



AXIS INSURANCE COMPANY
Administrative Office—11680 Great Oaks Way, Suite 500
Alpharetta, Georgia 30022

PRIVATUS[®] PLUS+ APPLICATION

DIRECTORS AND OFFICERS AND CORPORATE LIABILITY, EMPLOYMENT PRACTICES LIABILITY, FIDUCIARY LIABILITY AND CRIME COVERAGE

WHAT THE APPLICANT SHOULD KNOW ABOUT THIS APPLICATION:

1. This application form and all materials attached to and submitted with it shall be held in confidence.
2. The Applicant's submission of this application does not obligate the Applicant to buy insurance nor is the Insurer obligated to sell insurance or to offer insurance upon any specific terms requested.

DEFINITIONS

1. Terms appearing in bold face in this application are defined in the Policy.
2. The term "Applicant" herein refers to the proposed **First Named Insured**, unless otherwise indicated.

CLAIMS MADE NOTICE:

CERTAIN COVERAGE PARTS OF THE POLICY FOR WHICH THE APPLICANT IS APPLYING PROVIDE COVERAGE ON A CLAIMS-MADE BASIS, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD, OR A CLAIMS-MADE AND REPORTED BASIS, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. PLEASE READ THE POLICY CAREFULLY.

DEFENSE COSTS WITHIN LIMIT NOTICE:

CERTAIN COVERAGE PARTS OF THE POLICY FOR WHICH THE APPLICANT IS APPLYING PROVIDE THAT THE LIMITS OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS WILL BE REDUCED AND MAY BE COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS, AND IN THE EVENT SUCH LIMITS OF LIABILITY ARE EXHAUSTED, THE INSURER SHALL HAVE NO FURTHER OBLIGATION FOR ANY LOSS UNDER THE POLICY. PLEASE READ THE POLICY CAREFULLY.

APPLICATION FORMS PART OF POLICY

The statements and answers made in this application form, including all materials submitted with and attached to this application form, and all information provided or made available by the Applicant to the Insurer in connection with the underwriting of the proposed insurance, shall constitute the **Application**. If the policy applied for is issued, the **Application** will be deemed attached to and will form a part of the policy.

INSTRUCTIONS:

1. Please complete this application form, including all applicable appendices, and answer all questions and submit all requested information. If space is insufficient, continue answers on the Applicant's letterhead.
2. This application must be signed and dated by the Applicant's president, chief executive officer, chief financial officer, in-house general counsel, or their functional equivalent.

THANK YOU FOR TAKING THE TIME TO PROVIDE US WITH ACCURATE INFORMATION.

1. As part of this application, please submit the Applicant's latest audited financial statement.

2. GENERAL INFORMATION

(a) Applicant Name: _____

(b) Applicant's address and website, if any: _____

(c) Name of Applicant's designated representative to receive all notices from the Insurer on behalf of all persons or entities proposed for this insurance: _____

(d) State of Incorporation: _____ (e) Date Established: _____

(f) Nature of Business: _____

(g) Standard Industry Classification Code (SIC Code): _____

(h) Form of business organization: Corporation Partnership Limited Liability Corporation
 Other (specify): _____

(i) Check the box below and complete for other primary insurance coverage currently held by the Applicant.

Coverage Type	Insurer	Limit	Retention	Policy Period
<input type="checkbox"/> D&O Liability		\$	\$	
<input type="checkbox"/> Corporate Liability		\$	\$	
<input type="checkbox"/> Employment Practices Liability		\$	\$	
<input type="checkbox"/> Fiduciary Liability		\$	\$	
<input type="checkbox"/> Crime		\$	\$	

(j) Has any of the Applicant's current insurers indicated an intent not to offer renewal terms? Yes No
 (N/A IN MISSOURI)

3. COVERAGE REQUESTED

(a) Check all insurance for which the Applicant seeks coverage and indicate the Limit and Retention requested, if applicable.

