

# Philadelphia Insurance Companies

One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004

APPLICATION FOR:

## EXECUTIVE SAFEGUARD

DIRECTORS AND OFFICERS LIABILITY AND COMPANY REIMBURSEMENT INSURANCE  
EMPLOYMENT PRACTICES LIABILITY INSURANCE  
FIDUCIARY LIABILITY INSURANCE  
SPECIAL RISK INSURANCE

**THIS IS AN APPLICATION FOR A CLAIMS MADE POLICY  
PLEASE READ THE POLICY CAREFULLY**

UNDERWRITTEN BY PHILADELPHIA INDEMNITY INSURANCE COMPANY OR PHILADELPHIA INSURANCE COMPANY

**NOTICE: THE EXECUTIVE SAFEGUARD PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED AS DEFENSE COSTS. FURTHER NOTE THAT DEFENSE COSTS PAID SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.**

1. a) Named Corporation: \_\_\_\_\_ (hereinafter referred to as the "Applicant")
- b) Address: \_\_\_\_\_
- c) State of Incorporation: \_\_\_\_\_ Date Established: \_\_\_\_\_
- d) Nature of business: \_\_\_\_\_
- e) Officer of the Applicant designated as the representative to receive all notices from the Insurer on behalf of all persons and entities proposed for this insurance:  
Name \_\_\_\_\_ Title \_\_\_\_\_

### DIRECTORS & OFFICERS INFORMATION

(Complete this section if Directors & Officers Liability coverage is desired.)

2. Amount of Insurance requested: \$ \_\_\_\_\_; Deductible requested \$ \_\_\_\_\_
3. Ownership Information
  - a) Number of common shares outstanding \_\_\_\_\_ b) Number of common shareholders \_\_\_\_\_
  - c) Total number of common shares owned directly or beneficially by Directors and Officers \_\_\_\_\_
  - d) Are the common shares publicly traded? Yes \_\_\_ No \_\_\_ (If "Yes", specify the exchange & symbol) \_\_\_\_\_
  - e) Does any shareholder(s) or group of affiliated shareholders (including an employee stock ownership plan) own more than 5% of the voting shares directly or beneficially? If yes, provide details (If no, check here "none": \_\_\_\_\_)

4. Provide a list of all direct and indirect subsidiaries (use attachment, if necessary):

<u>Name</u>	<u>Type of Business</u>	<u>Percent Owned</u>	<u>Date Created/Acquired</u>
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5. In the past 24 months or in the next 12 months, has the Applicant been involved in any of the following? (If "yes", attach complete details.)

Merger, acquisition or consolidation with another entity?	Yes ___	No ___
Sales, distribution or divestiture of any assets or stock other than in the ordinary course of business?	Yes ___	No ___
Any registration for a public offering or any private placement of securities?	Yes ___	No ___
Changes in the board of directors or senior management (other than death or retirement)?	Yes ___	No ___
Change in the Applicant's independent auditors?	Yes ___	No ___

6. Has the Applicant, a director or officer or other person proposed for this insurance been involved in any of the following ? (If "yes", attach complete details.):

- Anti-trust, copyright or patent infringement litigation? Yes\_\_\_ No\_\_\_
- Administrative proceeding charging violation of a federal or state law or regulation? Yes\_\_\_ No\_\_\_
- Representative actions, class actions or derivative suits? Yes\_\_\_ No\_\_\_
- Administrative, criminal, legislative or regulatory investigation? Yes\_\_\_ No\_\_\_

**It is agreed that with respect to Question #6, if such circumstances exist, any claim arising from such circumstances is excluded from the proposed insurance.**

7. Indicate the formal written policies and/or procedures which the Board of Directors has implemented addressing the following areas:

- \_\_\_ Merger/Acquisition Procedures
- \_\_\_ Selection of New Directors
- \_\_\_ Conflict of Interest Policy
- \_\_\_ Affiliated Party Stock Transactions
- \_\_\_ Investment Policy
- \_\_\_ Related Party Transactions
- \_\_\_ Operations Procedures
- \_\_\_ Other Policies \_\_\_\_\_
- \_\_\_ Audit Policy
- \_\_\_ Personnel Policy
- \_\_\_ Compensation

8. Does the Board of Directors regularly review the following:

- Financial Statements of the Applicant Yes\_\_\_ No\_\_\_
- Investment Activities (Purchase, sales, gains and losses) Yes\_\_\_ No\_\_\_
- Threatened or Actual Litigation Yes\_\_\_ No\_\_\_
- Insurance Coverages Yes\_\_\_ No\_\_\_

**EMPLOYMENT PRACTICES INFORMATION**

(Complete this section only if Employment Practices coverage is desired.)

