

**ALLEGIANCE UNDERWRITING GROUP
IN CALIFORNIA ONLY:
DBA: ALLEGIANCE EXECUTIVE & PROFESSIONAL LIABILITY INSURANCE SERVICES, INC.**

**APPLICATION FOR
COMBINED EMPLOYMENT PRACTICES, DIRECTORS' &
OFFICERS', FIDUCIARY and CRIME POLICY**

INSTRUCTIONS:

1. Answer all questions (if not applicable, show N/A) and attach all additional information/explanations as required.
2. Application must be dated and signed.
3. "Applicant" refers to the company, its predecessors, and all proposed Insureds, including Subsidiaries.

I. General Information

- A. Name and address of Applicant: _____

- B. Person to contact: _____
(name, title, telephone, email) *(This individual is hereby designated to receive any and all notices from Underwriters or their authorized representatives concerning this insurance)*
- C. Web-site address _____
- D. Describe nature of the Applicant's business: _____

- E. How long has the Applicant been under current management? _____ Years
- F. Does the Applicant anticipate any merger, acquisition, or addition of any operations that would comprise a twenty percent (20%) or more increase over the current number of employees? ☐ Yes ☐ No
(If yes, please provide details on a separate sheet)
- G. Does the Applicant anticipate any merger, acquisition, or addition of any operations that would comprise a twenty percent (20%) or more increase over the current number of employees? ☐ Yes ☐ No
(If yes, please provide details on a separate sheet)
- H. In the past twelve (12) months, has your total number of employees decreased by more than ten percent (10%) or five (5) employees, whichever is **greater**, through any reduction in force, systematic lay-off or by closure of any division, office or facility that you own or operate? ☐ Yes ☐ No
(If Yes, please complete the Reduction In Force supplement (H))

I. In the next twelve (12) months, do you anticipate the total number of your employees to decrease by more than ten percent (10%) or five (5) employees, whichever is **greater**, through any reduction in force, systematic lay-off or by closure of any division, office or facility that you own or operate? ☐ Yes ☐ No
(If Yes, please complete the Reduction In Force supplement (I))

J. If, during the next 12 months, circumstances of which you are currently unaware, make it necessary for you to implement a Reduction in Force, that affects ten percent (10%) of your workforce or five (5) Employees, whichever is greater. Do you agree that you will consult with, and adopt the advice of the HR Experts at EPLI PRO (TEL: 800-387-4468 or EMAIL: HRdirectors@ePlaceInc.com)? This is part of the free loss control services included with the purchase of this insurance policy. You may also utilize in-house counsel for this Reduction in Force procedure, but only if that counsel is qualified and experienced in the practice of labor and employment. ☐ Yes ☐ No

K. Has the proposed coverage ever been purchased before, whether specifically or as a part of or addition to another coverage? ☐ Yes ☐ No
(If yes, please indicate specific coverage – EPL, D&O, Fiduciary or Crime)

<u>Year</u>	<u>Type of Coverage</u>	<u>Carrier</u>	<u>Limit</u>	<u>Deductible</u>	<u>Premium</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

L. Has any insurer ever canceled or non-renewed the Applicant or its predecessor for any of these coverages? ☐ Yes ☐ No
(If yes, please provide details on a separate sheet)

M. Request: Please attach a copy of the latest audited financials or, if not previously audited, please complete the following for the most recently concluded fiscal year:

Annual Revenue:	_____	Current Assets:	_____
Operating Income:	_____	Current Liabilities:	_____
Net Income:	_____	Total Assets:	_____
Annual Interest:	_____	Total Long Term Debt:	_____
Shareholder Equity:	_____	Total Liabilities:	_____

For Fiscal Year Ending: ____/____/_____
 (mm) (dd) (yyyy)

N. Has the Applicant received a going concern opinion from an auditor? ☐ Yes ☐ No

II. Employees

(To be completed by Applicants requesting EPL Coverage; please include all Subsidiary employee information on separate sheet)