Coverage Requested	Shared Limit	Separate Limit	Retention
<input type="checkbox"/> Directors and Officers and Corporate Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Employment Practices Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Fiduciary Liability	<input type="checkbox"/> with:	<input type="checkbox"/> Separate	\$
<input type="checkbox"/> Crime			\$

(b) **Policy Period** requested: From: _____ to _____, 12:01 a.m. Standard Time at the principal address of the Applicant.

(c) Attach a list of all **Subsidiaries**, foundations, and charitable trusts proposed for coverage, including their nature of business, date acquired or created, and percentage of ownership by the **First Named Insured**.

4. PRIOR CLAIMS/LOSS EXPERIENCE

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

- (a) Has any claim been made against or loss paid on behalf of any proposed **Insured** under any insurance policy listed in Question 2(i) above or any similar insurance? Yes No
- (b) Has any proposed **Insured** given written notice under any prior or current insurance policy of specific facts or circumstances which might give rise to a **Claim** under this proposed insurance? Yes No
- (c) Is any proposed **Insured** aware of any inquiry, investigation, communication fact, circumstance, situation, or **Wrongful Act** that might give rise to a **Claim** under the proposed insurance? Yes No

5. FRAUD WARNINGS

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 Arkansas 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 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 policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder 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 Kansas Applicants: An act committed by 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.

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 New Mexico 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 civil fines and criminal penalties.

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 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 Ohio Applicants: Any person who, with intent to defraud or knowing that he 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.

Notice to Oklahoma Applicants: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for 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:

1. The misinformation is material to the content of the policy;
2. We relied upon the misinformation; and
3. The information was either material to the risk assumed by us or 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.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

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 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 \$5,000 and not more than \$10,000, or a fixed term of imprisonment for 3 years, or both penalties. Should aggravating circumstances be present, the penalty thus established

may be increased to a maximum of 5 years, if extenuating circumstances are present, it may be reduced to a minimum of 2 years.

Notice to 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 include imprisonment, fines and denial of insurance benefits.

6. DECLARATIONS

The undersigned authorized officer of the Applicant, on behalf of the Applicant declares:

- (a) All statements and answers made in this application form, including any attachments to this application, and the information provided or made available by the Applicant to the Insurer in connection with the underwriting of the proposed insurance are true, accurate, and complete
- (b) Other than indicated in Question 4 above, no proposed **Insured** is aware of any fact, circumstance, situation, or **Wrongful Act** that could give rise to a **Claim** under the proposed insurance. The Applicant understands that, without prejudice to any other rights or remedies of the Insurer, if any proposed **Insured** has such knowledge, whether or not disclosed, then any **Claim** arising from such fact, circumstance, situation, or **Wrongful Act** is excluded from coverage.
- (c) The Applicant will report to the Insurer immediately, in writing, any material change in the Applicant's operations, condition, or answers provided in this application form that occur or are discovered between the date of this application form and the effective date of any policy, if issued. The Insurer reserves the right to modify or withdraw any proposal for insurance the Insurer has offered if such a material change occurs.

Name (please type or print)

Name (signature)

Title (President, CEO, CFO or GC)

Date

To be completed by Producer only if required:

Producer: _____

Producer Agency: _____

Telephone: _____

License Number: _____

Signature: _____

APPENDIX I

(Complete this section if applying for Directors and Officers and Corporate Liability Insurance)

1. INSURED INDIVIDUALS

- (a) Attach a list of the Applicant's Directors and Officers by name and affiliations with other organizations.
- (b) Attach a list of all other proposed **Insured Individuals** by name, title, responsibility, and affiliation with other organizations.