9. Amount of Insurance requested: \$ \_\_\_\_\_; Deductible requested \$ \_\_\_\_\_

10. Does the Applicant have a human resources department? Yes\_\_\_ No\_\_\_ (If "No", describe how this function is handled.)

11. Employee Information.	<u>Currently</u>	<u>One Year Ago</u>	<u>Two Years Ago</u>
Full time Non-Union	_____	_____	_____
Full time - Union	_____	_____	_____
Part time	_____	_____	_____

12. Number of employees:

- a. with total annual compensation greater than \$100,000: \_\_\_\_\_
- b. California \_\_\_\_\_; Texas \_\_\_\_\_; United States \_\_\_\_\_; Worldwide \_\_\_\_\_

13. Does the Applicant anticipate any plant, facility, branch, office, or department closing, consolidation, reorganization or layoff within the next twenty-four (24) months? (If none, check here \_\_\_; If "yes," please provide details.)

14. Does the Applicant:

- Have a standard employment application for all applicants? Yes\_\_\_ No\_\_\_
- Have an employment handbook? Yes\_\_\_ No\_\_\_
- Have an "At Will" provision in the employment application? Yes\_\_\_ No\_\_\_
- Have a written policy with respect to sexual harassment? Yes\_\_\_ No\_\_\_
- Have a written policy with respect to discrimination? Yes\_\_\_ No\_\_\_
- Have written annual evaluations for employees? Yes\_\_\_ No\_\_\_
- Have a written policy on progressive discipline for employees? Yes\_\_\_ No\_\_\_
- Have a written policy for Family Medical Leave? Yes\_\_\_ No\_\_\_
- Have a written policy for Americans with Disabilities Act? Yes\_\_\_ No\_\_\_
- Have a written human resources manual or guidelines? Yes\_\_\_ No\_\_\_
- Use outside counsel for employment advice? Yes\_\_\_ No\_\_\_

Please provide an explanation by attachment for all "No" answers.

**FIDUCIARY LIABILITY COVERAGE**

(Complete this section only if Fiduciary Liability coverage is desired.)

15. Amount of Insurance requested: \$ \_\_\_\_\_; Deductible requested \$ \_\_\_\_\_

16. List all plans for which coverage is requested (use attachment if necessary):

<u>Plan Name</u>	<u>Year Established</u>	<u>Total Assets/Contributions</u>	<u>Plan Type*</u>	<u>Total Plan Participants</u>	<u>Plan Administrator</u>
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\* 1=Employee Welfare Benefit Plan (as defined by ERISA); 2=Defined Benefit Plan (same); 3=Defined Contribution Plan (same); 4=Other

