



www.CoverX.com

Producer: _____

Address: _____

Telephone: _____

Fax: _____

Email: _____

Proposed Effective Date: _____

If Renewal, Provide Current Policy No.: _____

SOUTHFIELD
29621 NORTHWESTERN HIGHWAY
SOUTHFIELD, MICHIGAN 48034
(248) 358-4010 Telephone
(248) 358-2459 Fax

BOSTON
(617) 426-6262 Telephone
(617) 426-8488 Fax

IMPORTANT – TO BE COMPLETED BY PRODUCER WHO WILL HANDLE THE SURPLUS LINES TRANSACTION(S). Resident or Non-Resident Surplus Lines Licensee Information for Applicant's State of Domicile:

SL License State: _____

SL License No.: _____

SL License Expiration Date: _____

SL Licensee Name: _____

Affiliation with Producer (e.g., Owner, Executive Officer, Employee): _____

SL Licensee Agency Name (if Entity License): _____

LIMITS OF PROFESSIONAL LIABILITY INSURANCE REQUESTED

\$1,000,000 \$2,000,000 \$3,000,000 \$4,000,000 \$5,000,000

DEDUCTIBLE LIMIT REQUESTED

\$10,000 \$15,000 \$20,000 \$25,000 Other _____

Directors and Officers and Private Company Liability Insurance Application

Instructions to the Applicant:

1. Please answer all questions completely. Your answers will be used to make important underwriting and pricing decisions and are considered legally material to all decisions made by us.
2. The application and any supplemental documents must be signed and dated by an authorized person of the prospective applicant to be insured.
3. Please attach your most recent unaudited interim financial statements.
4. Please attach a copy of your most recent business plan and corporate by-laws.
5. Please attach any summary documents and status reports of any litigation filed within the last (24) months filed by you or against you or any person in your organization that could be relevant to this insurance.
6. Please attach your most recent audited financial statements including notes and schedules.

Important to Note: This is an application for a Claims Made and Reported policy. It will apply only to claims first made during the policy period and reported to us within 60 days after the expiration of the policy period or during any applicable extended reporting period. Claims expenses are included within the limits of liability and deductible amount. The Company shall not be liable for any Defense Costs or the amount of any settlement or judgments or pay any damages upon the exhaustion of the applicable limit.

GENERAL INFORMATION

- 1. Applicant Legal Name: _____
- 2. Principal Business Address: _____
City: _____ State _____ Zip: _____
- 3. State and Date of Incorporation _____
- 4. Website address: _____
- 5. Nature of Business _____

BUSINESS INFORMATION.

- 6. Have any mergers, acquisitions, tender offers or divestitures been completed in the last 3 years? **YES** **NO** If yes, please complete the following:

<u>NAME</u>	<u>NATURE OF BUSINESS</u>	<u>STATE/COUNTRY OF INCORPORATION</u>	<u>% OWNED</u>	<u>TRANSACTION DATE</u>
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- 7. Are any significant changes (i.e. would involve more than 50% of the applicant's total assets) in the applicant's business operations or size expected over the next 12 months including any current or expected merger, consolidation, sale, purchase, spin off, tender offers divestitures, acquisitions, lay offs (greater than 20% of the workforce), reduction in force, or subsidiary or facilities closing?
 YES **NO** If yes, please explain:

- 8. Did any significant changes (i.e. involved more than 50% of the applicant's total assets) in the applicant's business operations or size occur in the past 12 months, including any current or expected merger, consolidation, sale, purchase, spin off, tender offers divestitures, acquisitions, lay offs (greater than 20% of the workforce), reduction in force, or subsidiary or facilities closing?
 YES **NO** If yes, please explain:

- 9. Complete for all current subsidiaries, affiliates, parent corporations not included above:

<u>NAME</u>	<u>NATURE OF BUSINESS</u>	<u>STATE/COUNTRY OF INCORPORATION</u>	<u>PERCENT OWNED</u>	<u>DATE ACQUIRED</u>
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17. Have the applicant and all subsidiaries adopted corporate governance standards pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), or the state or local equivalents of such statutes?

YES NO

18. Does the applicant and all subsidiaries have a SOX officer or if one is not required, a chief compliance officer or equivalent position charged with implementing corporate governance standards?

YES NO If yes, please explain.

19. Does the applicant's board have any of the following Committees? Check all that apply.

Compensation Audit Nominating Governance Other _____

20. How often do board members meet? 3X year Quarterly Other _____

21. Does the applicant's board participate in any risk management programs or protocols to mitigate their liability in their capacity as board members and officers of the company.

YES NO If yes, please explain.

FINANCIAL INFORMATION

23. Please provide number of senior management employees and salary range.

24. Please provide the applicants and its subsidiaries financial information for the most recent 3 years as follows:

<u>Year</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenues</u>	<u>Net Income/Loss</u>	<u>Cash Flow from Operations</u>
Current	_____	_____	_____	_____	_____
Prior Year	_____	_____	_____	_____	_____
Next Prior Year	_____	_____	_____	_____	_____

25. Within the last 3 years, has the applicant or its subsidiaries, affiliates or parent company completed or agreed to any registration for a public debt or equity offering or any private placement of debt or equity securities? Are any such transactions anticipated during the coming year?

YES NO If yes, please explain.

26. In the last 3 years, has the applicant reorganized or filed for bankruptcy or receivership under federal or state law?

YES NO If yes, please explain.

27. Is the applicant currently, or has it at any time over the last year, actually or allegedly been in breach or violation of any debt covenant or loan agreement or any other material contractual obligation? YES NO If yes, please explain.

