



## Management Liability Solution Proposal Form

**NOTICE:** The liability coverage parts A-C of this policy apply only to claims first made during the policy period. No coverage exists for claims made after the end of the policy period unless, and to the extent that, the discovery period applies. Costs of defense under liability coverage parts A-C are subject to any applicable retention. Costs of defense incurred under liability coverage parts A-C in excess of any applicable retention shall reduce the limit of liability available to pay all other loss, including settlements and judgments.

Name of Company: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code \_\_\_\_\_

### Company Information

1. Nature of business: \_\_\_\_\_

2. Please indicate the following as it relates to the Company's and any Additional Entities' most recent fiscal year end:

Total Assets: \$ \_\_\_\_\_ Revenues: \$ \_\_\_\_\_

Net Income: \$ \_\_\_\_\_

3. This year: Number of: Full-Time Employees: \_\_\_\_\_ Part-Time Employees: \_\_\_\_\_ Independent Contractors: \_\_\_\_\_

Last year: Number of: Full-Time Employees: \_\_\_\_\_ Part-Time Employees: \_\_\_\_\_ Independent Contractors: \_\_\_\_\_

4. Number of years the Company has continuously operated: \_\_\_\_\_

5. Within the last two years, has the Company or its Subsidiaries been involved in, or are they considering being involved in any of the following within the next 12 months?

	Yes	No
a. Merger, acquisition, or divestment activity	<input type="checkbox"/>	<input type="checkbox"/>

b. Bankruptcy proceeding or financial restructuring	<input type="checkbox"/>	<input type="checkbox"/>
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If Yes, to a or b, please provide details: \_\_\_\_\_

6. Have there been any changes in senior management (Chairman, President, Chief Executive Officer, Chief Financial Officer, etc.) in the last two years due to reasons other than death or retirement at the normal retirement age?  Yes  No

If Yes, please provide details: \_\_\_\_\_

7. Is coverage being requested for any Additional Entities in which the Company owns 50% or less?  Yes  No

If Yes to the above, please answer the following:

Are all of the Additional Entities related to the Company through common majority ownership?  Yes  No

If Yes to 7 above, for each Additional Entity, please complete the following table (or provide as an attachment) to identify shareholders with greater than 10% ownership and/or voting interest in such entity.

Name of Additional Entity	% of voting stock owned by the Company

Any reference to "Subsidiaries" in this Proposal Form shall also include any Additional Entity identified above or by attachment to this Proposal Form.

**It is understood and agreed that the proposed coverage shall not apply to any additional entity not listed above or included as an attachment to this proposal form.**

**Company Information Continued**

8. Please provide the following information on your current Executive Liability and Fidelity/Crime Insurance Coverages:

	Limit	Retention	Premium	Prior & Pending Date
(a) Directors and Officers Liability:				
(b) Fiduciary Liability:				
(c) Employment Practices Liability:				
(d) Fidelity/Crime:				

In regard to the policy(ies) listed above:

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| (a) Has any claim been made or has any notice been given to any insurer?                      | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) Has any insurer notified the Company that it is cancelling or non-renewing any coverages? | <input type="checkbox"/> | <input type="checkbox"/> |

If Yes, please provide details: \_\_\_\_\_

9. As respects any Liability Coverage Parts for which the Company does not currently purchase, or any larger limits of liability that the Company is purchasing, is the undersigned or any Director or Officer proposed for this insurance aware of any fact, circumstance or situation involving the Company, its Subsidiaries, the Directors or Officers of the Company or its Subsidiaries, or the Plans of the Company or its Subsidiaries which they have reason to believe might result in any future Claim under the Policy to which this Proposal Form will be attached?