- A. Number of employees: Full Time: _____ Part Time: _____
- B. Salary ranges (including bonuses, dividends and commissions) Number of full time employees Number of part time employees
- | | | | |
|------------------------|---|-------|-------|
| \$ 75,000 or less | : | _____ | _____ |
| \$ 75,001 to \$150,000 | : | _____ | _____ |
| \$150,001 and over | : | _____ | _____ |
- C. Does the Applicant use seasonal or temporary employees? ☐ Yes ☐ No
If so, when and how many? _____
Are these employees included in A and B above? ☐ Yes ☐ No
- D. Does the Applicant use leased workers? ☐ Yes ☐ No
If yes, how many have been retained by the Applicant in the past 12 months? _____
Are these employees included in A and B above? ☐ Yes ☐ No
- E. Does the Applicant use independent contractors? ☐ Yes ☐ No
If Yes, how many? _____
Do you want coverage for these Independent Contractors? ☐ Yes ☐ No
- F. In the past 12 months, how many officers have left your employ? _____
Of the above, how many were terminated? _____
- G. In the past 12 months, how many other employees have left your employ? _____
Of the above, how many were terminated? _____

III. Human Resources

- A. Have the Applicant's managers and/or supervisors attended training and education programs/seminars on sexual harassment and other types of discrimination within the last 12 months? ☐ Yes ☐ No
If Yes, who has attended? _____
If Yes, who conducts the sessions? _____
- B. Does the Applicant have its employment policies/procedures reviewed by labor or employment counsel? ☐ Yes ☐ No
If Yes, identify the firm and date of last review: _____

- C. Does the Applicant have an employee handbook? ☐ Yes ☐ No
 If Yes, does the Applicant distribute it to all employees? ☐ Yes ☐ No
 If Yes, do all employees sign for its receipt? ☐ Yes ☐ No
 If Yes, does it expressly state that it is not a contract and that employment is “at will”? ☐ Yes ☐ No
- D. Does the Applicant have written procedures for handling employee complaints of discrimination and/or sexual harassment? ☐ Yes ☐ No
- E. Does the Applicant require all terminations to be reviewed by:
 The person in charge of human resources? ☐ Yes ☐ No
 Outside counsel? ☐ Yes ☐ No
- F. Does the Applicant maintain a personnel file for each employee? ☐ Yes ☐ No

IV. Third-Party Information

(To be completed by Applicants requesting Third-Party Discrimination Coverage)

- A. Has the Applicant or its predecessors ever received a complaint, formal or informal, from a non-employee, such as a customer, client, or prospective customer or client complaining about discrimination or harassment by the Applicant or any employee of the Applicant? ☐ Yes ☐ No
- B. Does the Applicant conduct staff training on client and customer relations issues such as avoiding discriminatory behavior? ☐ Yes ☐ No
- C. Are there procedures for reporting and dealing with complaints by customers/clients? ☐ Yes ☐ No
- D. Are the buildings and premises owned, controlled or operated by the Applicant in compliance with Title III of the Americans with Disabilities Act? ☐ Yes ☐ No

V. Corporate Information

(To be completed by Applicants requesting D&O Coverage)

- A. Please list all subsidiaries including ownership by percentage:

Subsidiary Name	Applicant's Ownership Percentage
	%
	%

Attach additional page if necessary.

- B. Is the Applicant a party to any joint venture arrangements or partnership agreements? ☐ Yes ☐ No
- C. Are any classes of shares publicly traded? ☐ Yes ☐ No

D. Shareholder Information:

Total Number of Shareholders:			
Director/Officer Shareholders:	% Voting Shares Owned:	Other Shareholders owning 5% or more:	% Voting Shares Owned:

E. Has Applicant within the past twelve months completed or agreed to, or does it contemplate in the next twelve months, any of the following:

1. A merger, acquisition, creation, divestiture, or tender offer of or for any entity, plant, office, subsidiary, branch or division? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 24 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
2. Sale, distribution or divestiture of any assets or stock other than in the ordinary course of business? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Reorganization or arrangement with creditors under federal or state law? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
4. Any registration for a public offering or private placement of securities or share repurchase? If Yes, please attach a copy of the Prospectus or other documents. Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
5. Has the Applicant had any breach or violation of any debt covenant or loan agreement or any other material contractual obligation? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
6. Has the ownership of the Applicant changed in the past year or does the Applicant anticipate a change in ownership? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
7. Has there been any change in the board of directors or senior management? Next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No Past 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No

VI. **Fiduciary Liability Information**

(To be completed by Applicants requesting Fiduciary Liability Coverage)

A. Does the Applicant have more than 5 plans to be covered under the proposed insurance?
(If the answer is yes, please provide details on a separate sheet) ☐ Yes ☐ No