2. OWNERSHIP STRUCTURE OF THE APPLICANT

- (a) Number of shareholders: _____
- (b) Number of shares outstanding _____
- (c) Total number of shares owned by its Directors (direct and beneficial): _____
- (d) Total number of shares owned by its Officers (direct and beneficial) who are not Directors: _____
- (e) Name and percentage of shares owned by shareholders directly or beneficially holding five percent (5%) or more of the common stock (If none, check here): _____

- (f) If the Applicant is owned by a parent company, indicate the name and principal address of the parent. _____

- (g) Are there any other securities which are convertible to common stock? Yes No If Yes, attach full details.
- (h) Are any of the Applicant's securities publicly traded? Yes No
- (i) Does the Applicant have more than one class of stock? Yes No If Yes, attach full details.

3. OPERATIONS

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

- (a) Does the Applicant render any professional services for others for a fee or compensation? Yes No
- (b) Do any of the Applicant's customers account for more than five percent (5%) of revenues? Yes No
- (c) Is the Applicant's business success or viability dependent on any suppliers of materials or services?
Yes No
- (d) Does the Applicant have any collaborative or strategic partners? Yes No
- (e) Does the Applicant have any material patents, copyrights or trademarks? Yes No

4. PAST TRANSACTIONS

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

Has the Applicant in the past thirty-six (36) months completed or agreed to, or does it contemplate within the next twelve (12) months, any of the following, whether or not such transactions were or will be completed?

- (a) Merger, acquisition or consolidation with another entity whose consolidated assets exceed twenty-five percent (25%) of the Applicant's assets? Yes No

- (b) Sale, distribution, or divestiture of any assets or stock other than in the ordinary course of business in an amount exceeding twenty-five (25%) of the Applicant's consolidated assets? Yes No
- (c) Any registration for a public offering or private placement of securities? Yes No
- (d) Any change in outside auditors? Yes No

5. PAST ACTIVITIES

IF ANY OF THE FOLLOWING QUESTIONS ARE ANSWERED "YES", PLEASE ATTACH FULL DETAILS.

- (a) Has the Applicant changed independent auditors in the past three (3) years? Yes No
- (b) Has the Applicant had any changes in the board of directors or senior management within the past three (3) years? Yes No
- (c) Has the Applicant been involved in any of the following:
 - (i) Anti-trust, copyright, or patent litigation? Yes No
 - (ii) Civil or criminal action or administrative or regulatory proceeding charging violation of any law? Yes No
 - (iii) Representative actions, class actions, or derivative suits? Yes No
 - (iv) Investigation by the U.S. Securities and Exchange Commission, Equal Employment Opportunity Commission, U.S. Department of Justice, Office of Federal Contract Compliance Programs (OFCCP), U.S. Internal Revenue Service, or any similar state, local, or foreign agency? Yes No

6. OUTSIDE POSITIONS

Please list all **Executive Officers** and each **Outside Entity** for which coverage is requested:

Executive Officer	Outside Entity	Business Type (Corporation, Joint Venture, Partnership, etc.)	Nature of Business	Structure of Outside Entity*	D&O Insurance Carrier	D&O Insurance Limit
						\$
						\$
						\$
						\$

* = Structure of Outside Entity (For Profit Private Company = FPP; For Profit Publicly Traded = FPPT, Not For Profit = NFP)

APPENDIX II

(Complete this section if applying for Employment Practices Liability Insurance)

1. EMPLOYEE INFORMATION

(a) Please indicate below the total number of **Employees** by the type indicated.

Total number of **Employees**: _____

Full-time: _____ Unionized workers: _____

Part-time: _____ Temporary: _____

Number located in the United States: _____ Independent contractors: _____

Number located outside the United States: _____ Leased: _____

Volunteers: _____

(b) Please indicate the total number of **Employees** in the following states:

State	CA	TX	NJ	MI	DC	FL	NY	AL
Number								

(c) Please indicate the five (5) states with the greatest number of **Employees**:

State	Number

(d) Does the Applicant have any employment contracts with any of its employees? Yes No If Yes, what is the total amount of annual compensation paid pursuant to all employment contracts? \$_____ (Please attach details)

(e) Is the Applicant requesting **Third Party Claim** coverage? Yes No

(f) Does the Applicant utilize independent contractors? Yes No If Yes, attach complete details on the specific independent contractor and the indemnification agreement used by the Applicant.

