Houston Casualty Company, or
U.S. Specialty Insurance Company

Employment-Related Practices Liability
Insurance Program Application
Claims-Made Coverage

NOTICE: THIS INSURANCE PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY DEFENSE COSTS, CHARGES AND EXPENSES. FURTHER NOTE THAT SUCH DEFENSE COSTS, CHARGES AND EXPENSES SHALL BE APPLIED AGAINST THE APPLICABLE DEDUCTIBLE(S)/RETENTION(S).

INSTRUCTIONS:

1. Answer all questions and attach all additional information as required.
2. If a question is not applicable, indicate N/A.
3. If a question requires a comment or explanation, indicate it on the application in the space provided or in Section XII, REMARKS of this Application.
4. This application must be dated and signed by one of the organization's principals, partners or officers**. IT IS IMPORTANT THAT THIS INDIVIDUAL READ SECTION X. IMPORTANT NOTICES AND SECTION XI. APPLICANT'S REPRESENTATIONS AND SIGNATURE OF THIS APPLICATION CAREFULLY.**

NOTE: The special meaning of words and phrases that appear in quotation marks (" ") are defined in Section XIII. DEFINITIONS of this Application.

Section I. GENERAL INFORMATION

1. Name of Applicant:_____
_____

2. Address:_____
_____
_____

3. Contact Person: (Name)_____(Title)_____

(Telephone)_____(Fax)_____

Email address:_____ Website:_____

4. Form of organization: ___Corporation ___Partnership

___Individual Proprietor ___Joint Venture ___Public Entity

___Non-Profit Organization ____Other (specify)_____

4A. Is your organization a franchise? ____ Yes ___No

If yes, please indicate which franchiser._____

5. Indicate Primary SIC Code: _____

EP 0020 (02/02)

6. Nature of Business: _____

7. How long has your organization been in business? _____years.

8. Indicate your organization's annual receipts and payroll for the following financial years:

	Receipts	Payroll
(1) Last Financial Year-	$_____	$_____
(2) Current Financial Year-	$_____	$_____
(3) Next Financial Year-	$_____	$_____

Section II. COVERAGE REQUESTED

1. Indicate the lowest and highest limits of liability you would like quoted.

__$250,000 ___$500,000 ___$1,000,000 ___$2,000,000 __$3,000,000

2. Indicate the lowest and highest deductibles you would consider.

___ $2500 ___$5,000 ___$7,500 ___$10,000 ___$15,000 ___$20,000 ___$25,000 ___$50,000

3. What date would you like this insurance to be effective? _____

Section III. PRIOR EMPLOYMENT-RELATED PRACTICES LIABILITY INSURANCE COVERAGE

1. A. Do you currently have an Employment- Related Practices or Employment Practices Liability Insurance Policy or Coverage in force? ____Yes ____No

   B. If Yes, indicate the insurer: _____,
   the expiration date: _____, and limits $_____

2. Has an insurer ever canceled or non-renewed this type of insurance? ____Yes ____No
   If Yes, explain in the Remarks Section. (Question not applicable to Missouri applicants).

Section IV. LOSS HISTORY

1. **Complete a SUPPLEMENTAL CLAIM FORM for each employment practice claim (i.e., wrongful termination, discrimination, sexual harassment, etc. lawsuit or "incident") you have had in the past three (3) years, and attach it to this application.** If you have had no claims of this type in the past three years, indicate none. ____None, or if you have had claims indicate the number _____

2. Other Pending "incidents"
   Is any "management or supervisors" aware of any other pending "incidents" during the past two (2) years, which may result in claims being made against you? _____Yes _____No

   If Yes, provide details in the Remarks Section.

3. Has your organization been involved in any grievance or other administrative hearing before or under any of the following agencies or legislative acts? Explain any Yes answer in the Remarks Section.

	Yes	No		Yes	No
National Labor Relations Board			Civil Rights Act of 1991		
Equal Employment Opportunity Commission			Age Discrimination In Employment Act		
Federal Labor Standards Act			Americans With Disabilities Act		
Fair Labor Standards Enforcement Act			U.S. Department of Labor		
Title VII of the Civil Rights Act of 1994			Any state or governmental agency (i.e., Labor Department or Fair Employment Agency)		

Section V. CORPORATE HISTORY/PLANS

(Provide details in the Remarks Section for any Yes answers.)

