

## XN Risk™ Insurance Application

**NOTICE: THE CERTIFICATE FOR WHICH APPLICATION IS MADE, SUBJECT TO ITS TERMS, APPLIES ONLY TO ANY CLAIM FIRST MADE DURING THE CERTIFICATE PERIOD. AMOUNTS INCURRED AS COSTS, CHARGES AND EXPENSES SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS.**

Instructions	
The XN Risk™ Insurance application form is 13 pages long, including this page, and contains the following sections:	
<ol style="list-style-type: none"> <li>1. Broker Information</li> <li>2. Corporate Information</li> <li>3. Financial Information</li> <li>4. Prior Insurance Information</li> <li>5. Prior Activities Information</li> </ol>	<ol style="list-style-type: none"> <li>6. Employment Practices Liability Coverage</li> <li>7. Directors &amp; Officers Liability Coverage</li> <li>8. Fiduciary Liability Coverage</li> <li>9. Crime Coverage</li> <li>10. Other Information, Disclaimer and Signature</li> </ol>
To use this application:	
<ol style="list-style-type: none"> <li>1. Read the entire application carefully.</li> <li>2. Type or print the answers in ink.</li> <li>3. When a question is not applicable, answer N/A</li> <li>4. The printed copy must be signed by the CEO or an executive officer of the Assured Organization in order to bind coverage.</li> <li>5. Provide any additional information requested by e-mail if possible to uw@xnrisk.com, or by fax at (415) 704-3460</li> </ol>	
The application and all exhibits shall be held in confidence.	

Broker Information	
BRO-1 * Submitting Broker:	Dana J. Coates
* Broker Company:	United Agencies, Inc. United Western Division
State / Province:	525 Cordova St. Pasadena, CA
ZIP / Postal Code:	91101
Country:	USA
* Day Phone:	800-378-5554 x 205
Fax:	626-683-7682
* Email:	applications@uwib.com

## XN Risk™ Insurance Application

Corporate Information	
GEN-0	Requested policy effective date: _____
GEN-1	* Named Assured: _____ Address line 1: _____ Address line 2: _____ City: _____ State / Province: _____ ZIP / Postal Code: _____ Country: _____ Day Phone: _____ Fax: _____ Email: _____ FEIN: _____
GEN-2	Standard Industrial Classification Code (SIC): _____
GEN-3	Nature of Operations: _____ _____ _____
GEN-4	Has the Assured Organization been in business longer than 3 years? <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span>
GEN-5	Is the Assured Organization publicly-held or a public reporting company under the Securities Exchange Act of 1934? <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span>
GEN-6	Does the Named Assured own more than 3 subsidiaries? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span> _____ _____
GEN-7	In the past 18 months, has the Assured Organization been involved with any actual, negotiated or attempted merger, acquisition or divestment? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span> _____ _____
GEN-8	Does the Assured Organization contemplate transacting any mergers or acquisitions in the next 12 months where such merger or acquisition would involve more than 50% of the total assets of the Assured Organization? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span> _____ _____

## XN Risk™ Insurance Application

### Financial Information

FIN-1 Check the box that reflects the Assured Organization's financial information for the most recent fiscal year-end.

Total Assets \*

- \$0 to \$5,000,000     
  \$5,000,001 to \$25,000,000     
  \$25,000,001 to \$100,000,000  
 \$100,000,001 to \$250,000,000     
  Over \$250,000,000

Gross Revenues \*

- \$0 to \$5,000,000     
  \$5,000,001 to \$25,000,000     
  \$25,000,001 to \$100,000,000  
 \$100,000,001 to \$250,000,000     
  Over \$250,000,000

Net income or     
 Net loss and applicable amount: \*

- \$0 to \$500,000     
 \$500,001 to \$1,000,000     
 \$1,000,001 to \$3,000,000  
 \$3,000,001 to \$5,000,000     
 Over \$5,000,000

Cash flow from Operating Activities:     
 Positive or     
 Negative and applicable amount: \*

- \$0 to \$500,000     
 \$500,001 to \$1,000,000     
 \$1,000,001 to \$3,000,000  
 \$3,000,001 to \$5,000,000     
 Over \$5,000,000

FIN-2 Do the current liabilities exceed current assets? If yes, please provide details below.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
-

\_\_\_\_\_  
\_\_\_\_\_  
-

FIN-3 Do long-term liabilities exceed 75% of total assets? If yes, please provide details below.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
-

\_\_\_\_\_  
\_\_\_\_\_  
-

FIN-4 Will more than 50% of the total long-term liabilities mature within the next 18 months? If yes, please provide details below.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
-

\_\_\_\_\_  
\_\_\_\_\_  
-

FIN-5 In the last 2 years, has any auditor rendered a "going concern" opinion for the financial statements of the Assured Organization? If yes, please provide details below.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
-

\_\_\_\_\_  
\_\_\_\_\_  
-



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## XN Risk™ Insurance Application

Financial Information	
FIN-6	Is the Assured Organization contemplating commencing bankruptcy proceedings within the next 12 months? If yes, please provide details below.
	<input type="radio"/> Yes <input type="radio"/> No
<hr/>	

Revision 2.7

## XN Risk™ Insurance Application

### Prior Insurance Information

**PIN-1** Check the box that reflects the current insurance maintained by the Assured Organization. The Continuity Date refers to the policy inception date for which the most recent main form application was attached.

