an actuary?  Yes  No  
 Not Applicable   
If "No," please provide details in the notes section of this application or a separate page.

## VI. Crime Coverage Section Information

### Underwriting Information

List of Countries in which you have operations	Type of Operations	Number of Locations	Number of Employees	Revenues
				\$
				\$
				\$
				\$
				\$
				\$
<b>TOTAL</b>				\$

Please attach the following information for any joint venture or subsidiary that you are requesting coverage for

- 1) Country of domicile
- 2) Percentage of ownership
- 3) Description of Operations
- 4) Indentify the responsibilities of the Applicant in any joint venture

1. Have you or any subsidiary engaged in any mergers or acquisitions in the past 24 months?  Yes  No
2. Maximum Cash exposure inside premises \_\_\_\_\_
3. Percentage of Applicant's employees who regularly handle, have access to or maintain records of money, securities or other property? \_\_\_\_\_ %

### Human Resources and Payroll

1. Are background and credit checks performed on all new hires?  Yes  No
2. Are additions to the payroll system automatically reported via computer system to an HR Manager who reconciles payroll changes with against hire documentation?  Yes  No
3. Is the payroll system structured to identify ghost employees?  Yes  No
4. Is the payroll system audited at least annually?  Yes  No
5. Does the Applicant maintain an internal Fraud Hot-Line?  Yes  No

### Auditor Information

1. Are the Applicant's annual financial statements audited by an independent CPA?  Yes  No
2. Does the Audit include all locations to be covered? (including all foreign locations)  Yes  No
3. Have outside auditors stated there are material weaknesses in the Applicant's system of Internal Controls?  Yes  No
4. Has the Applicant implemented all material recommendations?  Yes  No
5. Does the Applicant maintain an Internal Audit Dept.? If yes, size of staff  
If "No," please provide details in the notes section of this application or a separate page as to how internal controls are monitored.  Yes  No
6. Does the audit department receive automatic exception reports on suspect financial transactions and financial trends?  Yes  No

## Internal Controls

1. Are the owner(s) involved in the daily operations?  Yes  No
2. Are bank account statements reconciled at least monthly?  Yes  No
3. Are bank accounts reconciled by someone not authorized to (make) deposits, withdraws or write/sign checks?  Yes  No
4. Are at least two signatures required on all checks? Above what amount? \_\_\_\_\_
  - a. If dual signature not required, outline the procedures in place to prevent the unauthorized issuance of those checks that are not countersigned.  Yes  No
5. Are blank and cancelled checks stored under dual control with documented access?  Yes  No
6. Does the Applicant utilize a Positive Pay System?  Yes  No
7. Are internal controls designed such that no employee can control a process from beginning to end? (eg..request a check, approve a voucher and sign a check)  Yes  No
8. Are Invoices, purchase orders, and check runs reconciled daily by an independent party?  Yes  No
9. Does the Applicant use a numbered purchase order system?  Yes  No
10. Are all invoices verified against a corresponding purchase order, receiving report and authorized master vendor list prior to issuing payment?  Yes  No
11. Do employees with access to the purchasing system also have access to the accounts payable system?  Yes  No
12. Confirm that all Expense Reimbursements require original receipts and requires management approval at the next management level?  Yes  No
13. How often does the Applicant review its internal controls? Who is responsible for this function?
14. Are International and Domestic Internal control procedures consistent?  Yes  No

## Vendor Controls

1. Are the Applicant's Internal Controls such that no one employee can add a vendor to the master vendor list or have the ability to amend any information relating to a current vendor?  Yes  No
2. Are background checks performed on vendors in order to determine ownership and financial capability?  Yes  No
3. Does the Applicant allow the use of vendors owned by family members of its employees?  Yes  No
4. Is the Master Vendor List reviewed annually by the audit department to verify all vendors are in good standing?  Yes  No
5. Is the responsibility for approving vendors, approving invoices and processing payments segregated among different employees?  Yes  No
6. Are the International and Domestic Vendor Controls and Procedures consistent?  Yes  No