A. Has your organization acquired any other organizations within the past two (2) years? ___Yes ____No

If Yes, were any of the "employees" or "officers" of the acquired organization terminated? ___Yes ___No

B. If Yes, do you plan in the next eighteen (18) months to terminate any of the "employees" or "officers" of the acquired organization? ___Yes ___No

C. Does your organization anticipate any of the following in the next twelve (12) months?

Selling, closing, consolidation, or spinning-off any plants, offices, subsidiaries, or divisions? ____Yes ___No

Downsizing, rightsizing, layoffs, or any other reduction in number of "employees"? ____Yes ___No

Acquiring or merging with any other organization? ____Yes ___No

Creation of any new business, subsidiary, division, or location? ____Yes ___No

Increase in the number of "employees" by more than 20%? ____Yes ___No

Section VI. EMPLOYEES

1. Indicate the total number of workers currently on your payroll below (all employees who will receive a W-2 form should be included). **Do not include "leased workers".**

Type of Individual	No.
Full-time, regular and temporary workers working a standard workweek	
Part-time, regular and temporary workers working a standard workweek	
"Interns"	
"Seasonal Employees"	
"Volunteers"	
Total	

Of the total number of workers, indicate the number who are union members _____

Please provide a breakdown by state or foreign country of the number of workers for each category.

State/Foreign Country	Full-time	Part-time	Interns	Seasonal	Volunteers

2. A. Does your organization use “leased workers“ ___Yes ___No
   B. Does your organization use independent contractors ___Yes ___No
   C. If yes, would you like to cover them under this policy? ___Yes ___No
   If yes, indicate the total number of “leased workers” to be covered _____
   If yes, indicate the total number of independent contractors to be covered _____
   (Please attach a copy of your employee leasing agreement and or independent contractor agreement)

   _____

   (Do not include “leased workers“ or independent contractors in any categories listed above)

3. Of the total number of “employees” indicated in 1 above, indicate how many are in each of the following categories.

   A. Salary and bonus less than $50,000 _____
   B. Salary and bonus between $50,000 and $100,000 _____
   C. Salary and bonus between $100,000 and $250,000 _____
   D. Salary and bonus in excess of $250,000 _____

4. What is your organization’s annual employee turnover for each of the last three (3) years:

Years	19_____	19_____	19_____
***Number of "Employees"**			
Involuntary Termination			
Voluntary Termination (non-retirement)			
Retired			

   * Highest Number of "Employees" employed at any one time during the year.

5. Are there any written employment agreements with:

   A. Non-Officer Employees ____Yes ___No
   B. Officers/Partners ____Yes ___No

Section VII. HUMAN RESOURCES AND CORPORATE POLICY

1. A. Do you publish an employment handbook? ____Yes ___No
   If Yes, please attach a copy, and answer the following:

   B. Do you distribute it to all “employees”? ____Yes ___No

   C. Does it contain an “at will “ statement? ____Yes ___No

   D. Do you obtain a signed acknowledgment from your “employees” that they have received it? ____Yes ___No

   E. When was it last updated? _____

2. Have you adopted and implemented anti-sexual harassment policies and written procedures? ____Yes ___No

3. Do you have any written “employee“ grievance or complaint procedures?

If yes, please attach a copy. ____Yes ___No

4. Do you have an EEOC Statement or have you adopted anti-discrimination policies and developed written procedures for the selection of "employees" for hiring, promotion, transfer, layoff, salary increases, work assignments and other employment related practices? ____Yes ___No

5. A. Do your managers and supervisors attend training, education programs or seminars on employer-employee relations and conflict resolution? ____Yes ___No

   B. If Yes, was such training conducted during the last year? ____Yes ___No

6. Does your organization have a formal Human Resources/Personnel Department? ____Yes ___No

   If Yes, how many employees are in this department? _____

   If No, explain in the Remarks Section who handles this function and their title:
   Name:_____ Title: _____

7. Who of the following must review terminations ***prior*** to any action being taken? Check all that apply.

   ___ owners/upper management/managing partners
   ___ HR manager or person in charge of HR
   ___ Outside legal counsel experienced in employment law
   ___ In-house counsel
   ___ Other – please explain_____

8. Does your organization have in-house counsel that consults in employment related matters? ___Yes ___No

9. A. Does your organization have a labor law firm with which you regularly work? ____Yes ___No
   If Yes, what is the name of the firm? _____

   B. Does this firm periodically review your employment policies and procedures? ____Yes ___No

10. Do you use an employment application for all job applicants? ____Yes ___No

    A. If Yes, please attach a copy. If No, explain in the Remarks Section how this is handled.

    B. If Yes, does it contain an "at will" statement? ____Yes ___No

11. Do you provide a formal training program for all new "employees"? ____Yes ___No

12. A. Do you provide all "employees" with regular, written performance evaluations? ____Yes ___No

    B. If Yes, are they evaluated at least annually? ____Yes ___No

13. A. Do you provide periodic education on illegal discrimination and harassment to your "employees"? ____Yes ___No

B. If Yes, is it provided at least annually? ____Yes ___No

14. Do you have written job descriptions for each position? ____Yes ___No

15. Do you have any written arbitration procedures? ____Yes ___No
If Yes, describe in Remarks.

Section VIII. CHECKLIST

Have you included the following items with this application:

