

NOTICE: The Policy for which this Application is made, subject to its terms, applies only to any Claim (as applicable in the Coverage Section for which Application is made) made against any of the Insureds 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. Submission of this Application does not guarantee coverage.

General Instructions for completing this Application:

1. Please type or print in ink.
2. Please read carefully and answer all questions. If a question is not applicable, so state by writing "Not Applicable".
3. The Application must be signed by an executive officer.
4. This Application and all exhibits shall be used for purposes of this coverage only.
5. Please read the Policy for which application is made (the "Policy") prior to completing this Application.
6. The terms as used herein shall have the meanings as defined in the Policy.

SECTION I GENERAL INFORMATION

1. Name of proposed Named Insured ("Applicant"): _____
Please list subsidiaries on a separate page.

Address: _____
(Number) (Street)

(City) (State) (Zip Code)

2. Structure:

Sole Proprietor _____ Corporation _____ LLC _____ Partnership _____
Franchise _____ Other (specify) _____

3. Nature of Operations: _____

4. Has the Applicant been in business longer than five (5) years? Yes No

For questions 5 through 9, if the answer is "Yes," please provide details on a separate page.

5. Is the Applicant public-held or a public reporting company under the Securities Exchange Act of 1934? **If yes, coverage is not available.** Yes No

6. Within the last 18 months, has the Applicant transacted or attempted a private debt or equity offering of securities? Yes No

7. 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
8. Has the Applicant in the past 18 months been involved with any actual, negotiated or attempted merger, acquisition or divestment? Yes No
9. Does the Applicant contemplate transacting any mergers or acquisitions in the next 12 months? Yes No

Section II Financial Information

1. Describe the following financial information of the Applicant for the most recent fiscal year-end.

- | | |
|----------------------------------|---|
| a) Total Assets: | b) Net income <input type="checkbox"/> or Net loss <input type="checkbox"/> : |
| _____ \$0 to 2,499,999 | _____ \$0 to 50,000 |
| _____ \$2,500,000 to 4,999,999 | _____ \$50,001 to 250,000 |
| _____ \$5,000,000 to 9,999,999 | _____ \$250,001 to 500,000 |
| _____ \$10,000,000 to 24,999,999 | _____ \$500,001 to 999,999 |
| _____ \$25,000,000 to 49,999,999 | _____ \$1,000,000 to 2,999,999 |
| _____ \$50,000,000 to 74,999,999 | _____ \$3,000,000 to 4,999,999 |
| _____ over \$75,000,000 | _____ over \$5,000,000 |

2. Equity:
- | | |
|----------------------------------|----------------------------------|
| _____ \$0 to 199,999 | _____ \$200,000 to 499,999 |
| _____ \$500,000 to 999,999 | _____ \$1,000,000 to 4,999,999 |
| _____ \$5,000,000 to 9,999,999 | _____ \$10,000,000 to 29,999,999 |
| _____ \$30,000,000 to 49,999,999 | _____ over \$50,000,000 |

3. Fiscal year ending: 200 _____

4. **Please attach the latest two years' full financial statements, or a current profit/loss statement including balance sheet if the audit is not available.**

For questions 5 through 8, if the answer is "Yes," please provide details on a separate page.

5. Do the current liabilities exceed current assets? Yes No
6. Do long-term liabilities exceed 45% of total assets? Yes No
7. Will more than 50% of the total long-term liabilities mature within the next 18 months? Yes No
8. Has any auditor in the last 2 fiscal years rendered a "going concern" opinion for the financial statements of the Applicant? Yes No

III. Desired Coverages

EPLI D&O/Entity Fiduciary

Please complete this General Application Information Section, plus the appropriate Application Section(s) for the coverage(s) desired and, if applicable, the Supplemental Claim Form and send to NAS Insurance Services.

IV. 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 and become a part of such Policy, if issued. Underwriters hereby are authorized to make any investigation and inquiry in connection with this Application as they may deem necessary.**

- 2. It is warranted 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 Underwriters 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 Underwriters and, at the sole discretion of Underwriters, any outstanding quotations may be modified or withdrawn.**

Submitted by: _____
(Agent)

Signed: _____
(Must be Signed by an Executive)

Date: _____
(Day) (Month) (Year)

Name: _____
(Please Print or Type)

Email Address: _____

Capacity: _____

Applicant
Organization: _____

Date: _____
(Day) (Month) (Year)

For purposes of creating a binding contract of insurance by this Application or in determining the rights and obligations under such a 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 one and the same document.



NAS Insurance Services, Inc.

