



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

**NOTICE: THE LIABILITY COVERAGE SECTIONS OF POWER SOURCE<sup>SM</sup> PROVIDE CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD," OR ANY APPLICABLE EXTENDED REPORTING PERIOD. EXCEPT TO THE EXTENT OTHERWISE PROVIDED, THE LIMIT 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 DEDUCTIBLE AMOUNT. READ THE ENTIRE APPLICATION CAREFULLY BEFORE SIGNING.**

**APPLICATION INSTRUCTIONS**

Whenever used in this Application, the term "**Applicant**" shall mean the Parent Corporation and all subsidiaries, unless otherwise stated.

**I. NAME, ADDRESS AND CONTACT INFORMATION:**

1. Name of **Applicant**: \_\_\_\_\_
2. Address of **Applicant**: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Telephone: \_\_\_\_\_
3. Name and Address (if different than above) of Primary Contact (Executive Officer authorized to receive notices and information regarding the proposed policy):  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 Address \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_
4. For Employment Practices Loss Prevention eligibility, indicate the individual responsible for human resources or employment law matters:  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 E-Mail Address: \_\_\_\_\_ Telephone: \_\_\_\_\_

**II. SPECIFIC INFORMATION:**

5. Please indicate below which coverages are being requested and complete supplemental applications if required.

Application	Coverage Included	Limit of Liability Requested
<input type="checkbox"/> <b>Power Source Application</b>	<input type="checkbox"/> Directors and Officers Liability <input type="checkbox"/> Employment Practices Liability <input type="checkbox"/> Fiduciary Liability <input type="checkbox"/> Crime <input type="checkbox"/> Kidnap/Ransom and Extortion	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
<input type="checkbox"/> <b>Supplemental Applications</b> (required if these coverages are selected)	<input type="checkbox"/> Workplace Violence Expense <input type="checkbox"/> Miscellaneous Professional Liability <input type="checkbox"/> Internet Liability	\$ _____ \$ _____ \$ _____

6. State of incorporation: \_\_\_\_\_ Date established: \_\_\_\_\_
7. Nature of the **Applicant's** business: \_\_\_\_\_  
 \_\_\_\_\_
8. Does the **Applicant** have any subsidiaries for which coverage is requested?  Yes  No  
 If "Yes", please attach a list of these entities and indicate nature of business for each.



9. Please complete the following information for the current year:  
 Total employees: \_\_\_\_\_ Annual revenues: \_\_\_\_\_
10. In the next 12 months (or during the past 18 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing):
- (a) Any merger, acquisition, or divestment?  Yes  No
  - (b) Any change in outside auditors?  Yes  No
  - (c) Any reorganization or arrangement with creditors under federal or state law?  Yes  No
  - (d) Any branch, location, facility, office, or subsidiary closings, consolidations or layoffs?  Yes  No
- If the **Applicant** answered "Yes" to any part of Question 10, please attach an explanation.
11. Does the **Applicant** perform any professional services for a fee?  Yes  No  
 If "Yes", please attach an explanation.
12. Has the **Applicant** given notice of any claim, circumstance or potential claim to any insurer under any of the coverages to which this application relates?  Yes  No  
 If "Yes", please attach a full explanation of the claim, circumstance, or potential claim.