(g) Is the Applicant currently undergoing, or does the Applicant contemplate undergoing during the next twelve (12) months, any **Employee** layoffs or early retirements (including ones resulting from any type of company restructuring or office, plant, or store closing)? Yes No If Yes, attach details.

(h) Please indicate the **Employee** turnover percentage for the most recent four (4) years:

Year: _____ % Year: _____ % Year: _____ % Year: _____ %

2. EMPLOYMENT POLICIES AND PROCEDURES

(a) HUMAN RESOURCES

- (i) Does the Applicant have a dedicated Human Resource Department? Yes No
- (ii) If yes, who does the head of the Human Resource Department report to? _____
- (iii) If No, who handles this function? _____

(b) TESTING

- (i) Does the Applicant conduct testing for any of the following (check all that apply):
Drug/alcohol screening Physical examinations
Psychological examinations Skills testing
- (ii) Are the above tests and examinations done pre-offer, or post-offer of employment? Please attach details of the testing done.
- (iii) Who conducts these tests? _____
- (iv) Are all **Employees** subject to these tests and examinations? Yes No If No, which **Employees** are not subject and why? _____

(c) LEGAL COUNSEL

- (i) Does the Applicant use an outside employment legal counsel for employment advice and/or defense? Yes No If Yes, attach full details including the names of outside counsel used.
- (ii) Does the Applicant have in-house counsel? Yes No
- (iii) Does the Applicant require employment terminations to be reviewed by (check all that apply):
 Human Resources Law Department Outside Legal Counsel

(d) EMPLOYMENT POLICIES

- (i) Does the Applicant require annual written performance evaluations for all **Employees**? Yes No
- (ii) Does the Applicant provide all new hires with a written employment offer? Yes No
- (iii) Does the Applicant require an employment application be completed for all new hires? Yes No
- (iv) Is the Applicant required to file an affirmative action plan with the Office of Federal Contract Compliance Programs (OFCCP)? Yes No If Yes, attach copy of plan.
- (v) Has the Applicant ever been the subject of an OFCCP investigation which resulted in a finding of a violation? Yes No If Yes, attach copy of the audit or investigation report and indicate what actions the Applicant has taken to remedy the violation.
- (vi) Does the Applicant distribute an employee handbook to all **Employees**? Yes No
- (vii) Is each **Employee** required to sign that they have received a handbook? Yes No
- (viii) Is the handbook uniform for all locations and **Subsidiaries**? Yes No If No, please attach details of the differences
- (ix) Has the handbook been reviewed by an outside employment attorney? Yes No

3. PAST ACTIVITIES (SKIP IF COMPLETEING APPENDIX I)

Has the Applicant been involved in any of the following:

- (a) Civil or criminal action or administrative proceeding charging violation of a federal, state, or foreign employment law or regulation? Yes No
- (b) Any other criminal action? Yes No
- (c) Representative or class action or derivative suit in connection with employment issues? Yes No
- (d) Investigation by the Equal Employment Opportunity Commission or any similar state or foreign agency? Yes No

4. LOSS HISTORY

- (a) Please attach a list of all employment-related litigation and administrative proceedings (including both EEOC, state, and local agency proceedings) commenced against the Applicant during the past three (3) years. The list should include the following for each litigation or proceeding:
 - (i) a description of the allegations;
 - (ii) the court or agency involved;
 - (iii) a description of any decision, determination, or judgment rendered;
 - (iv) the total amount of **Defense Costs** incurred to date in the litigation or proceeding;
 - (v) any judgment or settlement amount; and
 - (vi) whether the litigation or proceeding remains pending or is closed.
- (b) Is the Applicant presently subject to any judicial or administrative order, decree, judgment or conciliation agreement that is employment-related? Yes No If Yes, please attach copies of all such documents.
 - (i) Latest Employee Handbook and copies of any written sexual harassment, ADA, FMLA, termination, severance, progressive discipline, discrimination, and employment-at-will policies and procedures.
 - (ii) Consolidated EEO-1 reports for the past three (3) years.

