



APPLICATION FOR EXECUTIVE AND CORPORATE SECURITIES LIABILITY INSURANCE

THIS POLICY APPLIES ONLY TO: (1) CLAIMS FIRST MADE AGAINST AN INSURED; (2) PRE-CLAIM INQUIRIES FIRST RECEIVED BY AN INSURED PERSON; (3) DERIVATIVE DEMANDS FIRST RECEIVED BY THE COMPANY; AND (4) CRISES FIRST OCCURRING, IN EACH CASE, DURING THE POLICY PERIOD OR DISCOVERY PERIOD (IF APPLICABLE). THE LIMIT OF LIABILITY MAY BE REDUCED BY PAYMENT OF DEFENSE COSTS, ASSET PROTECTION COSTS, CRISIS COSTS, INVESTIGATIVE COSTS, LIBERTY COSTS, PRE-CLAIM INQUIRY COSTS, AND REPUTATIONAL COSTS. THE INSURER DOES NOT ASSUME ANY DUTY TO DEFEND. DEFENSE COSTS, ASSET PROTECTION COSTS, LIBERTY COSTS, PRE-CLAIM INQUIRY COSTS, AND REPUTATIONAL COSTS ARE SUBJECT TO THE APPLICABLE RETENTION.

PLEASE READ THIS POLICY CAREFULLY AND DISCUSS IT WITH YOUR BROKER.

Please fully answer all questions and submit all requested information. Bold-faced terms are defined in the Policy and have the same meaning as in the Policy.

GENERAL INFORMATION

1. Applicant (to be referred to as the **Named Insured** in Item 1. of the Declarations):

Principal Address: _____
City: _____ State: _____ Zip Code: _____

2. Date of Incorporation: _____ State of Incorporation: _____ Applicant's website: _____

3. FEIN: _____ SIC Code: _____ Ticker Symbol: _____

STOCK OWNERSHIP

1. Total number of the Applicant's common shares outstanding: _____

2. Total number of the Applicant's common shareholders: _____

3. Are any securities of the Applicant or any **Subsidiary** publicly traded? ☐ Yes ☐ No
If "Yes", specify the exchange on which they are listed: _____

4. Please state the names and percentage ownership of any shareholders who hold directly, beneficially, or as an affiliated group, 5% or more of the Applicant's outstanding common shares:

5. Please list the number of common shares of the Applicant or any of its **Subsidiaries** sold (directly or beneficially) by each director and officer of the Applicant or any **Subsidiary** in the last 12 months:

6. Did the Applicant or any **Subsidiary** repurchase shares directly from its directors or officers in the last 12 months? ☐ Yes ☐ No
If Yes, please attach details and indicate whether such shares were purchased at the then current market value.

CORPORATE TRANSACTIONAL INFORMATION

1. Has the Applicant or any **Subsidiary** publicly revealed in the past 24 months, or does it presently contemplate that within the next 12 months it will be involved in, any:
- a. acquisition, consolidation or merger with any other entity? ☐ Yes ☐ No



- b. acquisition or disposition of any stock, assets or interest in any other corporation, partnership, or joint venture? ☐ Yes ☐ No
- c. asset or stock sale, distribution or divestiture other than in the ordinary course of business? ☐ Yes ☐ No
- d. bankruptcy proceeding or legal or financial reorganization or arrangement with creditors under the law of the United States, any state or any other country? ☐ Yes ☐ No
- 2. Has the Applicant or any **Subsidiary** filed in the past 18 months, or does the Applicant or **Subsidiary** contemplate filing within the next 12 months, any registration statement with any government authority for a public offering or private placement of securities? ☐ Yes ☐ No
- 3. Is the Applicant or any **Subsidiary** presently considering any acquisition, merger, tender offer, or divestiture that will change the asset and/or revenue base of the Applicant by 5% or more? ☐ Yes ☐ No
- 4. Has the Applicant or any **Subsidiary** suspended its dividend payments in the last 24 months or is the Applicant presently considering such a suspension? ☐ Yes ☐ No

If Yes to any of the above, please attach details. As to question 2., please also provide the applicable prospectus.