**DIRECTORS AND OFFICERS LIABILITY INFORMATION**

13. Total assets (for the current year): \_\_\_\_\_
14. Does the **Applicant** act as a general partner or partnership manager?  Yes  No  
 If "Yes", please describe: \_\_\_\_\_
15. Does the **Applicant** participate in any joint ventures?  Yes  No  
 If "Yes", please attach a list of these entities and indicate nature of business and percent of ownership held by **Applicant** for each.
16. In the next 12 months (or during the past 18 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing) any public or private offering of securities?  Yes  No  
 If "Yes", please attach a full description with details.
17. Has the **Applicant** or any person proposed for coverage been the subject of, or been involved in, any of the following during the past five years:
- |  | <u>Organization</u>                                      | <u>Persons</u>   |
|--|--|--|
| (a) Anti-trust, copyright or patent litigation?  | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (b) Civil, criminal or administrative proceeding alleging violation of any federal or state securities laws? | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (c) Any other criminal actions?  | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (d) Any action for suspension or revocation of a license or for any professional disciplinary sanction?      | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
- If the **Applicant** answered "Yes" to any of the above in Question 17, attach a full description of the details.
18. Other than those identified in your response to Question 17, has any claim been brought at any time during the last 5 years against (i) any **Applicant** or (ii) any proposed insured individual in his or her capacity as a director or officer of any entity?  Yes  No  
 If "Yes" please attach a full description of the details.



19. Please complete the following information:

Names of Director or Officer Shareholders	Voting Shares Owned
	%
	%
	%
Shareholders (include individual and corp. names) who are both non-directors and non-officers owning 5% or more of voting shares	Voting Shares Owned
	%
	%

Please identify any family relationships among the individuals listed above:

-----

**EMPLOYMENT PRACTICES INFORMATION**

20. Employee count
- |  | Current year | Previous year |
|--|--------------|---------------|
| (a) Full time employees:                                 | -----        | -----         |
| (b) Part time employees (include leased and seasonal):   | -----        | -----         |
| (c) Number of employees located in California:           | -----        | -----         |
| (d) Number of locations that have 400 or more employees: | -----        | -----         |
| (e) Number of independent contractors:                   | -----        | -----         |
21. Does the **Applicant**:
- (a) Have written procedures in place regarding:
- |  |  |
|--|--|
| (i) Equal Opportunity Employment:                                | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (ii) Anti-Discrimination:  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (iii) Anti-Sexual Harassment:                                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (iv) Employment at Will:   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (v) Progressive Discipline:                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (vi) Handling complaints of sexual harassment or discrimination: | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (vii) ADA accommodations   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
- (b) If the **Applicant** answered "No" to any of the above in Question 21, please attach a full explanation.
22. During the past 3 years, has any **Applicant** in any capacity, been involved in any of the following matters?
- |  |  |
|--|--|
| (a) EEOC, NLRB or other similar administrative proceeding? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (b) Employment-related civil suit?                         | <input type="checkbox"/> Yes <input type="checkbox"/> No |
- If "Yes" to either of the above in Question 22, please attach a full description of the details.

**Additional Questions for Applicants with 500 or More Employees:**

23. Does the **Applicant**:
- |  |  |
|--|--|
| (a) Distribute and document the receipt of its employee handbook to all employees?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (b) Have written procedures in place that are distributed to each employee if the <b>Applicant</b> does not have an employee handbook? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (c) Use any tests to screen <b>Applicants</b> or employees for continued employment or promotion?<br>If "Yes", please describe: _____  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (d) Review all terminations with human resources and in-house or outside counsel?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (e) Have a full-time human resources manager or department?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |



- (f) Is face-to-face training regarding anti-discrimination and anti-sexual harassment policies and procedures conducted by:
- (i) In-house human resource staff?  Yes  No
- (ii) An outside vendor?  Yes  No
- If "No" to both of the above in Question 23(f), please attach an explanation.

24. **To be completed only if the Applicant is or has been a federal contractor:**
- (a) Does the **Applicant** currently have an Affirmative Action Plan in place?  Yes  No  
 If "No", please attach an explanation.
- (b) Has the **Applicant** been subject to an OFCCP audit?  Yes  No  
 If "Yes", please attach an explanation including full details of any resultant conciliation and/or settlement with the OFCCP, and attach copies of any settlement documents.