APPENDIX III

(Complete this section if applying for Fiduciary Liability Insurance)

1. THE PLANS

(a) Total Assets of all **Plans** for which coverage is requested: \$ _____

(b) List all **Plans** for which coverage is requested:

Plan Name	Plan No.	Total Assets	Number of Participants	Qualified?	Plan Type*	Investments in Applicant's securities?
		\$		Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>
		\$		Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>
		\$		Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>
		\$		Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

2. PLAN MANAGEMENT

(a) Are **Plan** assets managed by an independent investment manager? Yes No If No, attach details of investment procedures.

(b) How often is the investment manager's performance reviewed? Monthly Quarterly Semi-annually Other If Other, attach details.

(c) How often are the investment manager's guidelines for investments reviewed by the **Plan** fiduciaries? Semi-annually Annually Bi-annually Other If Other, attach details.

(d) Does any **Plan** use an outside investment, trustee, actuarial, legal, administrative, or benefits consulting provider? Yes No If Yes, attach the name of each organization used, the service they provide, and the **Plans** for which services are provided.

3. PLAN STRUCTURE

(a) Is any **Plan** a multiemployer or multiple employer plan? Yes No If Yes, attach a list of all such **Plans**.

(b) Has any **Plan** requested or considered filing a request for termination? Yes No If Yes, attach full details for each such **Plan**. If Yes, has the Applicant received approval from the Department of Labor for such termination? Yes No N/A If No, attach full details.

(c) In the past two (2) years, has there been any amendment to any **Plan** that has resulted in or may result in any change or reduction of **Benefits**? Yes No If Yes, attach details of the amendment.

(d) Has any **Plan** or portion of any **Plan** been sold, transferred, or terminated? Yes No If Yes, attach the date of sale or termination, whether assets have been fully distributed or reverted to a party other than the **Plan** participants and name of annuity provider if **Benefits** have been secured by annuities.

(e) In the last twelve (12) months, has there been, or is there now under consideration, any merger, acquisition, restructuring, or consolidation of or by the Applicant that has resulted in or may result in **Plan** participants transferring to another **Plan**, company, or **Subsidiary**? Yes No If Yes, attach full details.

(f) Has the Applicant converted any **Plan** to a cash balance **Plan**? Yes No If Yes, attach full details, including the DB **Plan** name(s).

4. DEFINED BENEFIT (DB) PLAN FUNDING

- (a) Are all DB **Plans** adequately funded in accordance with applicable law and attested as such by an actuary?
 Yes No If No, attach full details, including the DB **Plan** name(s) and date on which funding will be achieved.
- (b) Are there any overdue employer contributions for any DB **Plan** or has a waiver of contributions been requested? Yes No If Yes, attach complete details including the DB **Plan** name(s) and the amount of any overdue employer contributions.
- (c) Has the Applicant converted any DB **Plan** to a cash balance **Plan** within the previous twelve (12) months or have plans to do so within the next twelve (12) months? Yes No If Yes, attach full details, the DB **Plan** name(s) and date of conversion.

5. EMPLOYEE STOCK OWNERSHIP PLAN (**ESOPS**)

- (a) Date **ESOP** established: _____
- (b) Were shares acquired with borrowed money? Yes No If Yes, please provide the name of the institution providing financing: _____
- (c) Does anyone guarantee the financing of the **ESOP**? Yes No If Yes, please provide the terms of the **ESOP** financing and repayment schedule: _____

- (d) Who votes the shares of the **ESOP**? _____
- (e) How are the shares divested in the event of retirement or participant termination? _____

- (f) What percentage does the **ESOP** currently own of the **Insured Organization's** common stock? _____

(g) Please complete the chart below:

As of Date	Total company common stock shares outstanding	Total shares owned by ESOP	% of company common stock owned by ESOP
ESOP Establishment			%
Last Year			%
Current Year			%

(h) PLEASE ATTACH A COPY OF THE LATEST INDEPENDENT APPRAISAL DONE ON COMPANY STOCK.