- |                          |                          |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|

If Yes, please provide details: \_\_\_\_\_

**As respects any liability coverage parts for which the company does not currently purchase or any larger limits of liability that the company is purchasing, it is agreed that if knowledge of any such fact, circumstance or situation exists, any claim subsequently arising therefrom shall be excluded from coverage.**

Note: If the Company meets any of the below criteria, please submit year-end audited financial statements and the most recent interim financial statements:

- More than 250 employees
- Two years or less of operations
- Operating at a net loss

**Directors and officers coverage section – Only complete if D&O coverage is requested.**

Yes No

1. Is the Company in violation or default of any debt or loan covenants?

If Yes, please provide details: \_\_\_\_\_

2. Are more than 50% of the voting shares of the Company owned by Private Equity or Venture Capital firms?

If Yes, please provide details: \_\_\_\_\_

3. Are any shares of the Company owned by an Employee Stock Ownership Plan (ESOP)?

If Yes, please provide details: \_\_\_\_\_

4. During the last two years, has the Company or its Subsidiaries been involved in, or is the Company or its Subsidiaries presently involved or considering being involved in, raising funds through a public or private offering of securities, including through crowdfunding within the next 12 months?

If Yes, please provide details: \_\_\_\_\_

5. Do any shareholders that are not Directors and Officers directly or indirectly own or control more than 10% of the outstanding shares of the Company?

Additionally, please complete the following table for all shareholders that own 5% or more of the Company's voting shares:

Name of Shareholder	% of voting shares owned on a fully diluted basis	Board Representation 'Yes' or 'No'

6. Please indicate the following as it relates to the Company's most recent fiscal year end:

(a) Long Term Debt: \$ \_\_\_\_\_ (b) Equity: \$ \_\_\_\_\_

7. Does the Company or its Subsidiaries directly or indirectly (Check any that apply):

- Act as a general partner in any partnership?
- Have insurance operations that make up more than 5% of revenues?
- Offer, sell, advertise or market any dietary supplement, medical marijuana, therapeutic product or medical product, device or process where such product, device or process does NOT require approval for use from the U.S. Food and Drug Administration?

For any checked boxes, please provide details: \_\_\_\_\_

8. Other than employment matters or employee benefit plan matters, within the last five years, have there been, or are there any current pending civil, criminal, administrative or arbitration proceedings brought against the Company or its Subsidiaries or any person proposed for this insurance in their capacity as either Director, Officer, or employee of the Company or its Subsidiaries?

Yes No

If Yes, please provide the following for each proceeding:

Status (Open/Closed)	Date Proceeding was filed	Loss Amount (Defense Costs and Settlements/Judgements)	Description of Proceeding (attach additional details)

**It is agreed that any claim arising from any prior or pending proceeding is excluded from the proposed coverage.**

**Supplemental Questions 9 through 11 Required ONLY for Insurance Companies and Financial Institutions.**

	Yes	No
<p>9. During the last two years, have any Directors or Officers been alerted to any of the following conditions:</p>		
(a) Problems involving extensions of credit to Directors, Officers, or corporations controlled thereby?	<input type="checkbox"/>	<input type="checkbox"/>
(b) Significant violations of laws or regulations?	<input type="checkbox"/>	<input type="checkbox"/>
(c) Conflict of interest transactions?	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If Yes</b>, please provide details and current status: _____</p> <p>_____</p>		
<p>10. Have all criticisms noted in the last regulatory examination been reviewed and appropriate corrective steps taken by the Board of Directors?</p>		
	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If No</b>, please provide details: _____</p> <p>_____</p>		
<p>11. During the past five years, has the Company or any of its Subsidiaries been the subject of any Order to Cease and Desist from any regulatory agency, or otherwise entered into any other type of written agreement with any regulatory agency concerning the operation of the Company or any of its Subsidiaries?</p>		
	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If Yes</b>, please provide details and current status: _____</p> <p>_____</p>		

**Employment practices coverage section – Only complete if Employment coverage is requested.**

The HR representative to receive complimentary loss control services provided with this Policy:

Name: \_\_\_\_\_ Phone \_\_\_\_\_

Title: \_\_\_\_\_ Email \_\_\_\_\_

1. What is the average salary expense for the most recent year-end for the Company and its Subsidiaries (total annual salary expense divided by total number of employees)

- \$25,000 or less       \$25,001 to \$50,000       \$50,001 to \$75,000       greater than \$75,000

2. What is the historical average annual turnover rate for the Company and its Subsidiaries:

- 20% or less       21 to 35%       greater than 35%

3. Within the last 12 months has the Company or its Subsidiaries, or is the Company or its Subsidiaries considering any layoffs or early retirement programs including those resulting from reorganizations or facility closings within the next 12 months? Yes      No