28. Has the applicant or subsidiaries changed auditors within the last 3 years? **YES** **NO** If yes, please explain.

29. Total number of voting shares outstanding _____
Total number of voting shareholders _____

30. Do any shareholders hold greater than 5% of all voting shares whether directly or beneficially? **YES** **NO**
If yes, please identify those shareholders and indicate percentage of shares held.

CLAIMS HISTORY

31. Has the applicant or any director, officer or other proposed insured given written or oral notice under any current or prior D&O (or any other policy) of facts or circumstances which may result in a claim. Is the applicant or any director, officer or other proposed insured aware of any fact or circumstance which may reasonably be expected to lead to a claim or potential claim which may fall within the scope of this insurance coverage?
 YES **NO** If yes, please explain. Include names of potential claimants, nature of allegations and amount demanded.

32. Please indicate the name of the applicant's law firm(s) or general counsel used for contractual issues, claims issues, litigation, and dispute resolutions.

33. Has the applicant, any of its subsidiaries or any director or officer:
- a. been involved in any representative actions, class actions or derivative suits? **YES** **NO**
 - b. been charged in any civil or criminal action or administrative proceeding with a violation of any federal or state securities law or regulation? **YES** **NO**
 - c. been subject to any disciplinary actions or regulatory investigations or any other civil or criminal action or administrative proceeding? **YES** **NO**
 - d. Wage and Hour Claims? **YES** **NO**

If **YES**, please explain with dates of suits/proceedings, case caption, venue, final resolutions, and payments (if any) including cost of defense, damages, and settlement. Did insurer respond? Are there matters currently open?

34. Please list all claims from the past 3 years that would potentially have fallen within the scope of this insurance if it had been in effect during that time period:

DATE OF CLAIM	DESCRIPTION OF CLAIM	PAID LOSS	PAID EXPENSE Indicate who paid	AMOUNT OUTSTANDING/ RESERVED	OPEN (O) OR CLOSED (C) CLAIM

It is agreed and understood that any policy issued shall not provide coverage for any claim, fact, or action arising from any alleged act, error or omission which may be afforded insurance or is now known by any person(s) or entity(ies) of the applicant. This exclusion from coverage set forth in the prior sentence includes any claim, fact or action under a policy currently in force whether or not disclosed in this application.

Fraud Warning

General Notice*

WARNING: 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 purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

AR NOTICE TO ARKANSAS 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.

AZ NOTICE TO ARIZONA APPLICANTS: For your protection Arizona law requires the following statement to appear on this form. "Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties."

CO 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 claiming with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

DC 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.

- FL **NOTICE TO FLORIDA APPLICANTS:** Any person who knowingly and with intent to injure, defraud, or deceive any insurance company files a statement of claim containing any false, incomplete or misleading information is guilty of a felony of the third degree.
- HI **NOTICE TO HAWAII APPLICANTS:** For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.
- KY **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.
- LA **NOTICE TO LOUISIANA 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.
- ME **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 denial of insurance benefits.
- MD **NOTICE TO MARYLAND APPLICANTS:** Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
- NJ **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.
- NM **NOTICE TO 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.
- OK **NOTICE TO OKLAHOMA APPLICANTS:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
- OR **NOTICE TO OREGON APPLICANTS:** Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
- PA **NOTICE TO PENNSYLVANIA APPLICANT:** 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.
- TN **NOTICE TO TENNESSE 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.
- VA **NOTICE TO 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 include imprisonment, fines and denial of insurance benefits.
- WA **NOTICE TO 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.
- WV **NOTICE TO WEST VIRGINIA 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.
- NY **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.

SIGNATURES AND ACKNOWLEDGEMENTS:

THE SIGNING OF THIS APPLICATION DOES NOT BIND THE UNDERSIGNED TO PURCHASE INSURANCE, NOR DOES REVIEW OF THE APPLICATION BIND THE INSURER TO ISSUE A POLICY. IT IS AGREED, HOWEVER, THAT THIS APPLICATION AND THE ACCOMPANYING MATERIALS WERE RELIED UPON BY THE INSURER AND SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED AND IT WILL BE ATTACHED TO AND MADE A PART OF THE POLICY.

THE UNDERSIGNED AUTHORIZED OWNER, PARTNER, DIRECTOR OR OFFICER REPRESENTS AND WARRANTS ON BEHALF OF THE APPLICANT INSURED AND ALL PERSONS / ENTITIES FOR WHOM INSURANCE IS BEING SOUGHT THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER DILIGENT INQUIRY, THE STATEMENTS SET FORTH HEREIN AND ATTACHED HERETO ARE TRUE. IT IS UNDERSTOOD THAT THE STATEMENTS IN THIS APPLICATION, INCLUDING MATERIALS SUBMITTED TO OR OBTAINED BY THE UNDERWRITER ARE MATERIAL TO THE ACCEPTANCE OF THE RISK, AND RELIED UPON BY THE UNDERWRITER.

THE APPLICANT REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED IN THIS APPLICATION IS TRUE, CORRECT AND COMPLETE AND DOES NOT CONTAIN ANY UNTRUE STATEMENT OR OMIT INFORMATION NECESSARY TO MAKE THE INFORMATION PROVIDED HEREIN NOT MISLEADING. THE APPLICANT FURTHER REPRESENTS AND WARRANTS THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE TIME WHEN THE POLICY IS ISSUED, THE APPLICANT WILL IMMEDIATELY NOTIFY THE INSURER OF SUCH CHANGES AND THE INSURER MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATIONS OR AGREEMENTS TO BIND THIS COVERAGE.

SIGNED BY: (Must be signed by an Owner, Partner, Director or Officer of the Named Insured)

Signature of Applicant

Printed Name

Date: _____

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: www.insurance.ca.gov.**
- 5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.**
- 6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.**

Date: _____
Insured: _____