6. PAST ACTIVITIES

- (a) Has there been or is there now any **Claim** against the Applicant arising out of any **Plan**? Yes No
 If Yes, attach full details.
- (b) Has there been any assessment of IRS Voluntary Disclosure Program penalties against any **Plan**?
 Yes No If Yes, attach full details.
 - (i) Latest CPA audited financials for each of the five (5) largest pension **Plans** (in terms of total assets), with investment portfolios. If **Plan** assets are held in a master trust, submit the master trust investment portfolio. If audited financials are not available, submit the most recent 5500s for the **Plan**.
 - (ii) Latest CPA audited financials for any **Plan** designed to invest primarily in employer securities or which invests more than ten percent (10%) of **Plan** assets in employer securities.
 - (iii) Written **Plan** description and latest financial statements, if applicable, for any non-qualified **Plans**.

APPENDIX IV

(Complete this section if applying for Crime Insurance)

1. DESCRIPTION OF OPERATIONS

Check all functions performed by the Applicant and attach an explanation of such functions:

- | | |
|---|---|
| <input type="checkbox"/> Trading | <input type="checkbox"/> Transporting or Storing High Value Material for Others |
| <input type="checkbox"/> Extending Credit | <input type="checkbox"/> Leasing |
| <input type="checkbox"/> Issuing Warehouse Receipts | <input type="checkbox"/> Storing Customer Credit Card Information |

2. COVERAGE REQUESTED

Check all coverages for which the Applicant is applying and indicate the Limits and Retention requested:

Coverage	Limits Requested:	Retention Requested:
<input type="checkbox"/> Employee Theft	\$	\$
<input type="checkbox"/> Forgery or Alteration	\$	\$
<input type="checkbox"/> On Premises Theft	\$	\$
<input type="checkbox"/> In Transit Theft	\$	\$
<input type="checkbox"/> Money Orders and Counterfeit Currency Fraud	\$	\$
<input type="checkbox"/> Computer Fraud and Funds Transfer Fraud	\$	\$
<input type="checkbox"/> Credit Card Coverage	\$	\$
<input type="checkbox"/> Client Coverage	\$	\$
<input type="checkbox"/> Expense Coverage	\$	\$

3. LOCATIONS AND EMPLOYEES

(a) Please complete the chart below:

Location	Number of Locations	Sales or Revenues	Number of Class 1 Employees*	Number of all other Employees
U.S.		\$		
Canada		\$		
Other		\$		
Total		\$		

(*Class 1 **Employees** include management positions and other **Employees** who have access to **Money, Securities or Property**)

(b) Are new **Employees** given background checks which may include prior employment, criminal history, or drug testing? Yes No

4. FOREIGN OPERATIONS:

If the Applicant has operations outside the U.S. or Canada, please list below:

Country	Number of Employees	Number of Locations	Type of Operations	Total Revenue from Country
				\$
				\$
				\$

5. AUDIT CONTROLS:

(a) EXTERNAL AUDIT

- (i) Does an independent CPA audit the Applicant's books at least annually? Yes No If Yes, indicate the name of the CPA in the space here below and attach a complete copy of the most recent annual audited financial statement. _____. If No, please attach an explanation.
- (ii) Does the audit include a review of the EDP Department? Yes No If No, please attach an explanation.
- (iii) Is the audit complete and unqualified? Yes No If No, please attach an explanation.
- (iv) Are all locations and entities audited? Yes No If No, please attach a description of the extent of the audit.
- (v) Has the Applicant changed Certified Public Accountants (CPAs) in the past three (3) years? Yes No If Yes, please attach an explanation.
- (vi) Does the Applicant's CPA provide a Management Letter? Yes No If Yes, please attach a copy of and the Applicant's response to the most recent letter.

