

**BY COMPLETING THIS APPLICATION YOU ARE APPLYING FOR COVERAGE WITH
EXECUTIVE RISK INDEMNITY INC (THE "COMPANY")**

NOTICE: THE EMPLOYMENT PRACTICES LIABILITY COVERAGE SECTION PROVIDES CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD" OR AN APPLICABLE EXTENDED REPORTING PERIOD. THE APPLICABLE LIMIT(S) OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY "DEFENSE COSTS" AND "DEFENSE COSTS" WILL BE APPLIED AGAINST THE RETENTION AMOUNT. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENSE COSTS" OR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT(S) OF LIABILITY. READ THE ENTIRE APPLICATION CAREFULLY BEFORE SIGNING.

APPLICATION INSTRUCTIONS:

1. Whenever used in this Application, the term "**Applicant**" shall mean the Parent Organization and all organizations applying for coverage.
2. Include all requested underwriting information and attachments. Provide a complete response to all questions and attach additional pages if necessary.

I. GENERAL INFORMATION:

1. Name of **Applicant**: _____
2. Address of **Applicant**: _____
 City: _____ State: _____ Zip Code: _____ Telephone: _____
3. Web address: _____
4. Name and Title of Primary Contact: _____
5. Address of Primary Contact: _____
 City: _____ State: _____ Zip Code: _____ Telephone: _____
6. Name of Human Resources Contact for Loss Prevention Products and Services: _____
7. Address of Human Resources Contact for Loss Prevention Products and Services:

 City: _____ State: _____ Zip Code: _____ Telephone: _____
8. Nature of business including principal products and services (please include subsidiaries):

9. Type of organization: Publicly Traded Private corporation Partnership
 Joint Venture Sole Proprietor Limited Liability company
 Other, please describe: _____

II. SPECIFIC INFORMATION:

1. Please attach a list of all locations by city & state. Please include approximate number of employees at each location.
2. Please attach a list of all subsidiaries by city and state. Please include approximate number of employees at each subsidiary.
3. Please attach a copy of the following for every **Applicant** seeking coverage:
 - The latest Annual Report, including audited financial statements;
 - The Employee Handbook;
 - The Employment Application; and
 - The Most recent EEO-1 Statements (for the last 3 years).
4. Limit of Liability Requested: \$ _____ Retention Requested: \$ _____
5. Policy Period Requested:
 From _____ to _____ both days at 12:01 a.m. at the principal address of the Parent Organization.

III. EMPLOYEES:

1. Current number of:

	Total U.S.	California	Foreign
Full-time employees			
Part-time employees (include seasonal & temporary)			
Independent contractors			
Leased employees			
Volunteers			

2. Percentage of employees that are: Union _____% Non-union _____%
3. What was the annual employee turnover rate for the last three (3) years:
 Past year _____% 1 year previous _____% 2 years previous _____%?
4. How many involuntary terminations have occurred in the past two (2) years:
 Past year _____ 1 year previous _____?
5. Percentage (%) of employees with salaries (including bonuses):
 Less than \$50,000: ~~XXXXXXXXXXXX~~ %
 \$50,000 to \$100,000: ~~XXXXXXXXXXXX~~ %
 \$100,000 to \$250,000: ~~XXXXXXXXXXXX~~ %
 Greater than \$250,000: ~~XXXXX~~ %

6. Are stock options offered as part of employee compensation? Yes No
 If "Yes":
 (a) How many shares are outstanding? _____
 (b) What is the current offering price of stock options? _____
 (c) Is there a formal policy relating to the awarding of stock options? Yes No
7. If the Applicant is privately held, are there any plans for going public in the next 12 months? Yes No

IV. HUMAN RESOURCES:

1. Does the **Applicant** have a human resources department? Yes No
 If "No", who is responsible for this function? _____
2. How are human resources matters handled in branch offices? Please use a separate addendum if necessary.

3. Is the **Applicant** a federal contractor and/or does the **Applicant** have an Affirmative Action Plan as required by the Office of Federal Contract Compliance Programs (OFCCP)? Yes No
 If "Yes":
 (a) Please attach a representative sample Affirmative Action Plan for the **Applicant**.
 (b) Has the **Applicant** ever received a Predetermination Notice or Notice of Violation from the OFCCP? Yes No
 If "Yes", please attach a copy and describe resolution.
4. Please describe below or on a separate addendum the **Applicant's** process for monitoring, analyzing and reviewing diversity in its workforce and in its management ranks (specifically as respects hiring, firing, compensation, promotions, job assignments and training opportunities). Please also describe any company initiatives to promote workforce diversity.

5. Does the **Applicant** use any arbitration policy or alternative dispute resolution (ADR) policy for dealing with employee complaints or grievances? Yes No
 If "Yes", please attach a copy.
6. Does the **Applicant** have written procedures in place with regard to the following:
 (a) Discipline Yes No
 (b) Termination Yes No
 (c) Handling complaints of sexual harassment or discrimination Yes No
7. Is there an employee handbook? Yes No
 If "Yes", please provide a copy.
 (a) Is it distributed to all employees? Yes No
 (b) Does it contain a comprehensive sexual or other harassment policy? Yes No
 (c) Does it require that employees sign and acknowledge its receipt? Yes No

8. Has the **Applicant** utilized any of the following risk management methods:
- (a) Require employees to attend anti-sexual harassment training? Yes No
 - (b) Require employees to attend diversity training? Yes No
 - (c) Utilize any other form of risk management with regards to employment practices? (ie. Internet training, consultants, etc.) Yes No

If "Yes" to any of these, please provide details on a separate addendum.

