



# STARSTONE SPECIALTY INSURANCE COMPANY

## MAIN FORM APPLICATION

### PRIVATE COMPANY MANAGEMENT LIABILITY INSURANCE

APPLICATION FOR CLAIMS-MADE AND REPORTED PROFESSIONAL LIABILITY INSURANCE POLICY, LIMITED TO ONLY THOSE CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED IN WRITING TO THE INSURER DURING THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD, IF APPLICABLE.

THIS APPLICATION APPLIES TO MANY COVERAGE PARTS. ACCORDINGLY, IT IS ONLY NECESSARY TO COMPLETE THOSE PORTIONS OF THIS APPLICATION THAT EXPLICITLY APPLY TO:

- (i) ALL COVERAGE PARTS; AND
- (ii) THOSE PARTICULAR COVERAGE PARTS FOR WHICH COVERAGE IS CURRENTLY BEING SOUGHT.

It is agreed that in granting coverage under this Policy, the Insurer has relied upon the information and materials described below and any other material submitted by the Applicant in connection with the underwriting of this Policy.

Applicant Name			
Street Address		Suite	
City	County	State	Zip Code
FEIN		Website Address	
Officer designated to receive correspondence and notices from the Insurer:			
Primary Contact Name		Title	
Email	Telephone Number	Fax Number	

### I. GENERAL INFORMATION (APPLICABLE TO ALL COVERAGE PARTS)

1. State of incorporation: \_\_\_\_\_ 2. Date established: \_\_\_\_\_ 3. SIC/NAIC: \_\_\_\_\_
4. Form of business (check one):
 

<input type="checkbox"/> Public Company	<input type="checkbox"/> Private For Profit	<input type="checkbox"/> LLP	<input type="checkbox"/> Sole Proprietorship / Individual
<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Partnership	<input type="checkbox"/> LLC	
5. Nature of operations: \_\_\_\_\_

#### CURRENT COVERAGE:

	Carrier	Limit	Retention	Shared Limits (Y/N)	Expiration Date	Prior & Pending Lit Date
Directors & Officers		\$	\$			
Employment Practices		\$	\$			
Fiduciary		\$	\$			

#### REQUESTED COVERAGE:

	Coverage Requested	Limit	Retention	Shared Limits (Y/N)	Effective Date	Prior & Pending Lit Date
Directors & Officers	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$	\$			
Employment Practices	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$	\$			
Fiduciary	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$	\$			

## II. FINANCIAL INFORMATION (in US \$)

1. Provide the following financial information with respect to the Applicant:

	(MM/YY)	(MM/YY)
	Most recent Year End: _____	Prior Year End: _____
Current Assets	\$ _____	\$ _____
Total Assets	\$ _____	\$ _____
Current Liabilities	\$ _____	\$ _____
Total Liabilities	\$ _____	\$ _____
Revenues	\$ _____	\$ _____
Operating Income / Loss	\$ _____	\$ _____
Retained Earnings / Deficit	\$ _____	\$ _____
Equity	\$ _____	\$ _____

2. Is the Applicant currently (or in the last 24 months) in violation of or made any amendments to any debt covenants?  Yes  No

If "Yes", provide details:

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3. Has the Applicant changed outside auditors in the last 3 years?  Yes  No

If "Yes", provide details:

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4. During the past 3 years, has an outside auditor stated there is a material weakness in the Applicant's systems or controls or issued a "going concern" opinion for the Applicant's financial statements?  Yes  No

(If "Yes", attach explanation, provide the CPA letter, and management response.)

5. Has the Applicant implemented the auditor's recommendations?  Yes  No

If "No", provide details:

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### III. PRIVATE COMPANY DIRECTORS & OFFICERS COVERAGE

1. Is the Applicant engaged in any of the following activities?

- Franchising  Yes  No  
 General Partnership operations  Yes  No  
 Joint Venture(s)  Yes  No

2. Total number of outstanding shares of stock or membership units:

Common Stock / Membership Units: \_\_\_\_\_ Preferred Stock: \_\_\_\_\_

3. Provide information regarding the Applicants outstanding ownership, including individual and corporate names:

Names of Security Holders owning more than five (5) percent of Total Outstanding Common Stock, Membership Units or Preferred Stock	Percent owned	Voting Rights	Representation on the Board of Directors?
	%	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	%	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	%	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	%	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

4. Is any shareholder a trust that qualified as an Employee Stock Ownership Plan under ERISA or holds securities for the benefit of employees?  Yes  No