    

**If Yes**, please provide details including when did or when will the layoffs occur and how many employees were or will be laid off:

\_\_\_\_\_

4. List the three states with the largest number of employees:

- (1) State: \_\_\_\_\_ Number of employees: \_\_\_\_\_
- (2) State: \_\_\_\_\_ Number of employees: \_\_\_\_\_
- (3) State: \_\_\_\_\_ Number of employees: \_\_\_\_\_

5. Does the Company or its Subsidiaries have any planned transactions or events within the next 12 months that would increase the number of employees stated above by more than 25%? Yes      No

    

6. Have there been within the last five years, or are there any current pending employment-related civil, criminal, administrative or arbitration proceedings (including any proceeding initiated before the Equal Employment Opportunity Commission) brought against the Company or its Subsidiaries or any person proposed for this insurance in their capacity as either Director, Officer, or employee of the Company or its Subsidiaries? Yes      No

    

**If Yes**, please provide the following for each proceeding:

Status (Open/Closed)	Date Proceeding was filed	Loss Amount (Defense Costs and Settlements/Judgements)	Description of Proceeding (attach additional details)

**IT IS AGREED THAT ANY CLAIM ARISING FROM ANY PRIOR OR PENDING PROCEEDING IS EXCLUDED FROM THE PROPOSED COVERAGE.**

**Supplemental Questions 7 through 10 Required ONLY for Companies with 50 or more employees.**

Yes      No

7. Does the Company and its Subsidiaries require the submission of an employment application by all applicants? Yes      No

    

8. Are tests, including but not limited to drug, alcohol, and psychological tests, used for screening applicants or for continued employment by the Company and its Subsidiaries? Yes      No

    

9. Does the Company and its Subsidiaries have a Human Resources Department? Yes      No

    

10. By what means does the Company and its Subsidiaries ensure that each employee is aware of his or her rights under state and federal employment laws, including the right to work free from discrimination or harassment in the workplace? Check any that apply:

- None       Employee Handbook       Website       Handouts/Bulletins       Verbal

**Fiduciary Coverage Section – Only complete if Fiduciary coverage is requested.**

1. Provide the total assets for benefit plans maintained by the Company and its Subsidiaries: \$ \_\_\_\_\_

2. What types of benefit plans does the company maintain? (Check any that apply):  
 Defined Contribution Plans (including 401k or similar)  
 Defined Benefit Plan (including transitional pension plans)  
 Employee Stock Ownership Plans

3. Are any plans out of compliance with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) relating to eligibility, participation, vesting, funding or other matters? Yes  No   
 If Yes, please provide details: \_\_\_\_\_

4. Has the Company consolidated, merged, frozen or terminated any of the plans within the past two years or plan to within the next 12 months? Yes  No   
 If Yes, please provide details: \_\_\_\_\_

5. At this time, are there any delinquent contributions with the plans? Yes  No   
 If Yes, please provide details: \_\_\_\_\_

6. In the past five years, has there been any “reportable event” as defined in ERISA with respect to any plan? Yes  No   
 If Yes, please provide details: \_\_\_\_\_

7. Have there been within the last five years, or are there any current pending civil, criminal, administrative or arbitration proceedings brought against the Employee Benefit Plans of the Company or its Subsidiaries? Yes  No   
 If Yes, please provide the following for each proceeding:

Status (Open/Closed)	Date Proceeding was filed	Loss Amount (Defense Costs and Settlements/Judgements)	Description of Proceeding (attach additional details)

**It is agreed that any claim arising from any prior or pending proceeding is excluded from the proposed coverage.**

**Supplemental Questions 8 and 9 Required ONLY for Companies with Defined Benefit Plans.** Yes  No

8. For any defined benefit plan, is there any investment of plan assets in more than 10% of any corporation or partnership? Yes  No   
 If Yes, please provide details: \_\_\_\_\_

9. For any defined benefit plan, is the funded percentage (as shown on Schedule SB of the 5500) below 80%? Yes  No   
 If Yes, please provide the funded %: \_\_\_\_\_

**Crime Coverage Section – Only complete if Crime coverage is requested.**

Yes No

1. Is countersignature of all checks required?



**If No**, please provide details: \_\_\_\_\_

2. Are bank accounts reconciled at least monthly and by someone who is not authorized to deposit or withdraw funds?



**If No**, please provide details: \_\_\_\_\_

3. Are the systems of the Company and its Subsidiaries designed such that no single employee can control a transaction from the beginning to the end (e.g. approve a voucher, request and sign a check)?