1. Employee Leasing Agreement (If you answered Yes to Question VI.2.B) ____Yes ___No
2. Employment Handbook? (If you answered Yes, to Question VII.1.A.) ____Yes ___No
3. Written Complaint Procedure? (If you answered Yes, to Question VII.3.) ____Yes ___No
4. Employee Application? (If you answered Yes, to Question VII.9.A.) ____Yes ___No
5. Please provide EEO-1 Report for the last calendar year (if applicable)? ____Yes ___No
6. Please provide latest 10K Report and Annual Report (if applicable)? ____Yes ___No

Section IX. IMPORTANT NOTICES

1. If the inception date of the policy period is more than thirty (30) days after the date of this application, a signed declaration that statements and information provided in this application have not changed or a new signed and dated application will be required.

2. If you are signing this application in one of the states indicated below note the following.

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 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."

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 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 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 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 violations."

NOTICE TO OHIO APPLICANTS: "Any person who, with intent to defraud or knowing that he is facilitating fraud against an insurer, submits an application or files a claim containing 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."

NOTICE TO PENNSYLVANIA APPLICANTS: “Any person 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 VIRGINIA APPLICANTS: “It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the insurer. Penalties include imprisonment, fines and denial of insurance benefits.“

Section X. APPLICANT'S REPRESENTATIONS AND SIGNATURE

A. The Applicant represents to the best of its knowledge and belief that the statements set forth herein are true and complete.

B. The Applicant further represents that if the information supplied on this application changes between the date of the Application and the inception date of the policy period, the Applicant will immediately notify the Insurer of such change, and the Insurer may modify or withdraw any outstanding quotation.

C. Signing of this Application does not bind the Insurer 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 to and made part of the policy should a policy be issued.

Applicant’s Authorized Signature of a Principal, Partner or Officer.

Printed Name:_____ **Title:**_____

Signature:_____**Date:**_____

THIS APPLICATION MUST BE SUBMITTED TO:

Professional Indemnity Insurance Agency, Inc. (PIA)
50 California Street, Ste. 940 San Francisco CA 94111
Telephone: 415-277-2462 Fax: 415-288-0771
Attention: Ann McCarthy

NOTE: Pages 8 and 9 follow which include space for remarks concerning your answers and definitions that apply to this application.

Section XI. REMARKS (Use a separate sheet(s) of paper if necessary)

Section XII. DEFINITIONS

The words and phrases in this Application that appear in quotation marks (“ ”) have special meaning and are defined below.

1. “At will” defined as an explicit statement of the employer-employee relationship in that either party may terminate the relationship at any time for any reason and without notice.

2. “Employee(s)” are defined as all individuals currently on your payroll or who you anticipate will be on your payroll during the year who will receive a W-2 form from you, including:
   a. "Part-time employees"
   b. “Seasonal employees”
   c. Temporary "employees"
   d. “Interns”

3. “Incident” means any complaints, suits or other actions by any employee(s), or former employee(s), against your organization where:

   a. A third party (such as a government agency, lawyer, union, etc.) was involved, and/or

   b. A termination settlement was non-standard and extra compensation or benefits were paid. (i.e., The “ employee” or former “employee” wants financial compensation, and/or a change in work status from you for alleged injuries or damages relating to his/her employment, work environment, or termination. This includes all incidents relating to such actions regardless of the merits, findings, or payments.)

4. “Interns” are defined a person who is an advanced student or recent graduate in a professional field who provides services to you or is receiving practical experience from you without any express or implied promise of remuneration.

5. “Leased Workers” are defined as individuals leased to you by a labor-leasing firm under an agreement between you and the labor-leasing firm, to perform duties related to the conduct of your business. Leased worker does not include a temporary employee.

6. “Management and Supervisors” means a director, owner, partner, principal, officer, in-house attorney, or shareholder of the insured, the personnel or human resources director, risk management personnel or any other “employee” of the insured having management-level responsibility for personnel matters (i.e., ability to hire, terminate, demote or prepare a written evaluation of employees).

7. “Part Time Employees” are defined as “employees” who work less than 20 hours per week.

8. “Salary and bonus” is defined as including all remuneration to an “employee” including:
   a. Wages or salaries;
   b. Commissions and draws against commissions;
   c. Bonuses including stock bonus plans;
   d. Extra pay for overtime work;
   e. Pay for holidays, vacations, or periods of sickness.

9. “Seasonal Employees” are defined as “employees” who work less than 1,000 hours per year.

10. “Volunteer” is defined as a person who provides services to you without any express or implied promise of remuneration.