<b>Employment Practices Liability</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	
<b>Directors &amp; Officers Liability</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	
<b>Fiduciary Liability</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	
<b>Crime</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	
<b>Technology, Media &amp; Professional Services Liability</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	
<b>Miscellaneous Professional Services Liability</b>	<input type="radio"/> Yes	<input type="radio"/> No
Expiring Limits:	_____	
Expiring Retention:	_____	
Expiring Continuity Date:	_____	

## XN Risk™ Insurance Application

Prior Insurance Information		
PIN-2	Does the Assured Organization currently maintain a policy, covernote or certificate with Underwriters at Lloyd's of London for any of the above coverages?	<input type="radio"/> Yes <input type="radio"/> No
PIN-3	Has any insurer made payments to or on behalf of any person or entity proposed for this insurance at any time in the last 24 months? If yes, please provide details below.  _____	<input type="radio"/> Yes <input type="radio"/> No
PIN-4	Has the Assured Organization given written notice under the provisions of any current or prior policy providing similar insurance of any specific facts or circumstances which might give rise to a claim under such insurance? If yes, please provide details below.  _____	<input type="radio"/> Yes <input type="radio"/> No
PIN-5	Has any insurer ever cancelled or not renewed any similar insurance? If yes, please provide details below.  _____	<input type="radio"/> Yes <input type="radio"/> No

## XN Risk™ Insurance Application

Prior Activities Information	
PAC-1	<p>Within the last 3 years, has any person or entity proposed for this insurance been the subject of or involved in any:</p> <p>a) anti-trust, copyright or patent litigation? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span></p> <p>b) actual or alleged violation of the Employee Retirement Income Security Act of 1974, as amended, or similar law? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span></p> <p>c) actual or alleged breach of trust or fiduciary duty involving any employee benefit plan? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span></p> <p>d) criminal or administrative proceeding alleging violations of any federal or state securities laws or regulations? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span></p> <p>e) litigation, administrative proceeding, demand letter or formal or informal governmental investigation or inquiry including any investigation by the Department of Labor or the Equal Employment Opportunity Commission? If yes, please provide details below. <span style="float: right;"><input type="radio"/> Yes <input type="radio"/> No</span></p>

## XN Risk™ Insurance Application

Employment Practices Liability Coverage	
EPL-0	Limits requested: <input type="checkbox"/> No Coverage <input type="checkbox"/> \$500,000 <input type="checkbox"/> \$1,000,000 <input type="checkbox"/> \$2,000,000 <input type="checkbox"/> \$3,000,000 <input type="checkbox"/> \$4,000,000 <input type="checkbox"/> \$5,000,000
EPL-1	Total number of employees (full-time and part-time). <input type="checkbox"/> 0 to 10 <input type="checkbox"/> 11 to 20 <input type="checkbox"/> 21 to 30 <input type="checkbox"/> 31 to 40 <input type="checkbox"/> 41 to 50 <input type="checkbox"/> 51 to 65 <input type="checkbox"/> 66 to 80 <input type="checkbox"/> 81 to 100 <input type="checkbox"/> 101 to 125 <input type="checkbox"/> 126 to 150 <input type="checkbox"/> 151 to 175 <input type="checkbox"/> 176 to 200 <input type="checkbox"/> 201 to 250 <input type="checkbox"/> 251 to 300 <input type="checkbox"/> 301 to 350 <input type="checkbox"/> 351 to 400 <input type="checkbox"/> 401 to 450 <input type="checkbox"/> 451 to 500 <input type="checkbox"/> Over 500 Exact number of employees, if over 500. <input style="width: 100px; height: 15px;" type="text"/>  NOTE: When answering the above range of employees, multiply the number of part-time employees by a factor of .5 and add to the number of full-time employees.
EPL-2	Do more than 25% of all employees currently earn more than \$50,000? <input type="radio"/> Yes <input type="radio"/> No
EPL-3	In the last 18 months, have more than 25% of the officers or management voluntarily left the employ of the Assured Organization or had employment with the Assured Organization terminated? If yes, please provide details below.  <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>
EPL-4	Does the Assured Organization anticipate in the next 12 months, or has the Assured Organization transacted in the last 12 months, any plant, facility, branch or office closing, consolidations or layoffs affecting 20% or more of the employees of the Assured Organization? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
EPL-5	Check the applicable Employment Practices controls the Assured Organization currently maintains <ul style="list-style-type: none"> <li>a) Have all management, staff and officers attended training and education programs on sexual harassment within the last 18 months? <input type="radio"/> Yes <input type="radio"/> No</li> <li>b) Does labor relations counsel review the employment policies/procedures at least annually? <input type="radio"/> Yes <input type="radio"/> No</li> <li>c) Is there a separate Human Resources Department? <input type="radio"/> Yes <input type="radio"/> No</li> <li>d) Does the Assured Organization publish and distribute an employee handbook to every employee? <input type="radio"/> Yes <input type="radio"/> No</li> <li>e) Are there written procedures for handling employee complaints of discrimination or sexual harassment? <input type="radio"/> Yes <input type="radio"/> No</li> <li>f) Are there written procedures for handling employee grievances or complaints? <input type="radio"/> Yes <input type="radio"/> No</li> </ul>



