

**THE CINCINNATI INSURANCE COMPANY  
PROPOSAL FOR  
CINCINNATI'S "BLUE CHIP" INSURANCE PROGRAM FOR PRIVATELY HELD COMPANIES**

1. Name of Company: \_\_\_\_\_
2. Street Address: \_\_\_\_\_
3. Website Address(es): \_\_\_\_\_
4. The Company has continuously been in business since: \_\_\_\_\_
5. Nature of the Company's business: \_\_\_\_\_
6. Give the name, title, phone number and e-mail address of the representative of the Company designated to receive notices from the insurer or its authorized representative concerning this insurance: \_\_\_\_\_

7. If the Company maintains ownership or voting control in any subsidiary, describe here or on an attachment:

Name	Description of Operations	Year Established	Subsidiary Type (*)	Percent Owned

(\*)Subsidiary Type: FP=For-Profit; JV=Joint Venture; LLC=Limited Liability Company; P=Partnership

**DIRECTORS AND OFFICERS LIABILITY COVERAGE PART**

1. Answer the following concerning the directors, officers and trustees (or equivalent) of the Company and any subsidiaries.
  - a.) Have there been any changes in senior management of the Company or any subsidiary in the last 3 years (other than death or retirement)? If "Yes", please attach complete details.  Yes  No
  - b.) Does the charter or bylaws of the Company provide indemnification to its directors and officers as permitted by law?  Yes  No
  - c.) Does the Company have a formal conflict of interest policy?  Yes  No
2. During the past 3 years, has the Company or any subsidiary completed any of the following or are they contemplating doing so in the future? If the answer to any of the questions below is "Yes", please attach complete details.
  - a.) Any actual or proposed merger, acquisition, tender offer, consolidation, purchase or sale of assets, divestment or sale of more than 10% of its total stock holdings?  Yes  No
  - b.) A public offering or private placement offering of securities of any kind (including stocks and bonds) whether or not such securities are required to be registered with the SEC Act of 1933?  Yes  No
  - c.) A reorganization, bankruptcy proceeding or material change in any arrangement with lenders, bondholders, financiers or other significant creditors pursuant to applicable federal or state law?  Yes  No
  - d.) The suspension of dividend payments (if applicable)?  Yes  No
  - e.) Has any regulatory agency denied or indicated they would deny any contemplated merger, acquisition or divestment involving the Company and any subsidiaries?  Yes  No
  - f.) Any branch, location or subsidiary closings, consolidations or layoffs?  Yes  No
3. Has the Company or anyone proposed for this insurance been involved in, any of the following in the last 3 years? If the answer to any of the questions below is "Yes", please attach complete details.
  - a.) Antitrust, copyright, patent or other intellectual property litigation?  Yes  No
  - b.) Any civil, criminal, governmental, regulatory or administrative proceedings?  Yes  No
  - c.) Any stockholder's suit, shareholder derivative suit, or class action suit?  Yes  No
  - d.) Has any claim or notice of circumstances which could give rise to a claim against the Company, any of its subsidiaries or anyone proposed for this insurance been reported to any current or previous insurer?  Yes  No
  - e.) Is the Company aware of any fact, circumstance or situation which may result in any claim being filed against the Company, any of its subsidiaries or anyone proposed for this insurance?  Yes  No
  - f.) Has any application for similar insurance been declined or any policy cancelled in the past?  Yes  No
4. Please answer the following with respect to the financial reporting measures of the Company over the past three years. If the answer to any of the questions below is "Yes", please attach complete details.
  - a.) Have the Company's outside auditors stated there are material weaknesses in the Company's accounting practices?  Yes  No
  - b.) Has the Company been involved in or considered restatement of financials or divestiture of assets, or have they breached any debt covenant, loan agreement or contractual obligation?  Yes  No
  - c.) Noted any pertinent contingencies or credit risk through consultation with its outside auditors?  Yes  No
  - d.) Has the Company ever changed its outside auditor (or contemplates doing so)?  Yes  No
5. Complete the following if the Company has stock or other equivalent ownership instrument:
  - a.) Give the total percentage of voting shares owned by directors and officers of the Company: \_\_\_\_\_ %
  - b.) Give the names and percentage owned of any shareholder(s) holding directly or beneficially 5% or more of the Company's voting shares: \_\_\_\_\_
  - c. Describe fully any securities issued by the Company that are convertible into common or preferred stock: \_\_\_\_\_
6. Complete the following if the Company has stock or other equivalent ownership instrument:

	Common Stock	Preferred Stock
Number of shares authorized		
Number of shares outstanding		
Number of shares owned directly or indirectly by board members		

**EMPLOYMENT PRACTICES LIABILITY COVERAGE PART**

1. Complete with respect to the employee count of the Company and any majority-owned subsidiaries:

	This Year	Last Year
Full-time employees (including leased employees)		
Part-time employees (including leased employees)		
Temporary or seasonal employees		
Independent contractors		

2. List the Company's total number of employees in the following locations:

AL: \_\_\_\_\_ CA: \_\_\_\_\_ FL: \_\_\_\_\_ TX: \_\_\_\_\_ WV: \_\_\_\_\_ Other Countries: \_\_\_\_\_

3. Have there been any employee downsizing, layoffs or workforce reductions within the past 12 months (or are any anticipated in the future)? If "Yes", please answer a., b. & c. below and attach complete details.