**OPTIONAL THIRD PARTY LIABILITY COVERAGE**

25. Does the **Applicant** have established policies and procedures:
- (a) Outlining employee conduct when dealing with third parties, including non-discrimination and non-harassment statements?  Yes  No
- (b) For responding to complaints of harassment, discrimination or civil rights violations from third parties?  Yes  No
26. What percentage of the **Applicant's** employees work at customer locations or perform a majority of their functions off-site? \_\_\_\_\_%
27. Has the **Applicant** ever had any action or civil suit brought against them by a customer, client or third party alleging harassment, discrimination, or civil rights violations?  Yes  No  
 If "Yes" please attach a full description of the details.

**FIDUCIARY LIABILITY COVERAGE INFORMATION**

28. Please list the names and types of **Applicant's** employee benefits plan(s). Attach additional pages if needed.

Plan names (Do not include health & welfare plans)	Plan assets (current year)	Type of plan*	Underfunded by more than 25%? (DB only)	Number of plan participants

\* Defined Contribution (DC), Defined Benefit (DB), Employee Stock Ownership (ESOP), Excess Benefit or Top Hat (EBP)

29. Does the **Applicant** handle any investment decisions in-house?  Yes  No  
 If "Yes," please describe: \_\_\_\_\_
30. In the past two (2) years, has the **Applicant** merged or terminated any plan(s)?  Yes  No  
 If "Yes", please attach details including transaction date, status of asset distribution, whether similar benefits are being offered, and name of insurance carrier if terminated plan benefits are secured by insurance.



31. Are any plans NOT in compliance with plan agreements or ERISA?  Yes  No  
 If "Yes," please describe: \_\_\_\_\_
32. Past activities:
- (a) Has any fiduciary been:
- (i) accused, found guilty or held liable for a breach of trust?  Yes  No
- (ii) convicted of criminal conduct?  Yes  No
- (b) Has there been any assessment of fees, fines or penalties under any voluntary compliance resolution program or similar voluntary settlement program administered by the IRS, DOL or other government authority against any plan?  Yes  No  
 If "Yes" to any of the above in Question 32, please attach a full description of the details.

**CRIME COVERAGE INFORMATION**

33. Does the **Applicant**:
- (a) Allow the employees who reconcile the monthly bank statements to also sign checks or handle deposits?  Yes  No
- (b) Does an independent CPA provide a Management Letter to the **Applicant**?  Yes  No  
 If "Yes", please attach the most recent copy and management's response to the letter.
34. Does an annual external audit include all subsidiaries and joint ventures?  Yes  No
35. Do the **Applicant's** external audits include all of its locations?  Yes  No  
 If "No", please explain \_\_\_\_\_
36. (a) How often does the **Applicant** perform a physical inventory check of stock and equipment? \_\_\_\_\_
- (b) Who performs these reconciliations? \_\_\_\_\_
37. Does the **Applicant** conduct perpetual inventory of stock, including raw materials/manufactured or purchased goods/scrap maintained?  Yes  No
38. Number of foreign locations: \_\_\_\_\_ and countries \_\_\_\_\_
39. Are international and domestic purchasing, inventory and payable procedures and controls consistent?  Yes  No  
 If "No", please attach an explanation.
40. Does the **Applicant** perform pre-employment reference checks for all its potential employees?  Yes  No  
 If "No", please attach an explanation.

**Client Services**

41. Please describe the services the **Applicant** provides for clients: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
42. Do any of the **Applicant's** clients require the **Applicant** to carry crime insurance or to be bonded?  Yes  No  
 If "Yes", please explain and specify amount \_\_\_\_\_



**LOSS EXPERIENCE**

43. List all employee theft, forgery, computer fraud or other crime losses discovered by the **Applicant** in the last 5 years, itemizing each loss separately. Include date of loss, description and total amount of loss. (Attach additional pages if necessary.) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**ADDITIONAL QUESTIONS FOR APPLICANTS WITH MORE THAN \$250,000,000 IN ANNUAL REVENUES**