9. Does the **Applicant** use any tests to screen applicants either for hire or promotion? Yes No
If "Yes," please provide details. Please use a separate addendum if necessary.

10. Are all prospective employees required to complete an employment application prior to hire? Yes No
If "Yes", please provide a copy.

11. Does the **Applicant** anticipate any branch, location, facility, office, or subsidiary closings, consolidations, or layoffs within the next twelve (12) months? Yes No
If "Yes", please provide details on a separate addendum, including the date, anticipated number of layoffs, circumstances surrounding those layoffs, and severance packages offered, including copies of any releases.

12. Does the **Applicant** have a formal out-placement program, which assists former employees in obtaining alternative employment? Yes No

13. Does the **Applicant** require terminations to be reviewed by outside counsel, in addition to its human resources department? Yes No

V. PAST ACTIVITIES, LAWSUITS, PROCEEDINGS:

1. During the last 3 years, has any **Applicant** in any capacity, been involved in any of the following matters?
- a. EEOC, NLRB or other similar administrative proceeding? Yes No
 - b. Employment-related civil suit? Yes No
 - c. A conciliation, settlement or consent agreement with the OFCCP? Yes No
 - d. Actions brought by third parties concerning civil rights violations? Yes No

If "Yes" to any of these, attach details on a separate addendum. Please include: (1) date, (2) type, (3) allegations, (4) current status, (5) judgment or settlement amount, and (6) defense costs incurred.

VI. CURRENT INSURANCE:

1. Provide the following information with respect to any employment practices liability or similar liability insurance coverage currently maintained by any **Applicant** or by any proposed insured person or entity:

Insurer	Limits	Retention	Policy Period
	\$	\$	
	\$	\$	
	\$	\$	

VII. CORPORATE HISTORY:

If the **Applicant** answers “Yes” to any of the following questions, please provide further details on a separate addendum.

- 1. Has the **Applicant** acquired any companies or partnerships in the last three (3) years? Yes No
- 2. If “Yes” to question 1 above, did the acquisition include the assumption of liabilities? Yes No
- 3. With respect to any acquisitions:
 - (a) Were any employees, partners, or officers terminated as a result of the acquisition? Yes No
 - (b) Does the **Applicant** plan in the next twelve (12) months to terminate any employees, partners, or officers? Yes No
- 4. Has the **Applicant** sold any companies in the last three (3) years? Yes No
If “Yes”, did that sale include liabilities? Yes No

VIII. REPRESENTATION: PRIOR KNOWLEDGE OF ACTS/CIRCUMSTANCES/SITUATIONS:

- 1. Neither the **Applicant** nor any person or entity proposed for coverage is aware of any fact, circumstance, or situation which he or she has reason to suppose might give rise to any claim that would fall within the scope of the proposed coverage, except as follows:

(If the answer is none, so state):

Without prejudice to any other rights and remedies of the Company, the **Applicant** understands and agrees that if any such fact, circumstance, or situation exists, whether or not disclosed in response to Question 1 above, any claim or action arising from such fact, circumstance, or situation is excluded from coverage under the proposed policy, if issued by the Company.

IX. MATERIAL CHANGE

If there is any material change in the answers to the questions in this Application before the policy inception date, the **Applicant** must immediately notify the Company in writing, and any outstanding quotation may be modified or withdrawn.

X. DECLARATIONS, FRAUD WARNINGS AND SIGNATURES:

The **Applicant's** submission of this Application does not obligate the Company to issue, or the **Applicant** to purchase, a policy. The **Applicant** will be advised if the Application for coverage is accepted. The **Applicant** hereby authorizes the Company to make any inquiry in connection with this Application.

The undersigned authorized agents of the person(s) and entity(ies) proposed for this insurance declare that to the best of their knowledge and belief, after reasonable inquiry, the statements made in this Application and in any attachments or other documents submitted with this Application are true and complete. The undersigned agree that this Application and such attachments and other documents shall be the basis of the insurance policy should a policy providing the requested coverage be issued; that all such materials shall be deemed to be attached to and shall form a part of any such policy; and that the Company will have relied on all such materials in issuing any such policy.

The information requested in this Application is for underwriting purposes only and does not constitute notice to the Company under any policy of a Claim or potential Claim.

Notice to Arkansas, Minnesota, New Mexico 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, fraudulent or deceptive statement is, or may be found to be, guilty of insurance fraud, which is a crime, and may be subject to civil fines and criminal penalties.

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 policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder 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 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 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 Maine, 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 may include imprisonment, fines or a denial of insurance benefits.

Notice to Alabama and Maryland Applicants: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or 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 Oklahoma 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.

Notice to Oregon and Texas Applicants: Any person who makes an intentional misstatement that is material to the risk may be found guilty of insurance fraud by a court of law.

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 five thousand (5,000) dollars and not more than ten thousand (10,000) dollars, or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances are present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

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.

Date	Signature*	Title
		<u>Chief Executive Officer</u>
		<u>Chief Financial Officer</u>

*This Application must be signed by the chief executive officer and chief financial officer of the Parent Organization acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

Produced By: Agent: _____ Agency: _____	
Agency Taxpayer ID or SS No.: _____	Agent License No.: _____
Address: _____	
City: _____	State: _____ Zip: _____
Submitted By: Agency: _____	
Agency Taxpayer ID or SS No.: _____	Agent License No.: _____
Address: _____	
City: _____	State: _____ Zip: _____