B. Indicate the type of plans to be assured:

1) Pension	<input type="checkbox"/> Yes <input type="checkbox"/> No
2) Welfare Sharing	<input type="checkbox"/> Yes <input type="checkbox"/> No
3) Profit Sharing	<input type="checkbox"/> Yes <input type="checkbox"/> No
4) Employee Stock Ownership	<input type="checkbox"/> Yes <input type="checkbox"/> No
5) 401k	<input type="checkbox"/> Yes <input type="checkbox"/> No
6) Defined Contribution	<input type="checkbox"/> Yes <input type="checkbox"/> No
7) Defined Benefit	<input type="checkbox"/> Yes <input type="checkbox"/> No

C. Total Number of Employees enrolled in all plans _____

D. Total asset value of the combined plans for the most recent fiscal year _____

- E. Do all plans conform to the standards of eligibility, participation, vesting and other provisions of the Employee Retirement Income Security Act of 1974, as amended? ☐ Yes ☐ No
- F. Are the plans reviewed at least annually to assure that there are no violations of any plan trust agreements, prohibited transactions or party in interest rules? ☐ Yes ☐ No
- G. Are any plans under funded by more than 30%? ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)
- H. Does the Applicant have any delinquent contributions to any plan? ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)
- I. Have any of the plans been terminated, suspended, merged or dissolved within the last 24 months? ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)
- J. Does the Applicant anticipate terminating, suspending, merging or dissolving any plans within the next 18 months? ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)
- K. Are more than 10% of the assets of any plan, other than an Employee Stock Ownership Plan, invested in any securities of or loan to the Applicant? ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)

VII. Crime Liability Information

(To be completed by Applicants requesting Crime Liability Coverage)

- A. Number of officers and employees who handle, have custody of or maintain records of money, securities or other property _____
- B. Is there an annual audit or review performed by an independent CPA on the books and accounts, including a complete verification of all securities, shares and bank balances? ☐ Yes ☐ No
- C. Are bank accounts reconciled by someone not authorized to deposit or withdraw from those accounts? ☐ Yes ☐ No
- D. Is counter signature of checks required? ☐ Yes ☐ No
- E. Are pre-authorized controls maintained for all programmers and operators? ☐ Yes ☐ No
- F. Do audit practices include tests to detect unauthorized programming changes? ☐ Yes ☐ No
- G. Are computerized cheques writing operations segregated from departments that authorize cheques? ☐ Yes ☐ No

VIII. Loss History and Known Circumstances

A. (To be completed by all Applicants:)

Does any director, officer, trustee, fiduciary, shareholder, principal or, with respect to Employment Practices Liability Insurance only, any employee with personnel responsibility, have any knowledge of any fact, circumstance, situation, event or transaction that could give rise to a Claim or in any other way suspect that a Claim may be brought?

(If yes, please provide details on a separate sheet)

☐ Yes ☐ No

For example, but not by way of limitation, it would be reasonable for you to foresee that a Claim may be brought against you if a current or former employee, including officers, or an applicant for employment, has expressed dissatisfaction with the employment relationship or the employment application process by:

- i) making a formal complaint to an officer, principal, or supervisory employee of unfair employment practices;*
- ii) otherwise complaining of discrimination, harassment, or unfair treatment;*
- iii) threatening to hire an attorney; or*
- iv) asking for a severance package in excess of what was offered.*

B. (To be completed by Applicants for EPL Coverage:)

Please provide the details of all Wrongful Employment Practice Claims (as those terms are defined in the Policy) against the Applicant within the last 5 years?

None ☐ See attached ☐

(Please provide a full description of each claim on a separate sheet and please include copies of all demands and lawsuits, as well as all charges, inquiries, investigations, grievances or other proceedings before the Equal Employment Opportunity Commission, or any other governmental agency with responsibility for employment practices.)

Total number of Wrongful Employment Practice Claims in the last 5 years _____

C. Has the Applicant or any director, officer or other proposed Insured been involved in any of the following, including any pending matter (please answer only if indicated coverage requested):

For Directors and Officers Liability:

(1) any anti-trust, price-fixing, tax, copyright, or patent litigation? ☐ Yes ☐ No

(2) any representative actions, class actions, or derivative suits? ☐ Yes ☐ No

(3) any civil or criminal action or administrative proceeding, inquiry or investigation for violation of any federal or state law or regulation concerning securities?