## Inventory Controls

1. Is a perpetual inventory maintained for:
  - a. Stock, including raw materials and manufacturing components  Yes  No
  - b. Manufactured or finished goods  Yes  No
  - c. Scrap  Yes  No
2. Are physical inventory counts conducted at least annually and reconciled against a perpetual inventorying system?
  - a. Who performs inventory counts? \_\_\_\_\_  Yes  No
  - b. Is the reconciliation performed by someone who has no control over the physical inventory?  Yes  No

- 3. Are periodic reviews conducted of all unused/obsolete inventory?  Yes  No
- 4. Are all employees engaged in purchase or sales activities prohibited from taking part in the shipping and receiving?  Yes  No
- 5. Are inventory variances outside established parameters reported to Senior Management?  Yes  No
- 6. Does the Applicant use precious metal, stone or other high valued items in manufacturing or processing of goods?  Yes  No
- 7. Are International and Domestic Inventory Controls and Procedures consistent?  Yes  No

**Computer Controls**

- 1. Are the duties of computer programmers and computer operators segregated?  Yes  No
- 2. Do audit practices include tests to detect unauthorized program changes?  Yes  No
- 3. Are employees warned of phishing scams and blocked from harmful websites?  Yes  No
- 4. Does your bank require authentication of the identity of the caller prior to initiating any transfer instruction?  Yes  No
- 5. Are Wire Transfer verifications sent directly to a department not authorized to initiate transfer?  Yes  No
- 6. Does the Applicant perform daily reconciliation of all Wire Transfers? Who performs?  Yes  No
  
- 7. Are International and Domestic Computer Controls and Procedures consistent?  Yes  No

**Prior Insurance Information (Please do not complete if ACE Renewal)**

Coverage	Limit	Retention	Premium	Expiration Date	Continuity Date	Carrier
D&O						
EPL						
Fiduciary						
Crime						

**False Information**

**NOTICE TO ALABAMA APPLICANTS:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

**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, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

**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 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 OKLAHOMA APPLICANTS:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**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.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

**A.** The misinformation is material to the content of the policy;

**B.** We relied upon the misinformation; and

**C.** The information was either:

1. Material to the risk assumed by us; or
2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

**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 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.

**NOTICE TO WEST VIRGINIA APPLICANTS:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**NOTICE TO ALL OTHER APPLICANTS:**

**ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS INFORMATION FOR THE PURPOSE OF MISLEADING, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.**

#### **Other Information**

1. The undersigned declares that to the best of his/her knowledge the statements herein are true. Signing of this Application does not bind the undersigned to complete the insurance, but it is agreed that this Application shall be the basis of the contract should a Policy be issued, and this application will be attached to and become a part of such Policy, if issued. Insurer hereby is authorized to make any investigation and inquiry in connection with this Application as they may deem necessary.
2. It is represented that the particulars and statements contained in the Application for the proposed Policy and any materials submitted herewith (which shall be retained on files by Insurer and which shall be deemed attached hereto, as if physically attached hereto), are the basis for the proposed Policy and are to be considered as incorporated into and constituting a part of the proposed Policy.



3. It is agreed that in the event there is any material change in the answers to the questions contained herein prior to the effective date of the Policy, the applicant will notify Insurer and, at the sole discretion of Insurer, any outstanding quotations may be modified or withdrawn.
  
4. It is agreed that in the event there is any misstatement or untruth in the answers to the questions contained herein, Insurer have the right to exclude from coverage any claim based upon, arising out of or in connection with such misstatement or untruth.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(must be signed by an Executive Officer of the Company)

**For purposes of creating a binding contract of insurance by this application or in determining the rights and obligations under such contract in any court of law, the parties acknowledge that a signature reproduced by either facsimile or photocopy shall be the same force and effect as an original signature and that the original and any such copies shall be deemed on and the same document.**