## XN Risk™ Insurance Application

Directors & Officers Liability Coverage	
D&O-0	Limits requested: <input type="checkbox"/> No Coverage <input type="checkbox"/> \$500,000 <input type="checkbox"/> \$1,000,000 <input type="checkbox"/> \$2,000,000 <input type="checkbox"/> \$3,000,000 <input type="checkbox"/> \$4,000,000 <input type="checkbox"/> \$5,000,000
D&O-1	Do the Directors and Officers as a whole, directly or indirectly, own or control the voting rights of more than 50% of the outstanding securities or shares of the Named Assured? <input type="radio"/> Yes <input type="radio"/> No
D&O-2	Within the past 18 months, has the Assured Organization transacted or attempted a private debt or equity offering of securities or shares? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
D&O-3	Within the next 18 months does the Assured Organization anticipate any:  a) private debt or equity offering of securities? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No  b) public offering of securities? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
D&O-4	Does the Assured Organization render any professional services for others for a fee or compensation? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
D&O-5	Does the Assured Organization act as a general partner in any partnership? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
D&O-6	Does the Assured Organization have any direct or indirect insurance operations? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No

## XN Risk™ Insurance Application

Fiduciary Liability Coverage	
FID-0	Limits requested: <input type="checkbox"/> No Coverage <input type="checkbox"/> \$500,000 <input type="checkbox"/> \$1,000,000 <input type="checkbox"/> \$2,000,000 <input type="checkbox"/> \$3,000,000 <input type="checkbox"/> \$4,000,000 <input type="checkbox"/> \$5,000,000
FID-1	Does the Assured Organization have more than 5 plans to be covered under the proposed insurance? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No
FID-2	Indicate the type of plans to be assured. <p>a) Pension: <input type="radio"/> Yes <input type="radio"/> No</p> <p>b) Welfare Benefit: <input type="radio"/> Yes <input type="radio"/> No</p> <p>c) Profit Sharing: <input type="radio"/> Yes <input type="radio"/> No</p> <p>d) Employee Stock Ownership: <input type="radio"/> Yes <input type="radio"/> No</p> <p>e) 401k: <input type="radio"/> Yes <input type="radio"/> No</p>
FID-3	Total number of employees currently enrolled in all plans: <p><input type="checkbox"/> 0 to 10    <input type="checkbox"/> 11 to 30    <input type="checkbox"/> 31 to 50    <input type="checkbox"/> 51 to 75    <input type="checkbox"/> 76 to 100    <input type="checkbox"/> 101 to 150</p> <p><input type="checkbox"/> 151 to 225    <input type="checkbox"/> 226 to 300    <input type="checkbox"/> 301 to 400    <input type="checkbox"/> 401 to 500    <input type="checkbox"/> Over 500</p> <p>Exact number of employees, if over 500. <input type="text"/></p>
FID-4	Total asset value of all plans combined for the most recent fiscal year: <p><input type="checkbox"/> \$0 to \$1,000,000    <input type="checkbox"/> \$1,000,001 to \$5,000,000    <input type="checkbox"/> \$5,000,001 to \$25,000,000</p> <p><input type="checkbox"/> \$25,000,001 to \$100,000,000    <input type="checkbox"/> Over \$100,000,000</p>
FID-5	Do all the plans conform to the standards of eligibility, participation, vesting and other provisions of the Employee Retirement Income Security Act of 1974, as amended? <input type="radio"/> Yes <input type="radio"/> No
FID-6	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? <input type="radio"/> Yes <input type="radio"/> No
FID-7	Are any plans underfunded by more than 30%? If yes, please provide details below. <input type="radio"/> Yes <input type="radio"/> No