5. Attach a complete list of all Directors of the Applicant by name and affiliation.

6. Has the Applicant experienced changes to its Board of Directors or to its Key Executives over the past year?  Yes  No

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

7. Does the Applicant have any of the following committees?

- Audit  Yes  No      Compensation  Yes  No      Nominating  Yes  No

8. Does the charter or by laws of the Applicant contain indemnification provisions?  Yes  No

9. Are there currently outstanding loans to any Director or Officer?  Yes  No

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

10. In the next 12 months (or in the past 24 months) is the Applicant contemplating or completed any of the following:

- a. Any actual or proposed merger, acquisition, or divestiture?  Yes  No  
 b. Any creation of a new organization, subsidiary, or division?  Yes  No

(If "Yes" to any above, attach details.)

11. Any reorganization or arrangement with creditors under federal or state law?

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

12. Does the Applicant currently file, or plan to file in the next 12 months, any documents with the Securities and Exchange Commission regarding any equity or debt offering including private placements?  Yes  No

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

13. Attach a complete list of any and all subsidiaries or affiliates for which coverage is being requested.

### IV. EMPLOYMENT PRACTICES COVERAGE

1. Number of Employees:	Current Year – Union	Current Year – Non-Union	Previous Year – Union	Previous Year – Non-Union
Full Time Employees				
Part Time / Seasonal / Temporary Employees				
Independent Contractors				
Foreign Employees				
<b>Total Employees (inclusive of all of the above)</b>				

2. Percentage of employees in the following states:

	Current Year	Previous Year
California	%	%
Florida	%	%
Michigan	%	%

	Current Year	Previous Year
New Jersey	%	%
New York	%	%
Texas	%	%

3. Percentage of employees earning the following annual salary:

Under \$50,000	\$50,001 - \$100,000	\$100,001 and over
%	%	%

4. Employee turnover percentage for the last three (3) years:

Current Year:	%	1 <sup>st</sup> Previous Year:	%	2 <sup>nd</sup> Previous Year:	%
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5. Does the Applicant have a Human Resource department?  Yes  No

If "No", how are these issues handled and by whom?

6. Does the Applicant or any of its subsidiaries have an Employee Handbook, a Human Resource manual or equivalent written management guidelines?  Yes  No

If "Yes", does it address:

- a. Discrimination?  Yes  No
- b. Sexual Harassment?  Yes  No
- c. Compliance with the Americans with Disabilities Act?  Yes  No
- d. Compliance with the 1991 Civil Rights Act?  Yes  No
- e. Compliance with the Family Medical Leave Act?  Yes  No
- f. Employee disciplinary actions, terminations, layoffs?  Yes  No
- g. Employee appraisals / reviews?  Yes  No

7. Has Legal Counsel reviewed the Human Resource Guidelines in the last 2 years?  Yes  No

8. Is there a formalized process in place for reporting complaints / harassment?  Yes  No

9. Are employment issues relating to terminations, discriminations, sexual harassment, layoffs, transfers, or promotions handled by the Human Resource department, outside counsel and or the legal department?  Yes  No

10. Is the Applicant or any of its subsidiaries currently undergoing, or does the Applicant or any of its Subsidiaries contemplate undergoing during the next twelve (12) months, any employee layoffs or early retirements (including ones resulting from any type of company restructuring or office, plant or store closing)?  Yes  No

If "Yes", provide details:

11. When an employee is terminated, are severance packages offered in exchange for releases not to sue?  Yes  No

12. Does the Applicant or any of its subsidiaries have procedures in place to assist terminated or laid off employees find work?  Yes  No

## V. FIDUCIARY COVERAGE

Complete the following questions for each plan for which coverage is being requested:

Plan Name	Plan Type*	Plan Assets	Number of Participants	Percent funded (DB only)	Plan Status**
		\$		%	
		\$		%	
		\$		%	
		\$		%	
		\$		%	

\* Plan Type: DC = Defined Contribution  
DB = Defined Benefit  
ESOP = Employee Stock Ownership Plan  
W = Welfare  
O = Other

\*\*Plan Status: A = Active  
F = Frozen  
M = Merged  
T = Terminated

1. Is each plan reviewed at least annually to assure there are no violations of ERISA?  Yes  No
2. Do all plans conform to the standards and requirements of ERISA?  Yes  No
3. Has any plan:
  - a. been the subject of any investigation by the Department of Labor, IRS, or similar agency?  Yes  No
  - b. had its tax exempt status withdrawn or threatened to be withdrawn by the IRS?  Yes  No
  - c. filed for exemption from a prohibited transaction?  Yes  No
  - d. received an adverse opinion as to its financial condition by an independent public accountant?  Yes  No