17. Do any plan(s) employ the investment, trustee, actuarial, legal, administrative, custodial or benefits consulting services of any outside provider? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment and copies of contracts with service provider(s).)
18. Do the plan trustee(s) and administrator meet on a regular basis? If so, indicate how often such meetings are held. \_\_\_\_\_ Are there minutes kept of such meetings? Yes\_\_\_ No\_\_\_ ( If "Yes", please attach copies for the last six (6) months.)
19. Does the plan(s) have prepared audited financial statements? Yes\_\_\_ No\_\_\_ (If "Yes", please attach a copy of the latest audited financial statement and indicate when the next such statement is expected to be prepared: \_\_\_\_\_.)
20. Do any plans hold any contract with a guaranteed return (including Guaranteed Investment Contracts (GIC's), Guaranteed Annuity Contracts (GAC's) or Bank Investment Contracts (BIC's))? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
21. Has any plan requested or contemplated filing a request for termination? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
22. Within the past three (3) years, has any party in interest (as defined by ERISA) with respect to any plan engaged in any transaction prohibited by ERISA, including but not limited to:
- |   |        |       |
|---|--------|-------|
| The sale, exchange or lease of property between the plan and such party?                        | Yes___ | No___ |
| The lending of money or the extending of credit between the plan and such party?                | Yes___ | No___ |
| The furnishing of goods, services or facilities between the plan and such party?                | Yes___ | No___ |
| The transfer to, or use of plan assets by or for, any such party?                               | Yes___ | No___ |
| The investment in or acquisition by the plan of securities or real property of any such person? | Yes___ | No___ |
- (If "Yes" to any question, provide details by attachment.)
23. Has any amendment to any plan been made or contemplated within the past two (2) years, or is any amendment now contemplated, which has resulted or might result in any reduction of benefits including, but not limited to, an increase in participants' share of costs? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment. If there has been any amendment, please attach copies of amendment(s).)
24. Has any plan been spun-off (sold), transferred or terminated? Yes\_\_\_No\_\_\_ (If "Yes", provide details by attachment.)
25. Are all defined benefit plans funded in accordance with the requirements of ERISA (or other applicable law) as attested to by an actuary? Yes\_\_\_ No\_\_\_ (If "No", provide details by attachment.)
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 ? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
27. Are there or have there been within the last three (3) years any known or alleged violations of ERISA or any similar statutory or common law (including applicable amendments, rules and regulations) of the United States, Canada or any state or other jurisdiction to which a plan is subject? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
28. Has there been any indication from any government agency with respect to any plan that such agency is investigating or examining any aspect of such plan, including but not limited to the funding, administration or investment strategies of such plan? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
29. Is Form 5500 filed on an annual basis for each plan? Yes\_\_\_ No\_\_\_ ( If "No", provide details by attachment.)

**SPECIAL RISK COVERAGE**

(Complete this section only if Special Risk coverage is desired)

30. Amount of Insurance requested: \$ \_\_\_\_\_; Deductible requested \$ \_\_\_\_\_
31. Persons on whom insurance is desired; please provide a count by country:
- | <u>Title</u> | <u>Number</u> | <u>Resident Country</u> |
|--------------|---------------|-------------------------|
|--------------|---------------|-------------------------|
32. Extent of travel outside resident country by these persons:
- | <u>Name</u> | <u>Destination</u> | <u>Annual # of Trips</u> | <u>Duration of Trip(s)</u> |
|-------------|--------------------|--------------------------|----------------------------|
|-------------|--------------------|--------------------------|----------------------------|
33. Has there ever been a kidnapping or an attempted kidnapping of any of the Applicant's directors, officers, employees or their dependents? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)
34. Have there ever been any extortion demands, i.e., threats of kidnapping, bodily injury, or property damage made to the Applicant, its directors, officers, employees, or their dependents? Yes\_\_\_ No\_\_\_ (If "Yes", provide details by attachment.)

35. Does the Applicant have policies and procedures established for action to be taken in the event of a kidnap or extortion demand? Yes\_\_\_ No\_\_\_ (If "No", discuss contemplated policies and expected implementation date)
36. Provide details on the Applicant's insurance coverages below:
- Is Fidelity/Crime Insurance in force? Yes\_\_\_ No\_\_\_ (If "Yes"; Limit \_\_\_\_\_ Deductible \_\_\_\_\_)
- Is Fire/Extended Coverage in force? Yes \_\_\_ No\_\_\_ (If "Yes"; Limit \_\_\_\_\_ Deductible \_\_\_\_\_)

**GENERAL INTERROGATORIES**

(The Applicant must complete this section.)