(b) INTERNAL AUDIT

- (i) Is there an Internal Audit Department responsible for the oversight and review of internal audit programs for all of the Applicant's business operations, including the EDP Department? Yes No If No, please attach an explanation of how this function is fulfilled.
- (ii) How many people are employed in the Internal Audit Department? _____
- (iii) Does the Internal Audit Department report directly to the Board of Directors? Yes No
- (iv) How often are full internal audits made of all locations? _____
- (v) Does the internal audit include a review of the EDP Department? Yes No If No, please attach an explanation of how this function is fulfilled.

6. INVENTORY CONTROL

- (a) Is a complete inventory made with a physical check of stock and equipment? Yes No If Yes, (i) by whom and (ii) how often? (i) _____ (ii) _____
- (b) Does such inventory include all locations? Yes No
- (c) Please check any of the following characteristics or exposures that apply to the Applicant's operations:
 - Precious metals or gemstones
 - Warehouse operations
 - Care, custody and control of **Client's** property
 - Employee credit cards
 - Cash exposure greater than the deductible
 - Active participation in more than one industry
 - Narcotics
 - Proprietary credit card operation
 - Joint Ventures
 - High unit value, portable inventory
 - Private collections of art or collectibles

7. ACCOUNTS PAYABLE CONTROLS

- (a) Do all requisitions and purchase orders require the prior approval of authorized personnel? Yes No If No, please attach an explanation.

- (b) Do purchase orders require next level of approval? Yes No If No, please attach an explanation.
- (c) Can purchase order requestors approve their own requests? Yes No If Yes, please attach an explanation.
- (d) What dollar amount requires senior management to approve a purchase order? \$_____
- (e) Do expense reimbursements require original receipts for expenses before reimbursement? Yes No If No, please attach an explanation.
- (f) Do expenses reimbursements require management approval at the next level? Yes No If No, please attach an explanation.
- (g) Are all disbursements system generated? Yes No If No, please attach an explanation of controls surrounding manual check issuance.

8. BANK ACCOUNT CONTROL

- (a) Do **Employees** who reconcile monthly bank statements also:

Sign checks? Yes No

Handle deposits? Yes No

Have access to check signing machines or signature plates? Yes No

- (b) If any answer above is Yes, will the Applicant correct the weakness? Yes No

- (c) Is countersignature of checks required? Yes No If Yes, over what limit? \$_____

9. COMPUTER CONTROL

- (a) Are pre-authorized controls maintained for all programmers and operators? Yes No
- (b) Are the duties of programmers and operators separated? Yes No
- (c) Is the output reconciled by persons who do not prepare or process output? Yes No
- (d) Do audit practices include "tests" to detect unauthorized programming changes? Yes No
- (e) Are computerized check writing operations segregated from departments that authorize checks? Yes No

10. VENDOR CONTROLS

- (a) Does the Applicant have procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list? Yes No
- (b) Does the Applicant allow the same person who verifies the existence of vendors to also edit the authorized master vendor list? Yes No
- (c) Is the master vendor list verified annually by the Applicant's internal or external audit department to check for fraudulent vendors? Yes No
- (d) Are supplier's invoices matched with related purchase orders, receiving reports, and authorized vendor lists for review prior to each cash disbursement? Yes No If No, please attach a description of procedures followed.

- (e) Are purchases received at the home office or picked up at the vendor reconciled to corresponding purchase requisitions by an **Employee** independent of the purchasing? Yes No If No, please attach an explanation.