If "Yes" to any above, provide details:

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### Questions 4 and 5 are for Defined Benefit Plans Only:

4. Has any Defined Benefit Plan:
  - a. experienced an event reportable to the Pension Benefit Guaranty Corporation?  Yes  No
  - b. not been certified by an actuary to be adequately funded in accordance with ERISA's minimum funding standard?  Yes  No
  - c. been converted into a cash balance plan or is any such conversion expected in the next 12 months?  Yes  No

If "Yes" to any above, provide details:

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5. Are there any outstanding or delinquent plan contributions or plan loans, leases or debt obligations that are in default or classified as uncollectible?  Yes  No

### Questions 6, 7 and 8 are for ESOP plans only:

6. Date ESOP established: \_\_\_\_\_
7. Is the ESOP plan leveraged?  Yes  No  
If "Yes", what percentage? \_\_\_\_\_%
8. Provide most recent ESOP valuation and audit.

**LOSS INFORMATION**

1. During the past five (5) years and with respect to each liability coverage requested, has the company, any individual, or any other entity proposed for coverage under this insurance policy currently involved in or been a party to, or subject of, any administrative or regulatory proceedings or investigation, civil or criminal charges, hearings, demands or lawsuits?  Yes  No  
 (If "Yes", attach full details.)
  
2. Is the applicant, any subsidiary, or any Director, Officer, Trustee, Employed Lawyer, or employee of the Applicant aware of any fact, circumstance, situation, event, act, error or omission, that could give rise to a claim, being made against them under the proposed liability coverage for which the applicant is applying?  Yes  No  
 (If "Yes", attach full details.)

**IT IS AGREED THAT ANY CLAIM BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM, OR IN ANY WAY INVOLVING ANY FACT OR CIRCUMSTANCE SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN QUESTIONS 1. OR 2. ABOVE WILL BE EXCLUDED FROM THE PROPOSED COVERAGE.**

**READ CAREFULLY**

The undersigned, acting on behalf of the Applicant and all proposed insureds, declare that the statements set forth herein are true and accurate and that thorough efforts have been made to obtain sufficient information from each proposed insured in order to facilitate proper and accurate completion of this Application.

The undersigned agree that the Application and all other materials submitted to the insurer are their statements, are incorporated in and constitute a part of the Policy, and shall be deemed attached to the Policy as if physically attached. The undersigned represent that the statements and representations in the Application and all other materials submitted to the insurer shall be deemed material to the acceptance of the risk and that the Policy is issued in reliance upon the truth and accuracy of such statements and representations. It is agreed by the undersigned, this Application, together with any other materials submitted to the insurer, have been completed as respects to the entire Applicant and all proposed insureds.

The undersigned further declare that if any significant change in the condition of the Applicant or proposed insureds is discovered, between the date this Application was signed and the effective date of the policy, which would render the information in this Application inaccurate or incomplete, any such information will immediately be reported in writing to the insurer and the insurer may withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance. The undersigned and insurer agree that the signing of this application does not bind the undersigned to purchase the insurance.

\_\_\_\_\_  
 Signature of President, Chief Executive Officer, Chief Financial Officer, or Managing Partner \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Print or Type Name \_\_\_\_\_  
 Title

**ALL STATES (UNLESS A STATE-SPECIFIC FRAUD WARNING APPLIES)**

**NOTICE TO APPLICANTS:** 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 ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**STATE-SPECIFIC**

**NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS:** 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.

**NOTICE TO COLORADO APPLICANTS:** 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 INSURANCE 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 AUTHORITIES.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: 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.

**NOTICE TO FLORIDA APPLICANTS:** 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.

**NOTICE TO KENTUCKY APPLICANTS:** 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.

**NOTICE TO LOUISIANA APPLICANTS:** 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.

**NOTICE TO MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO MARYLAND APPLICANTS:** 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.

**NOTICE TO NEW JERSEY APPLICANTS:** ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO OHIO APPLICANTS:** ANY PERSON WHO, WITH 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.

**NOTICE TO 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 (365:15-1-10, 36 §3613.1).

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS MATERIALLY FALSE INFORMATION IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO PENNSYLVANIA APPLICANTS:** 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.

**NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT APPLICANTS:** 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 ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW YORK APPLICANTS:** 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 AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.