**If No**, please provide details: \_\_\_\_\_

4. Do the operations of the Company or its Subsidiaries involve exposure to precious metals or copper in the course of the Company's business?



**If Yes**, please provide details: \_\_\_\_\_

5. Do the Company and its Subsidiaries have a system to detect payment to fictitious suppliers?



**If No**, please provide details: \_\_\_\_\_

6. By what means do the Company and its Subsidiaries screen its employees? Check any that apply:

Screens are done on employees for prior acts of dishonesty

Credit reports are checked

Drug tests are performed

None of the above

**None of the above** is checked, please provide any comments on your process for screening employees:

\_\_\_\_\_

7. Have there been during the last three years any employee theft, burglary, robbery, forgery or any other crime losses, whether or not insured, that would fall within the scope of the Crime Coverage Part of this Policy?



**If Yes**, provide details including the date of loss, description of loss, total amount of loss, and corrective action taken to prevent such loss from occurring in the future. If the loss was covered by another insurance policy, please include the Insurer's name.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Fraud Warnings

**Fraud Warning:** 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.

**Alabama, Arkansas, Louisiana, Rhode Island and West Virginia Fraud Warning:** 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.

**Colorado Fraud Warning:** 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.

**D.C. Fraud 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.

**Florida Fraud Warning:** 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.

**Kentucky Fraud Warning:** 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.

**Maine Fraud Warning:** 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.

**Maryland Fraud Warning:** 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.

**New Jersey Fraud Warning:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**New Mexico Fraud Warning:** 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.

**Ohio Fraud Warning:** Any person who, with the 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.

**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.

**Oregon Fraud Warning:** 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 may be guilty of a fraudulent insurance act, which may subject such person to prosecution for insurance fraud.

**Pennsylvania Fraud Warning:** 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.

**Tennessee Fraud Warning:** 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.



**Fraud Warnings Continued**

**Virginia And Washington Fraud Warning:** 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.

**New York Fraud Warning:** 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 (\$5,000.00) and the stated value of the claim for each such violation.

**The undersigned Officer of the Company declares that to the best of his or her knowledge the statements set forth herein are true and correct and that reasonable efforts have been made to obtain sufficient information from each and every Director and Officer proposed for this insurance to facilitate the proper and accurate completion of this Application. The undersigned further agrees that if any significant adverse change in the condition of the applicant is discovered between the date of this Application and the effective date of the Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately. The signing of this Application does not bind the undersigned to purchase the insurance.**

**With respect to any Liability Coverage Part, it is agreed by the Company and the Insured Persons that the particulars and statements contained in this Application and any information provided herewith (which shall be on file with the Insurer and be deemed attached hereto as if physically attached hereto) are the basis of this Policy and are to be considered as incorporated in and constituting a part of this Policy. It is further agreed by the Company and the Insured Persons that the statements in this Application or any information provided herewith are their representations, they are material and this Policy is issued in reliance upon the truth of such representations; provided, however, that except for material facts or circumstances known to the person who signed this Application, any misstatement or omission in this Application or information provided herewith in respect of a specific Wrongful Act by a particular Insured Person or their cognizance of any matter which they have reason to suppose might afford grounds for a future Liability Claim against them shall not be imputed to any other Insured Person for purposes of determining the validity of this Policy as to such other Insured Person.**

Signature of Chairman, President, CEO, COO, or CFO of the Company	Print Name	Date
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**The President/CEO is designated as agent of the Company and all of the Insureds to receive any and all notices from the Insurer.**

NOTE: This Proposal Form, including any material submitted herewith, shall be treated in strictest confidence.

Please submit this Application including appropriate documentation to:  
Great American Insurance Companies, Executive Liability Division, P.O. Box 66943, Chicago, IL 60666