

Philadelphia Insurance Companies

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

RENEWAL APPLICATION FOR:

EXECUTIVE SAFEGUARD

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

**THIS IS A RENEWAL 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 FOR DEFENSE COST AND THAT AMOUNTS PAID FOR DEFENSE COSTS SHALL BE APPLIED AGAINST THE RETENTION AMOUNT. FURTHER NOTE THAT THIS APPLICATION IS SUBMITTED FOR THE PURPOSE OF DETERMINING IF COVERAGE IS TO BE OFFERED. IT DOES NOT OBLIGATE THE INSURER TO EXTEND COVERAGE OR TO TAKE ANY OTHER ACTION WITH RESPECT TO THE INFORMATION PROVIDED.

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 voting shares outstanding _____ b) Number of voting shareholders _____
- c) Total number of voting shares owned directly or beneficially by Directors and Officers _____
- d) 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> |
|-------------|-------------------------|----------------------|------------------------------|
|-------------|-------------------------|----------------------|------------------------------|
5. In the next 12 months, does the Applicant anticipate being 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? | 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___

EMPLOYMENT PRACTICES INFORMATION

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

7. Amount of Insurance requested: \$ _____; Deductible requested \$ _____

| | | | |
|--------------------------|------------------|---------------------|----------------------|
| 8. Employee Information. | <u>Currently</u> | <u>One Year Ago</u> | <u>Two Years Ago</u> |
| Full time Non-Union | _____ | _____ | _____ |
| Full time - Union | _____ | _____ | _____ |
| Part time | _____ | _____ | _____ |

9. Number of employees:
- a. with total annual compensation greater than \$100,000: _____
 - b. California _____; Texas _____; United States _____; Worldwide _____

10. 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 by attachment to this Application.)

FIDUCIARY LIABILITY COVERAGE

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

11. Amount of Insurance requested: \$ _____; Deductible requested \$ _____

12. Have there been any changes to any plan listed in the Applicant's most recent prior Application for fiduciary liability insurance? Yes___ No___ (If "Yes", provide details.)

13. List all plans, newly created or acquired since the date of the Applicant's most recent prior application for fiduciary liability insurance with the Philadelphia Insurance Companies or any other insurer, for which coverage is requested (use attachment if necessary):

| <u>Plan Name</u> | <u>Year Established</u> | <u>Total Assets/Contributions</u> | <u>Total Type*</u> | <u>Plan Participants</u> | <u>Total Administrator</u> | <u>Plan</u> |
|------------------|-------------------------|-----------------------------------|--------------------|--------------------------|----------------------------|-------------|
|------------------|-------------------------|-----------------------------------|--------------------|--------------------------|----------------------------|-------------|

* 1=Employee Welfare Benefit Plan (as defined by ERISA); 2=Defined Benefit Plan (same); 3=Defined Contribution Plan (same); 4=Other (Describe)

14. Since the date of the Applicant's most recent prior Application for fiduciary liability insurance:

a. has there been any change in any plan's investment manager or investment management guidelines? Yes___ No___
(If "Yes", provide details by attachment and copies of any communications to plan participants.)

b. 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.)

c. has any amendment to any plan been made or contemplated, 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 the amendment(s).)

d. has any plan been spun-off (sold), transferred or terminated? Yes___No___ (If "Yes", provide details by attachment.)

15. 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.)
16. Has any plan requested or contemplated filing a request for termination? Yes___ No___ (If "Yes", provide details by attachment.)
17. Are all defined benefit plans adequately 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.)
18. 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.)
19. Are there or have there been 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.)
20. 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.)

SPECIAL RISK COVERAGE

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

21. Amount of Insurance requested: \$ _____; Deductible requested \$ _____

22. Persons on whom insurance is desired; please provide a count by country:

| <u>Title</u> | <u>Number</u> | <u>Resident Country</u> |
|--------------|---------------|-------------------------|
|--------------|---------------|-------------------------|

23. 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> |
|-------------|--------------------|--------------------------|----------------------------|
|-------------|--------------------|--------------------------|----------------------------|

24. Has the Applicant added 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)

25. 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.)

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

| | <u>Carrier</u> | <u>Limit</u> | <u>Deductible</u> | <u>Premium</u> | <u>Policy Term</u> |
|---------------------|----------------|--------------|-------------------|----------------|--------------------|
| 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.)

27. In the next 12 months, does the Applicant anticipate being involved in any bankruptcy, reorganization or arrangement with creditors under federal or state law? Yes___ No___ (If "Yes", provide details.)

As a 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, 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, WHICH 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 EXPENSES, AND DEFENSE EXPENSES 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.

| | | | |
|--|-----------|-------|------|
| | Signature | Title | Date |
|--|-----------|-------|------|

| | | | |
|--|-------------------|-------|------|
| | Witness Signature | Title | Date |
|--|-------------------|-------|------|