44. Does the **Applicant**:
- (a) Maintain a list of authorized vendors?  Yes  No
  - (b) Have a procedure in place to verify the existence and ownership of new vendors prior to adding them to the authorized master vendor list?  Yes  No
  - (c) Allow the same individual who verifies the existence of vendors to also have the authority to edit the authorized master vendor list?  Yes  No
  - (d) Verify invoices against a corresponding purchase order, receiving report and the authorized master vendor list prior to issuing payment?  Yes  No
  - (e) Strictly comply with dual recorded authorization for all outgoing wire transfers?  Yes  No

**KIDNAP/RANSOM & EXTORTION COVERAGE INFORMATION**

45. Please complete the following information regarding the foreign travel of the **Applicant's** employees:

Countries Visited	Number of annual trips	Average stay	Number of employees

46. Describe the **Applicant's** security precautions taken for foreign travel: \_\_\_\_\_  
 \_\_\_\_\_

**CURRENT INSURANCE INFORMATION**

47. If the **Applicant** is applying for any Liability Coverage Sections, please complete the following table:
- Indicate those coverages currently purchased; and
  - Attach a copy of all applications submitted to the current insurer or any prior insurers.

**IMPORTANT:** The Company will rely upon the declarations and statements contained in any prior application(s) and the **Applicant** understands and agrees that those declarations and statements will be incorporated into any Power Source policy issued by the Company.

Liability Coverage Sections	The Applicant currently purchases this coverage		Current limit of liability	Current insurer
	Yes	No		
Directors & Officers Liability			\$	
Corporate (Entity) Liability			\$	
Employment Practices Liability			\$	
Fiduciary Liability			\$	



**III. REPRESENTATION: PRIOR KNOWLEDGE OF FACTS/CIRCUMSTANCES/SITUATIONS**

48. The **Applicant** must complete the prior knowledge statement below:

- If the **Applicant** answered "No" to any Liability Coverages listed above; or
- If the **Applicant** is requesting larger limits than are currently purchased, as indicated in question 5 in the SPECIFIC INFORMATION section of this Application form.

The statement applies to those coverage types for which no coverage is currently maintained; and any larger limits of liability requested.

No 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 any of the proposed coverages for which the **Applicant** does not currently maintain insurance, or within any of the larger limits of liability sought by the **Applicant**, except: None  or \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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 this Question 48, any claim or action arising from such fact, circumstance, or situation is excluded from coverage under the proposed policy, if issued by the Company.

**IV. 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.

**V. 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 Louisiana, Maryland, 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, Maine, Tennessee and Virginia 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 Florida and 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 (in Oklahoma) or a felony of the third degree (in Florida).

**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 material fact thereto, commits a fraudulent insurance act which is a crime.

**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 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 shall also be subject to criminal and civil penalties.

This Application must be signed by the Chief Executive Officer and Chief Financial Officer of the Parent Corporation acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

<i>Date</i>	<i>Signature</i>	<i>Title</i>
_____	_____	Chief Executive Officer
_____	_____	Chief Financial Officer

**Please attach a copy of the following for every Applicant seeking coverage:**

- Most recent CPA prepared financial statements
- Most recent CPA Letter to Management and management's response (if this Letter is not issued, so indicate)
- Directors and Officers Liability: include all applicable offering memoranda
- Fiduciary Liability: if **Applicant** has an ESOP, include most recent stock valuation report
- Employment Practices Liability: **Applicants** with 500 or more employees:
  - Employee handbook
  - Employment application form
  - Most recent EEO-1
  - Third party policies and statements, if requesting such coverage
- Workplace Violence Supplementary Application, if this coverage is requested
- Miscellaneous Professional Liability Application, if this coverage is requested
- Internet Liability Application, if this coverage is requested

Produced By: Agent: \_\_\_\_\_ Agency: \_\_\_\_\_

Agency Taxpayer ID or SS No.: \_\_\_\_\_ Agent License No.: \_\_\_\_\_

Address (Street, City, State, Zip): \_\_\_\_\_