CORPORATE GOVERNANCE

- 1. In the last 12 months have the Applicant's independent auditors stated that there is a material weakness in the Applicant's system of internal controls? ☐ Yes ☐ No
- 2. In the last 3 years has the Applicant:
 - a. changed independent auditors? ☐ Yes ☐ No
 - b. restated its financial statements? ☐ Yes ☐ No
 - c. had any changes in the Board of Directors or Senior Management? ☐ Yes ☐ No
- 3. Does any proposed **Insured** have knowledge of any matter which may cause the Applicant or any of its **Subsidiaries** to restate its financial statements in the next 12 months? ☐ Yes ☐ No
- 4. In the last 3 years did the Applicant or any **Subsidiary** engage in a transaction (other than a routine transaction in the ordinary course of business) with any proposed **Insured Person**, any natural person related to a proposed **Insured Person** or any organization which controls, is controlled by, is under common control with, or is otherwise affiliated with the Applicant, any **Subsidiary** or any proposed **Insured Person**? ☐ Yes ☐ No
- 5. In the last 12 months has the Applicant or any **Subsidiary** terminated, rescinded, or declined any acquisition, merger, tender offer or divestiture? ☐ Yes ☐ No
- 6. Is the Applicant or any **Subsidiary** currently or has it at any time over the last 12 months been in material breach of any of its debt covenants, loan agreements, contractual obligations, or does it anticipate any such breach occurring in the next 12 months? Has any President, Chief Executive Officer, Chief Financial Officer or Executive Vice President of the Applicant left office within the last 3 years for any reason other than poor health, death or retirement at normal retirement age? ☐ Yes ☐ No
- 7. Does the Applicant's Board of Directors at least annually conduct a formal self-evaluation? ☐ Yes ☐ No
- 8. Has the Applicant's Board of Directors adopted:
 - a. a code of ethics? ☐ Yes ☐ No
 - b. an insider trading policy? ☐ Yes ☐ No
 - c. a conflict of interest policy? ☐ Yes ☐ No
 - d. a revenue recognition policy? ☐ Yes ☐ No
 - e. a legal compliance program? ☐ Yes ☐ No
- 9. Does the Applicant's Board of Directors have a Governance Committee? ☐ Yes ☐ No
- 10. Has the Applicant's Board of Directors or the Applicant's Audit Committee discussed any of the following with its independent auditors in the last 24 months:



- a. Any violation of the Applicant's revenue recognition policy? ☐ Yes ☐ No
- b. Any disagreement by independent auditors regarding the Applicant's accounting? ☐ Yes ☐ No
- c. Any limitation on the scope of the independent auditors' audit, as imposed by management? ☐ Yes ☐ No
- d. Any illegal act which came to the attention of independent auditors required to be reported to the SEC? ☐ Yes ☐ No
- e. Any material weakness in internal controls of the Applicant? ☐ Yes ☐ No
- f. Any override of the independent auditors by the Applicant's management? ☐ Yes ☐ No

11. Have the Applicant's independent auditors recommended an audit adjustment in the last 3 years? ☐ Yes ☐ No

If Yes to any of the above, please attach details. As to question 8., please include details on the Applicant's distribution and enforcement of each such policy or program. As to question 9., please include details on the Governance Committee's responsibilities and operations.

CLAIMS HISTORY

- 1. Has the Applicant or any **Subsidiary** elected or purchased a discovery or extended reporting period under any prior management liability insurance policy, whether primary or excess, within the past 3 years? ☐ Yes ☐ No
- 2. During the last 3 years, has any proposed **Insured** been involved, or is any proposed **Insured** currently involved in or has any proposed **Insured** received notice of any of the following:
 - a. any civil or criminal litigation, administrative proceeding, formal or informal inquiry, questioning, probe, investigation, inspection, examination or review, whether preliminary or otherwise, by any federal, state, or local or foreign administrative agency including but not limited to the SEC? ☐ Yes ☐ No
 - b. any antitrust, copyright or patent litigation? ☐ Yes ☐ No
 - c. any other criminal actions? ☐ Yes ☐ No
 - d. any representative actions, class actions or derivative suits? ☐ Yes ☐ No
 - e. any other material litigation? ☐ Yes ☐ No
- 3. In the last 3 years, has there been or is there now pending any investigation, proceeding or litigation against any proposed **Insured**, or has a written demand been made upon any proposed **Insured**, which has been submitted under or which might fall within the scope of coverage afforded by similar management liability insurance presently or previously in effect? ☐ Yes ☐ No
- 4. Has any proposed **Insured** given notice under the provisions of any other previous or current similar management liability insurance policy of any facts or circumstances which may give rise to a **Claim, Crisis, Derivative Demand** or **Pre-Claim Inquiry**? ☐ Yes ☐ No
- 5. Does any proposed **Insured** have any knowledge or information of any actual or alleged act, error, omission, fact or circumstance which may give rise to a **Claim, Crisis, Derivative Demand** or **Pre-Claim Inquiry** which may fall within the scope of the proposed insurance? ☐ Yes ☐ No

If Yes to any of the above, please attach complete details. As to question 3., please include a summary for each such demand, investigation, proceeding or litigation and state the amount paid by any insurer.