## XN Risk™ Insurance Application

Fiduciary Liability Coverage		
FID-8	Does the Assured Organization have any delinquent contributions to any plan? If yes, please provide details below.	<input type="radio"/> Yes <input type="radio"/> No
FID-9	Have any plans been terminated, suspended, merged or dissolved within the last 24 months? If yes, please provide details below.	<input type="radio"/> Yes <input type="radio"/> No
FID-10	Does the Assured Organization anticipate terminating, suspending, merging or dissolving any plans within the next 18 months? If yes, please provide details below.	<input type="radio"/> Yes <input type="radio"/> No
FID-11	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 Assured Organization? If yes, please provide details below.	<input type="radio"/> Yes <input type="radio"/> No

## XN Risk™ Insurance Application

Crime Coverage	
CRI-0	Limits requested: <input type="checkbox"/> No Coverage <input type="checkbox"/> \$500,000 <input type="checkbox"/> \$1,000,000 <input type="checkbox"/> \$2,000,000 <input type="checkbox"/> \$3,000,000 <input type="checkbox"/> \$4,000,000 <input type="checkbox"/> \$5,000,000
CRI-1	Total number of employees: <input type="checkbox"/> 0 to 10 <input type="checkbox"/> 11 to 30 <input type="checkbox"/> 31 to 50 <input type="checkbox"/> 51 to 75 <input type="checkbox"/> 76 to 100 <input type="checkbox"/> 101 to 150 <input type="checkbox"/> 151 to 225 <input type="checkbox"/> 226 to 300 <input type="checkbox"/> 301 to 400 <input type="checkbox"/> 401 to 500 <input type="checkbox"/> Over 500 Exact number of employees, if over 500. <input style="width: 150px; height: 15px;" type="text"/>
CRI-2	Number of officers and employees who handle, have custody or maintain records of money, securities or other property: <input type="checkbox"/> 0 to 5 <input type="checkbox"/> 6 to 15 <input type="checkbox"/> 16 to 50 <input type="checkbox"/> Over 50
CRI-3	Is there an annual audit or review performed by an independant CPA on the books and accounts, including a complete verification of all securities, shares and bank balances? <input type="radio"/> Yes <input type="radio"/> No
CRI-4	Are bank accounts reconciled by someone not authorized to deposit or withdraw from those accounts? <input type="radio"/> Yes <input type="radio"/> No
CRI-5	Is counter signature of checks required? <input type="radio"/> Yes <input type="radio"/> No
CRI-6	Is the Assured Organization seeking Employee Benefit Plan Crime coverage? <input type="radio"/> Yes <input type="radio"/> No
CRI-7	Are pre-authorized controls maintained for all programmers and operators? <input type="radio"/> Yes <input type="radio"/> No
CRI-8	Do audit practices include tests to detect unauthorized programming changes? <input type="radio"/> Yes <input type="radio"/> No
CRI-9	Are computerized cheques writing operations segregated from departments that authorize cheques? <input type="radio"/> Yes <input type="radio"/> No

## XN Risk™ Insurance Application

Other Information	
INF-1	The undersigned declares that to the best of his/her knowledge the statements herein are true. Signing of this Application does not bind the undersigned to complete the insurance, but it is agreed that this Application shall form the basis of the contract should a Certificate be issued, and this application will be attached to, and become part of such Certificate, if issued. Underwriters are hereby authorized to perform any and all investigations and inquiries in connection with this Application as they may deem necessary.
INF-2	It is warranted that the particulars and statements contained in the Application for the proposed Certificate and any materials submitted herewith (which shall be retained on file by Underwriters and which shall be deemed attached hereto, as if physically attached), are the basis for the proposed Certificate and are to be considered as incorporated into, and constituting part of, the proposed Certificate.
INF-3	It is agreed that in the event there is any material change in the answers to the questions contained herein prior to the effective date of the Certificate, the applicant will notify Underwriters and, at the sole discretion of the Underwriters, any outstanding quotations may be modified or withdrawn.
INF-4	It is agreed that in the event there is any misstatement or untruth in the answers to the questions contained herein, Underwriters have the right to exclude from coverage any claim based upon, arising out of, or in connection with, such misstatement or untruth.

Disclaimer and Signature	
Signed:	Must be signed by an Executive Officer of the Named Assured
Name:	Please print or type
Capacity:	—
Assured Organization:	
Date:	(Day) (Month) (Year) —
Submitted by:	(Agent)
Date:	(Day) (Month) (Year)
<p>For purposes of creating a binding contract of insurance by this application or in determining the rights and obligations under such contract in any court of law, the parties acknowledge that a signature reproduced by either facsimile or photocopy shall have the same force and effect as an original signature and that the original and any such copies shall be deemed on the same document.</p>	