11. FUNDS TRANSFER CONTROLS

- (a) What is the total annual value of all funds transfers? \$ _____
- (b) What is the average value of a transfer? \$ _____
- (c) Are there specific arrangements with banks, as to the Applicant's **Employees** authorized to:
- | | | |
|--------------------------------|------------------------------|-----------------------------|
| Transfer funds? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Request changes to procedures? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Obtain records? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
- (d) Are all banks required to authenticate the identity of the caller before acting upon the instructions? Yes No If Yes, how is this achieved? _____
- (e) Are all banks required to confirm funds transfer transactions in writing within twenty-four (24) hours? Yes No
- (f) Are there independent checks of funds transfer records by staff not authorized to handle/instruct such transfers? Yes No
- (g) Please attach a description of the internal controls which assure that fraudulent instructions cannot be given to any bank by persons either with or without authority to give genuine instructions.

12. CLIENT SERVICES (Answer only if applying for Client Coverage)

- (a) Please fully describe the services that the Applicant provides for **Clients** at the **Clients'** locations, including but not limited to, accounting, payroll, or purchasing services: _____
- (b) What are the estimated annual revenues generated from these operations? \$ _____
- (c) Do **Employees** have access to **Client's Money, Securities, or Property**? Yes No If Yes:
- (i) What is the value thereof? \$ _____
- (ii) Describe the security procedures used to limit theft: _____
- (d) State the number of **Employees** engaged in the services outlined in Question 12(a) above? _____
- (e) Does the Applicant have written contracts with **Clients** concerning the services outlined in Question 12(a) above? Yes No If Yes, please attach copies of the contracts.
- (f) At what hours do **Employees** perform these services? _____
- (g) Describe the supervision these **Employees** receive from both the Applicant and the **Client**: _____
- (h) Are **Client** supervisors of your **Employees** rotated by the **Client**? Yes No

- (i) Do **Employees** have access to **Clients'** computer and/or security systems? Yes No If Yes, please provide details of the work performed and any security procedures used to limit theft.
- (j) Do **Employees** have access to **Clients'** payroll and/or accounting departments or similar departments? Yes No If Yes, please provide details of the work performed and any security procedures used to limit theft.

13. SECURITIES

- (a) State the value of negotiable owned or held **Securities**. If none, please write "None" here: _____
- (b) Where are **Securities** kept? _____
- (c) If safe deposit boxes are used, has the bank been instructed to require two (2) individuals to be present before entry to any box is permitted? Yes No If No, identify by name and position those having access:

14. PRECIOUS METALS OR HIGH VALUE PROCESSING MATERIALS

Is there an exposure of precious metals or stones (such as gold, silver, copper, platinum, industrial diamonds, computer chips or similar high-valued materials)? Yes No If Yes, please attach a list of exposures, identify each location, describe security controls, and state a maximum value at each location.

15. EMPLOYEE BENEFIT PLANS

Attach a separate sheet listing the name of each **Employment Benefit Plan** required to be bonded by Title 1 of the Employee Retirement Income Security Act (ERISA) for which coverage is requested. If no plans are to be covered, please check this box:

16. MONEY, SECURITIES, AND PAYROLL EXPOSURES

- (a) Indicate the maximum amount of **Money**, checks, and **Securities** at any one location and transported from any one location by a method other than an armored motor vehicle?

	At any one location	Transported by means other than an armored motor vehicle
Money:	\$	\$
Checks:	\$	\$
Securities	\$	\$

- (b) At locations where **Money** or **Securities** are kept, are they kept in a fire protected safe? Yes No
If Yes, do the safes have central station alarm systems? Yes No
- (c) Does the Applicant utilize any night watchman or security services? Yes No

17. PREVIOUS CRIME LOSSES

Provide the following information for any loss discovered during the past five (5) years which involved or potentially involved a peril of the type covered by proposed insurance. If none, please write "None" here: _____

Description of Loss	Date Discovered	Amount of Loss	Deductible at Time of Loss	Location, if other than Main Office
		\$	\$	

		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	