IT IS AGREED THAT IF ANY SUCH PROCEEDING, LITIGATION, DEMAND, NOTICE, KNOWLEDGE OR INFORMATION EXISTS, ANY PROCEEDING, LITIGATION, DEMAND OR CLAIM ARISING THEREFROM IS EXCLUDED FROM COVERAGE UNDER THE PROPOSED INSURANCE.

MATERIALS REQUESTED

As part of this **Application**, please submit:

- 1. The Applicant's most recent audited and interim financial statements, with notes and schedules, and most recent annual report;
- 2. Any registration statements of the Applicant filed with the Securities Exchange Commission or any private placement memoranda within the last 12 months and any subsequent filings;



3. The Applicant's by-laws and articles of incorporation relating to indemnification;
4. The Applicant's most recent proxy statement submitted to shareholders;
5. The prospectus for any securities offering by the Applicant or any **Subsidiary** planned or expected within the next year; and
6. A copy of the Applicant's internal revenue recognition policy and insider trading policy.

The persons signing this **Application** declare that to the best of their knowledge the statements made in this **Application**, and the information contained in the materials submitted therewith, are true and correct and they have made reasonable efforts to obtain sufficient information from all proposed **Insureds** to complete this **Application** accurately. The undersigned agree that:

1. the particulars and statements contained in this **Application** are true and are material to the **Insurer's** decision to issue the insurance; and
2. if, after the date of this **Application** and prior to the effective date of any policy based on this **Application**, any event or circumstance should cause any information in this **Application** to become inaccurate or incomplete, the undersigned shall promptly notify the **Insurer** and provide the **Insurer** with information to complete, update or correct any such inaccurate or incomplete information. In that event, the **Insurer** in its sole discretion may modify or withdraw any outstanding quotation.

Signing this **Application** does not bind the Applicant to purchase insurance, but this **Application** shall be the basis of the contract of any policy issued. The **Insurer** shall hold this **Application** on file, including material submitted with it, which shall be considered physically attached to and part of any policy issued.

The information requested in this **Application** is for underwriting purposes only and does not constitute notice to the **Insurer** of a **Claim, Crisis, Derivative Demand, Pre-Claim Inquiry**, or potential **Claim, Crisis, Derivative Demand, Pre-Claim Inquiry**. Such notices must be submitted to the **Insurer** pursuant to the terms of the Policy, if and when issued.

FRAUD WARNINGS:

Attention: Applicants in Alabama, Arizona, Maryland, New Mexico, Rhode Island and West Virginia: Any person who knowingly (or in Maryland, willfully) presents a false or fraudulent claim for payment of a loss or benefit or who knowingly (or in Maryland, willfully) presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties including confinement in prison.

Attention: Applicants in Arkansas: 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.

Attention: Applicants in Colorado: 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 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.

Attention: Applicants in District of Columbia: 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.

Attention: Applicants in Florida: 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 in the third degree.



Attention: Applicants in Kentucky, New Jersey, New York, Ohio and Pennsylvania: 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 materially false information concerning any fact material or conceals for the purpose of misleading any information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. (In New York, the civil penalty shall not exceed \$5,000.00 and the stated value of the claim for each such violation.)

Attention: Applicants in Louisiana: 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.

Attention: Applicants in Maine, Tennessee, Virginia and Washington: 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.

Attention: Applicants in Oklahoma: 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.

Attention: Applicants in Oregon: Any person who knowingly and with intent to defraud presents false information in an application for insurance may be guilty of a crime and may be subject to criminal and civil penalties.

This **Application** must be signed by the Applicant's Chairman of the Board and the President; if they are the same person, it must also be signed by the Chief Financial Officer, Chief Operating Officer or General Counsel.

Date: _____ Signature: _____

Title: _____

Date: _____ Signature: _____

Title: _____

A POLICY CANNOT BE ISSUED UNLESS THIS APPLICATION IS PROPERLY SIGNED AND DATED.

For Agents in Florida and Iowa:

Agent Name: _____ License Number: _____