☐ Yes ☐ No

(If the answer to (1), (2) or (3) is yes, please provide details on a separate sheet)

For Fiduciary Liability:

- D. (4) Within the last 5 years, has the Applicant for this insurance been the subject of or involved in any actual or alleged violation of the Employee Retirement Income Securities Act of 1974, as amended, or similar law?
(If the answer is yes, please provide details on a separate sheet) ☐ Yes ☐ No
- (5) Within the last 5 years, has the Applicant for this insurance been the subject of or involved in any actual or alleged breach of trust or fiduciary duty involving any employee benefit plan?
(If the answer is yes, please provide details on a separate sheet) ☐ Yes ☐ No

For Crime Liability:

- E. (6) Within the last 5 years, has the Applicant for this insurance had any experience which may, or potentially involve, peril of the type covered by this policy
☐ Yes ☐ No

For Immigration Practices Defense Cover (if applicable)

- F. Have any losses, lawsuits, administrative proceedings, governmental investigations, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years alleging violations of the Immigration Reform Control Act of 1986 or any other similar federal, state or local laws or regulations?
- G. ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)

For Wage & Hour Defense Cover (if applicable)

- H. Have any losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years alleging violation of any **Wage and Hour Law**?
- ☐ Yes ☐ No
(If the answer is yes, please provide details on a separate sheet)

The Applicant and all Insureds acknowledge that any Claims, or Claims later arising from circumstances reported, or that should have been reported, in this Section VII will be excluded from coverage.

IX. Privacy Violation Information

- A. Do you restrict employee access to employees' personnel information such as social security numbers, account information and health care information? ☐ Yes ☐ No
- B. Are you aware of any actual or alleged fact, circumstance, situation, error or omission or issue which might give rise to a claim against you for invasion or interference with rights of privacy, wrongful disclosure or personnel information, or which might otherwise result in a claim against you with regard to the insurance sought? ☐ Yes ☐ No

The Applicant and all Insureds acknowledge that any Claims, or Claims later arising from circumstances reported, or that should have been reported, in this Section VII will be excluded from coverage.

Please ensure that additional information, as requested in this application, is attached.

The Applicant warrants after full investigation and inquiry that the statements set forth herein are true and include all material information.

The Applicant on behalf of all proposed Insureds further warrants that if the information supplied on this application changes between the date of this application and the inception date of the Policy, it will immediately notify Underwriters of such change. Signing of this application does not bind Underwriters to offer, nor the Applicant to accept, insurance, but it is agreed that this application shall be the basis of the insurance and will be attached and made a part of the Policy should a policy be issued.

_____ Date	_____ Signature of Applicant's Chairman of the Board or President	_____ Title
_____ Date	_____ Signature of Applicant's Human Resources Representative	_____ Title

Reduction In Force Supplement (H)

- A. How many employees were laid off? _____
- B. What date(s) did the lay-off's take place? _____
- C. Did you consult with and follow the recommendations of a lawyer who specializes in labor and employment law as respects the implementation of such reduction, lay-off or closure? ☐ Yes ☐ No
- D. Were severance packages offered to all laid-off employees? ☐ Yes ☐ No
- E. Were signed releases gained from all laid-off employees? ☐ Yes ☐ No
- F. Were exit interviews completed with all laid-off employees? ☐ Yes ☐ No
- G. Did any of the laid off employees express that they were considering bringing any sort of complaint or claim? ☐ Yes ☐ No
- H. Please provide available details on the above.

Reduction In Force Supplement (I)

- A. How many employees will be laid off? _____
- B. What date(s) will the lay-off be effective? _____
- C. Do you agree to consult with and follow the recommendations of a lawyer who specializes in labor and employment law as respects the implementation of such reduction, lay-off or closure? ☐ Yes ☐ No
- D. Will severance packages be offered to all laid-off employees? ☐ Yes ☐ No
- E. Will signed releases be gained from all laid-off employees? ☐ Yes ☐ No
- F. Will exit interviews be completed with all laid-off employees? ☐ Yes ☐ No
- G. Please provide available details on the above.

SUPPLEMENTAL CLAIM INFORMATION

Claimant(s): _____

Position/Title(s): _____

Defendant(s): _____

Position/Title(s): _____

Claim status: Incident Claim Suit

Venue:
(Court or
Agency) _____

Date of act(s) causing claim / incident: _____

Date claim / incident reported to the
applicant: _____

Nature of Claim and allegations:

Name of defense attorney and law firm: _____

Name of plaintiff attorney and law firm: _____

If Closed, total paid (defense and loss): _____

If Open:

1. Claimant's demand: _____

2. Insurer's defense and/or loss reserves: _____

3. Defense costs incurred to date: _____

4. Applicant's settlement offer: _____

5. Applicant's estimate of settlement: _____

Remedial action taken to prevent a similar claim: