



L. E. HARRIS AGENCY, Inc.

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LANGLEY PARK, MD 20783-8330

EXCESS AND SPECIALTY LINES

TELEPHONE 301-439-4700 OR 410-792-4094
FAX 301-439-5800

PRIVATESELECT
APPLICATION FOR DIRECTORS, OFFICERS AND PRIVATE COMPANY LIABILITY AND
EMPLOYMENT PRACTICES LIABILITY INSURANCE

This application is for PRIVATELY HELD companies ONLY.

All questions MUST be completed in full with regard to each entity sought to be insured.

If space is insufficient to answer any question fully, attach a separate sheet.

I. GENERAL INFORMATION

1. (a) Full name of Applicant: _____
- (b) Principal business address: _____
(Street) (City) (State) (Zip)
- (c) Website address: _____
- (d) Date continuously operating since: _____ State of incorporation: _____
- (e) Full description of operations: _____
- (f) Name and title of the officer of the Applicant designated as the representative of the Applicant to give/receive notices to/from the insurer on behalf of all persons and entities proposed as insureds:

(Name)	(Title)	(Entity)

2. Provide a list of all direct and indirect subsidiaries (attach a separate schedule if necessary).

Name	Description of Operations	% of Ownership by Applicant	Date Acquired or Created	Publicly Traded (Y/N)	Domicile State

3. Are any of the Applicant's securities or those of its subsidiaries publicly traded or the subject of a self-registration?
 Yes No If Yes, state which securities are publicly traded or the subject of a self-registration.
 Equity Debt Other _____

4. Common Stock:

(a) Number of shareholders: _____ Number of shares outstanding: _____

(b) Number of shares directly or beneficially owned by its directors: _____

(c) Number of shares directly or beneficially owned by officers who are not directors: _____

(d) Total number of shares sold directly or beneficially by its directors and officers in the last twelve months: _____

(e) Give name and percentage owned by shareholder(s) holding directly or beneficially 5% or more of the outstanding common stock (If none, check here []): _____

5. Has the Applicant or any of its subsidiaries filed within the last 18 months or do they contemplate filing within the next 12 months any registration statement for an offering of securities with any governmental authority?
[] Yes [] No If Yes, provide details and attach a copy of any offering materials.

6. Have there been any changes in senior management (i.e., board chairman, president, executive officers) in the past three years? [] Yes [] No If Yes, provide details. _____

7. Attach a complete list of:

- (a) Names, dates of election or appointment and affiliations of all directors of the Applicant; and
- (b) Names, dates of election or appointment and titles of all officers of the Applicant.

8. Has the Applicant or any of its subsidiaries during the last three years been involved in, or are they presently considering or contemplating:

- (a) Any merger, consolidation or acquisition? [] Yes [] No
- (b) Any sale, distribution or divestiture of a subsidiary? [] Yes [] No
- (c) Any layoffs, staff reductions, early retirements or office or plant closings? [] Yes [] No
- (d) Any change in outside auditors? [] Yes [] No

If Yes to any of the above, provide details. _____

9. Has any outside auditor found any material weakness in the Applicant's systems of internal control? [] Yes [] No
If Yes, attach a copy of the latest CPA letter to management and management's response.

10. Is the Applicant or any of its subsidiaries involved in any joint venture, general partnership or limited partnership?
[] Yes [] No If Yes, provide details. _____

11. Has the Applicant or any of its subsidiaries during the last three years completed or agreed to, or contemplates within the next twelve months any reorganization or agreement with creditors under federal or state law?
[] Yes [] No If Yes, provide details.

12. Current or previous insurance

	Directors and Officers Liability	Employment Practices Liability
name of insurer	_____	_____
limits	_____	_____
policy period	_____	_____
deductible/retention	_____	_____

premium _____

13. Has any insurer declined, cancelled or nonrenewed any similar insurance on behalf of any person(s) or entity(ies) now sought to be insured? Yes No If Yes, provide details.

14. Has the Applicant, any of its subsidiaries, or any director or officer been involved in or have knowledge of any pending and/or completed (within the past five years):

- (a) Anti-trust, copyright or patent litigations? Yes No
- (b) Civil, criminal or administrative proceedings alleging violation of any federal or state securities law or regulation? Yes No
- (c) Any other criminal actions? Yes No
- (d) Any representative actions, class actions or derivative suits? Yes No

If Yes to any of the above, provide details. _____

15. Has/have any judgment(s), settlement(s), payment(s), claim(s) or suit(s) been made against any person(s) or entity(ies) proposed for this insurance such as would fall within the scope of the proposed insurance?
 Yes No If Yes, provide details.

16. Is (are) any person(s) or entity(ies) proposed for this insurance cognizant of any fact, circumstance or situation which might afford grounds for any claim, including employment practices claims and third party discrimination claims, such as would fall within the scope of the proposed insurance?
 Yes No If Yes, provide details.

17. No fact, circumstance or situation indicating the probability of a claim or action for which coverage may be afforded by the proposed insurance is now known by any person(s) or entity(ies) proposed for this insurance other than that which is disclosed in this Application. It is agreed by all concerned that if there be knowledge of any such fact or circumstance or situation, any claim subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.

II. **EMPLOYMENT PRACTICES INFORMATION** (To be completed by Applicant if applying for Coverage B. - Employment Practices Liability)

1. Provide the number of employees by state. (Note: Include all temporary and seasonal employees and all directors and officers.)

State	No. Full-time Regular	No. Full-Time Seasonal/Temporary	No. Part-Time Regular	No. Part-time Seasonal/Temporary
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(1) _____

(2) _____

(3) _____

(4) _____

2. Provide employee hiring and termination counts for all locations during the last three years. (Note: Show separate figures for voluntary and involuntary terminations.)

No. Full-time Employees Hired	No. Full-time Employees Terminated (vol./invol.)	No. Part-Time Employees Hired	No. Part-Time Employees Terminated (vol./invol.)
/		/	

3. Provide the total number of persons serving as employees, including officers and directors, with total annual compensation greater than \$100,000.

4. (a) Indicate total number of charges filed with the EEOC or state agency for all locations (State whether by current employees, terminated employees or employees not hired.) over the last five years. (If none, check here [].) For each charge, attach a copy of the charges, the Applicant's response and the dismissal or status.

Year					
No. of Charges					

(b) Indicate the primary allegation of each of the total number of EEOC/state agency charges filed, as follows:

(1) Racial Discrimination	(2) Age Discrimination	(3) Religious Discrimination	(4) Other Ethnic Discrimination	(5) Fair Labor Standards	(6) Gender Discrimination/Sexual Harass.	(7) Violation of Am. with Disab. Act	(8) All Others

5. With respect to litigated cases (including wrongful termination suits under state law other than anti-discrimination law) and EEOC/state agency charges over the last five years for which any settlement was or may be paid, provide the following information or attach a narrative with comparable information: (If none, check here [].)

Date of Claim	Claimant	Allegation (if applicable, use no. from q. 4(b))	Losses Paid	Losses Reserved	Legal Expense Paid	Legal Expense Reserved

6. Are all the proper notification posters required by the EEOC displayed prominently? [] Yes [] No If No, explain.

7. Does the Applicant have a full-time human resource manager or department? [] Yes [] No If No, how is this function handled?

8. Does the Applicant have a written:

- (a) progressive disciplinary program? [] Yes [] No
- (b) policy prohibiting discrimination? [] Yes [] No
- (c) policy prohibiting sexual harassment? [] Yes [] No

9. Does the Applicant obtain advice from a human resource manager prior to terminating an employee? Yes No
If No, provide details.

10. Does the Applicant have an employee handbook? Yes No If Yes, does the Applicant distribute the employee handbook to all employees? Yes No

12. Does the Applicant have policies or procedures for dealing with the general public, customers, clients, patrons, visitors, or other third parties involving harassment and/or discrimination? Yes No If Yes, provide a copy.

AS PART OF THIS APPLICATION ATTACH THE FOLLOWING:

- Most recent annual report or audited financial statements
- Most recent interim financial statements

If applying for Coverage B - Employment Practices Liability:

- Employee handbook (if the Applicant has more than 100 employees)
- Employment application (if the Applicant has more than 100 employees)
- EEO-1 filings for the last two years (if applicable)

NOTICE TO THE APPLICANT - PLEASE READ CAREFULLY

FOR THE PURPOSE OF THIS APPLICATION, THE UNDERSIGNED AUTHORIZED AGENT OF THE PERSON(S) AND ENTITY(IES) PROPOSED FOR THIS INSURANCE DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS IN THIS APPLICATION AND IN ANY ATTACHMENTS, ARE TRUE AND COMPLETE. SHAND MORAHAN & COMPANY, INC. OR THE INSURER IS AUTHORIZED TO MAKE ANY INQUIRY IN CONNECTION WITH THIS APPLICATION. SIGNING THIS APPLICATION DOES NOT BIND THE INSURER TO PROVIDE OR THE APPLICANT TO PURCHASE, THE INSURANCE.

THE INFORMATION CONTAINED IN AND SUBMITTED WITH THIS APPLICATION IS ON FILE WITH SHAND MORAHAN & COMPANY, INC. AND ALONG WITH THE APPLICATION (TOGETHER WITH ALL PREVIOUS APPLICATIONS AND MATERIAL CHANGES THERETO OF WHICH SHAND MORAHAN & COMPANY, INC. RECEIVES NOTICE) IS CONSIDERED PHYSICALLY ATTACHED TO THE POLICY AND WILL BECOME PART OF IT. SHAND MORAHAN & COMPANY, INC. AND THE INSURER WILL HAVE RELIED UPON THIS APPLICATION AND ATTACHMENTS IN ISSUING ANY POLICY. THE APPLICATION WILL BECOME PART OF SUCH POLICY IF ISSUED.

IF THE INFORMATION IN THIS APPLICATION AND ANY ATTACHMENT MATERIALLY CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE EFFECTIVE DATE OF THE POLICY, THE APPLICANT WILL NOTIFY SHAND MORAHAN & COMPANY, INC., WHO MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION OR AGREEMENT TO BIND.

THE UNDERSIGNED DECLARES THAT THE PERSON(S) AND ENTITY(IES) PROPOSED FOR THIS INSURANCE UNDERSTAND THAT:

- (I) THE POLICY FOR WHICH THIS APPLICATION IS MADE APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD" OR ANY EXTENDED REPORTING PERIOD;
- (II) THE LIMIT OF LIABILITY CONTAINED IN THE POLICY SHALL BE REDUCED, AND MAY BE COMPLETELY EXHAUSTED BY "CLAIM EXPENSES" AND, IN SUCH EVENT, THE INSURER WILL NOT BE LIABLE FOR "CLAIM EXPENSES" OR THE AMOUNT OF ANY JUDGEMENT OR SETTLEMENT TO THE EXTENT THAT SUCH COSTS EXCEED THE LIMIT OF LIABILITY IN THE POLICY; AND
- (III) "CLAIM EXPENSES" SHALL BE APPLIED AGAINST THE DEDUCTIBLE.

FRAUD PREVENTION – 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 MISLEADING 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, INCLUDING BUT NOT LIMITED TO FINES, DENIAL OF INSURANCE BENEFITS, CIVIL DAMAGES, CRIMINAL PROSECUTION, AND CONFINEMENT IN STATE PRISON.

WARNING – Colorado Residents: 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.

WARNING – Florida Residents: 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.

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

WARNING – New Mexico: 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.

WARNING—New York Residents: 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 \$5,000 and the stated value of the claim for each such violation.

WARNING – 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 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.

Must be signed by the Chairman or President (within 60 days of the proposed effective date).

Name of Applicant

Title

Signature of Applicant

Date

The Application, including all material submitted therewith, will be held in confidence by the underwriting manager.