**FOR FLORIDA APPLICANTS ONLY:**

Agent Name: \_\_\_\_\_

Agent License Identification Number: \_\_\_\_\_

**FOR NEW HAMPSHIRE APPLICANTS ONLY:**

Signature of Broker/Agent: \_\_\_\_\_

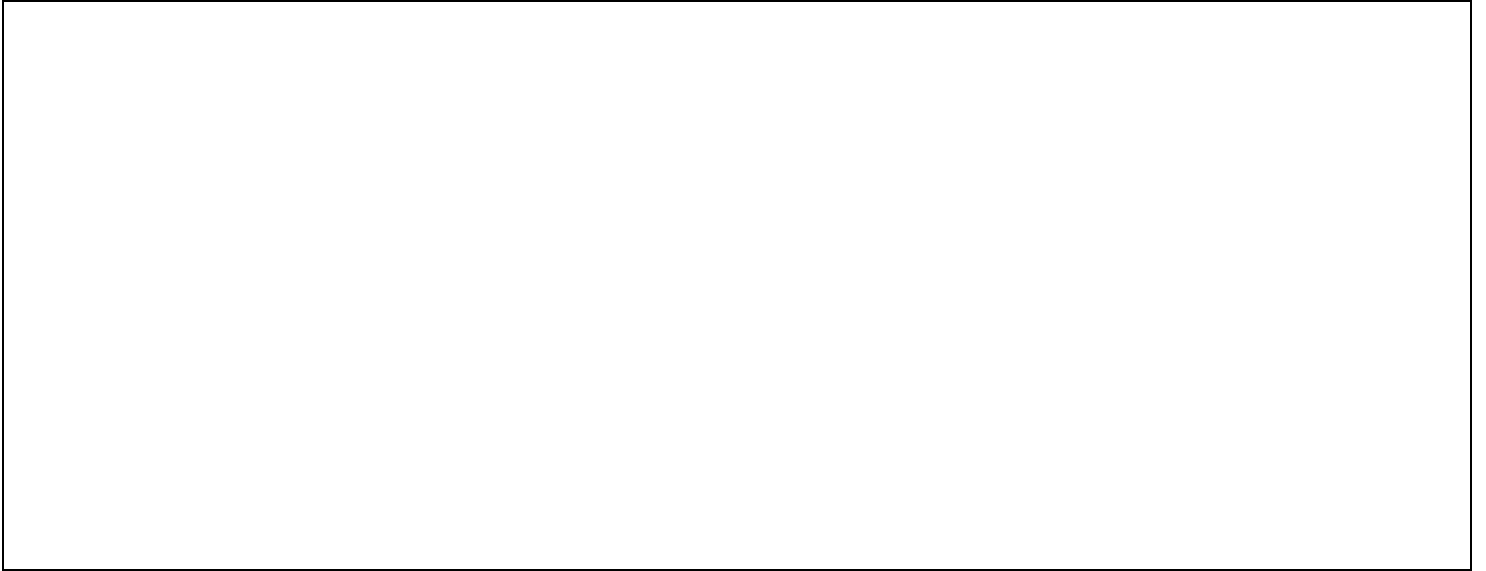
**FOR WYOMING APPLICANTS ONLY:**

**EITHER THE CHAIRMAN OF THE BOARD OR PRESIDENT MUST ACKNOWLEDGE AND SIGN THE FOLLOWING DISCLOSURE TO THIS APPLICATION FOR INSURANCE:**

**I UNDERSTAND AND ACKNOWLEDGE THAT THE ATTACHED POLICY CONTAINS A DEFENSE WITHIN LIMITS PROVISION WHICH MEANS THAT DEFENSE COSTS WILL REDUCE MY LIMITS OF INSURANCE AND MAY EXHAUST THEM COMPLETELY. SHOULD THAT OCCUR, I SHALL BE LIABLE FOR ANY FURTHER LEGAL DEFENSE COSTS AND DAMAGES.**

Signed: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NOTES:

A large, empty rectangular box with a thin black border, intended for handwritten notes. It occupies the upper half of the page.