16633 VENTURA BLVD • SUITE 500 • ENCINO, CA 91436
PHONE 818/382-2030 • FAX 818/382-2040 • www.nasinsurance.com

LIC. #0677191

1. Total number of employees: Full time _____ Part time _____ Temporary _____
2. Do more than 25% of all employees currently earn more than \$50,000? Yes No
3. Have any officers or senior management voluntarily or involuntarily left the employ of the Applicant within the last 18 months? Yes No
4. Does the Applicant anticipate in the next 12 months, or transacted in the last 12 months, any plant, facility, branch or office closing, consolidations or layoffs affecting 20% or more of the total employees or affecting an entire division, location or business unit? Yes No
If "Yes," please provide details on a separate page.
5. Describe the internal controls maintained for Employment Practices.
- a) Have all supervisors and officers attended training on sexual harassment and discrimination within the last 18 months? Yes No
- b) Does labor relations counsel review the employment policies/procedures at least annually? Yes No
- c) Is there a separate Human Resources Department? Yes No
- d) Does the Applicant publish and distribute an employee handbook? Yes No
If yes, does it include policies for:
- i) anti-harassment? Yes No
- ii) EEO? Yes No
- iii) at-will provision? Yes No
- iv) Americans with Disabilities Act? Yes No
- v) Family and Medical Leave Act ? Yes No
- vi) all employees receive a copy and sign for receipt? Yes No
- e) Are all mandatory federal and state posting requirements met? Yes No
- f) Are there written procedures for handling employee grievances or complaints? Yes No
- g) Does the Applicant use an application for employment?
If yes, does it include:
- (i) "At will" statement Yes No
- (ii) EEO statement Yes No
- h) Are terminations reviewed by either Human Resources, Senior Management or outside labor relations counsel? Yes No
6. Annual percentage turnover rate for employees:
 1998 _____% 1999 _____% 2000 _____% 2001 _____%

7. Are stock options offered to employees, officers or directors as part of their compensation? Yes No

If "Yes," please provide details on a separate page.

8. Prior Insurance Information

- a) Describe any current insurance maintained. The Continuity Date below means the policy inception date for which the most recent main form application was attached.

<u>Coverage</u>	<u>Yes</u>	<u>No</u>	<u>Limits</u>	<u>Continuity Date</u>
Employment Practices	_____	_____	_____	_____

For questions b) through d) if the answer is "Yes," please provide details on a separate page.

- b) Has any insurer made payments to or on behalf of any person or entity proposed for this insurance at any time in the last five years? Yes No

- c) Has the applicant given written notice under the provisions of any current or prior policy providing similar insurance of any specific facts or circumstances which might give rise to a claim under such insurance? Yes No

- d) Has any insurer ever cancelled or non-renewed any similar insurance? Yes No

9. Third Party Claims exposure (Please respond if coverage for third party claims is desired)

- a) Does the Applicant have direct contact with customers, clients or other third parties? Yes No

- b) Does the Applicant have written procedures for the handling of customer/client/third party relations? Yes No

- (i) Are these procedures included in the Employee Handbook? Yes No

- (ii) Do they include anti-discrimination and anti-sexual harassment policies? Yes No

- (iii) Do they include procedures for handling complaints of discrimination and sexual harassment by a customer/client/other third party? Yes No

- c) If Applicant is a property manager, please submit a schedule of locations and number of units on a separate page.

10. Prior Activities Information

- a) Within the last five years, has any person or entity proposed for this insurance been the subject of or involved in any: litigation, administrative proceeding, demand letter or formal or informal governmental investigation or inquiry, including any investigation by the Department of Labor or the Equal Employment Opportunity Commission? Yes No

If "Yes," please complete the Supplemental Claim/Wrongful Act Incident Form for each such matter.

- b) Is any person or entity proposed for this insurance aware of any wrongful acts, facts, incidents, or any circumstances which may result in claims being made against you? Yes No

Please send this completed Application Section, along with the completed General Information Application Section, plus, if applicable, the Supplemental Claim form to NAS Insurance Services.

This form is to be completed if any "Prior Activities Information" question is answered "Yes."

Please complete a separate sheet for each claim or incident and answer all questions fully. Prior to attaching to the Application, a principal, partner or officer of the Applicant must sign and date this sheet and attach it to the signed Application along with any explanations. No full indication can be given without this complete information.

1. Name of Applicant: _____

2. Name of individual(s) employed by Applicant charged in claim/incident:
{Defendant(s)}: _____ Title: _____
{Defendant(s)}: _____ Title: _____
{Defendant(s)}: _____ Title: _____

3. Name of person(s) or entities making complaint/allegations in incident (Plaintiff): _____

4. Date of alleged Wrongful Act: _____

5. Date Applicant became aware of alleged Wrongful Act: _____

6. How did Applicant become aware?
 - a) Personally observed incident _____
 - b) Verbal complaint from employee _____
 - c) Written notice from employee or employee's attorney _____
 - d) Verbal/written notice from someone else other than complaining employee _____
 - e) Filing with state agency _____
 - f) Filing with EEOC _____
 - g) Receipt of law suit _____
 - h) Other _____ (please detail) _____

7. Name of Insurer Claim reported to (if any): _____

8. Are you represented by an attorney? Yes No
If yes, name of attorney & law firm: _____

9. Present status of Claim/Incident: _____ Pending _____ Closed _____ In Suit

10. **If Closed**, Total Damages Paid: _____ Total Expenses Paid: _____

11. **If EEOC/State Agency** filing:
- a. Has right to sue letter been issued? Yes No
 Date: _____
 Date right to sue expires (or did expire)? _____
- b. Has determination of fault been decided? Yes No
 What was determination? _____
 If employee has a right to sue, what dates does (did) this expire? _____
12. **If pending**, is plaintiff demanding a settlement amount? Yes No
 How much? \$ _____
 Has plaintiff offered a settlement amount? Yes No
 How much? \$ _____
 Legal expenses to date: \$ _____
13. Detailed description of complaint and Applicant's response (put on separate sheet if needed room):

14. Explain what actions have been taken to prevent an incident like this happening again:

I understand information submitted herein becomes a part of my Application and in the event that coverage is bound, is subject to the same warranty and conditions.

Applicant's Signature

Date