37. Provide details on the following insurance coverages currently in place:

	Carrier	Limit	Deductible	Premium	Policy Term
D&O Liability	_____	_____	_____	_____	_____
EPL Insurance	_____	_____	_____	_____	_____
General Liability	_____	_____	_____	_____	_____
Fiduciary Liability	_____	_____	_____	_____	_____
Kidnap/Ransom	_____	_____	_____	_____	_____

With respect to the above coverages, has any insurer, refused, canceled or non-renewed coverage? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)

38. In the past 24 months or in the next 12 months, has he Applicant been involved in or anticipate being involved in any bankruptcy, reorganization or arrangement with creditors under federal or state law? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)
39. With respect to the coverages listed in question 38., has the Applicant or any person proposed for this insurance had any claim made against them or given notice of claim or circumstances which could give rise to a claim to any insurer? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)
40. Have any payments been made on behalf of the Applicant or any person proposed for this insurance under any previous policy that provided insurance? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)
41. In the past 5 years, has there been or is there now pending any litigation against the Applicant or any person proposed for this insurance? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)
42. Is the Applicant, any person or any entity proposed for this insurance cognizant of any fact, circumstance or situation (including without limitation any suspected or threatened claim against any such person or entity) which might give rise to a claim being made against the Applicant or any person proposed for this insurance? Yes\_\_\_ No\_\_\_ (If "Yes", provide details.)

**Without prejudice to any other rights and remedies of the Insurer, any claim arising from any claims, facts, circumstances or situations whether or not disclosed in #39, #40, #41 and #42 above is excluded from the proposed insurance.**

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

- a) The most recent fiscal year-end and interim financial statements.
- b) Any registration statements filed with the SEC or any private placement memorandums within the last twelve (12) months.
- c) Copies of indemnification agreements of its directors and officers and any other personnel.
- d) List of the Applicant's current Directors and Officers.
- e) Copies of EEO-1 reports for the past three (3) years.
- f) Copies of the most recently filed Form 5500 (and attachments) for all ERISA plans.
- g) Copies of the latest edition of employee handbook and employment applications used.
- h) Copies of articles of incorporation and by-laws, including any amendments thereto.

THE UNDERSIGNED DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AFTER REASONABLE INQUIRY, THAT THE STATEMENTS HEREIN ARE TRUE AND COMPLETE. THE INSURER IS AUTHORIZED (BUT NOT OBLIGATED) TO MAKE ANY INQUIRY IN CONNECTION WITH THIS APPLICATION. ACCEPTING THIS APPLICATION DOES NOT BIND THE INSURER TO COMPLETE THE INSURANCE.

THE INFORMATION CONTAINED IN AND SUBMITTED WITH THIS APPLICATION IS ON FILE WITH THE INSURER AND ALONG WITH THE APPLICATION IS CONSIDERED PHYSICALLY ATTACHED TO AND PART OF THE POLICY, SHOULD ONE BE ISSUED. THE INSURER WILL HAVE RELIED UPON THIS APPLICATION AND ATTACHMENTS IN ISSUING ANY POLICY.

IF THE INFORMATION IN THIS APPLICATION MATERIALLY CHANGES PRIOR TO THE EFFECTIVE DATE OF ANY POLICY TO BE ISSUED IN RELIANCE ON SAME, THE APPLICANT SHALL NOTIFY THE INSURER, WHO MAY MODIFY OR WITHDRAW ANY QUOTATION.

THE UNDERSIGNED DECLARES THAT THE INDIVIDUALS AND ENTITIES PROPOSED FOR THIS INSURANCE UNDERSTAND:

- (A) THIS POLICY APPLIES ONLY TO CLAIM FIRST MADE DURING THE POLICY PERIOD, OR, IF PURCHASED, ANY EXTENDED REPORTING PERIOD; AND

(B) THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED BY DEFENSE COSTS, AND DEFENSE COSTS WILL BE APPLIED AGAINST THE RETENTION.

**WARNING: ANY PERSON WHO KNOWINGLY AND WITH THE 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 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 KENTUCKY APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY 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 MINNESOTA AND OHIO APPLICANTS:** ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE 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, WHICH IS A CRIME.

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

**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 FLORIDA APPLICANTS:** ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY EMPLOYER OR EMPLOYEE, INSURANCE COMPANY, OR SELF-INSURED PROGRAM, FILES A STATEMENT OF CLAIM CONTAINING ANY FALSE OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.

**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.

**This application must be signed by the Chairman of the Board or President of the Applicant.**

\_\_\_\_\_  
Typewritten or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Typewritten or Printed Name

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date