- a.) Was a severance package available to the affected employees?  Yes  No
- b.) Was a signed release required from the affected employees to receive the severance package?  Yes  No
- c.) Did any affected employees refuse to sign the severance package release?  Yes  No

4. Please complete the following with respect to any involuntary employee terminations (including officers):

	In Last 12 months	Prior Year
What is your employee turnover ratio?	%	%
How many voluntary and involuntary employee termination have there been?		

5. For each voluntary and involuntary termination within the last 12 months, please indicate the following:

- a.) Name of the employee: \_\_\_\_\_
- b.) Date of hire: \_\_\_\_\_
- c.) Date of termination: \_\_\_\_\_
- d.) Indicate whether such termination was voluntary or involuntary: \_\_\_\_\_
- e.) If the termination was involuntary, the reason for the termination: \_\_\_\_\_
- f.) If the termination was involuntary, did the employee sign a release form?  Yes  No

6. How many of the Company's employees receive a salary of \$100,000 or more? \_\_\_\_\_

7. Please answer the following with respect to the Company's human resource functions:

- a.) Does the Company have a human resources department or manager?  Yes  No
- b.) Does the Company obtain advice from the human resources manager and in-house or outside employment counsel before any terminations, layoffs, workforce reductions, downsizings or the offering of severance packages?  Yes  No
- c.) Does the Company maintain employee personnel records and employee medical records in a secure, locked place?  Yes  No
- d.) Does the Company maintain written records of employee disciplinary actions?  Yes  No
- e.) Does the Company conduct written employee performance evaluations at least annually?  Yes  No
- f.) Does the Company conduct human resources training, including discrimination and sexual harassment training and proper interviewing techniques for managers and supervisors?  Yes  No
- g.) Does the Company provide annual anti-discrimination and anti-harassment training for all employees?  Yes  No
- h.) Does the Company have an employee handbook which is distributed to all employees?  Yes  No
- i.) Does the Company include an "Employment-at-Will" statement in their employee handbook and employment application?  Yes  No
- j.) Do the employees sign an acknowledgement of receipt of the employee handbook?  Yes  No
- k.) When was the employee handbook last revised or updated by legal counsel? \_\_\_\_\_
- l.) Does the Company's employment application include an "Equal Employment Opportunity Statement"?  Yes  No

8. Does the Company have formal written policies and procedures, regarding:

- a.) Their policies against discrimination and sexual harassment?  Yes  No
- b.) The Family Medical Leave Act, the Americans with Disabilities Act and other federal, state or local employment laws?  Yes  No
- c.) A grievance or complaint process for reporting, investigating and resolving any type of employment related disputes?  Yes  No
- d.) Interviewing, hiring, termination and discharge?  Yes  No
- e.) Progressive discipline?  Yes  No

9. Please answer the following with respect to the Company and employment related matters during the last 3 years.

If any question has been answered "Yes", please provide complete details.

- a.) Has any claim or notice of circumstances which could give rise to an employment related claim against the Company, any of its subsidiaries or anyone proposed for this insurance been reported to a current or previous insurer?  Yes  No
- b.) Is the Company or anyone proposed for this insurance aware of any fact, circumstance or situation involving any employment law violations which could give rise to a claim?  Yes  No
- c.) Has any application for similar insurance been declined or any policy cancelled in the past?  Yes  No
- d.) Has the Company, its subsidiaries or any director, officer or any other person proposed for this insurance been involved in any EEOC, NLRB or a similar employment related administrative proceeding or lawsuit?  Yes  No

10. Is Third Party Liability Coverage desired? If "Yes", complete the following questions.

- a.) Does the Company have written policies and procedures outlining acceptable employee conduct and behavior when responding to complaints dealing with the general public, customers, clients, patrons, visitors and other persons outside of the Company's direction and control (including anti-discrimination and / or anti-harassment statements or other civil rights violations)?  Yes  No
- b.) What percentage of the Company's employees deal with the general public work at customers' locations or perform the majority of their job functions and duties off-site or at a customer's location? \_\_\_\_\_
- c.) What job functions and duties are performed off-site or at a customer's location? \_\_\_\_\_
- d.) Has any claim been filed or made against the Company, any subsidiary or any person proposed for this insurance (or is the Company aware of any facts or circumstances which may lead to a claim) involving sexual harassment or discrimination brought by or alleged by the Company's independent contractors, vendors, customers, clients, patrons, visitors, the general public or any persons not under the Company's direction or control or whose labor or service is not engaged by the Company? If "Yes", attach complete details.  Yes  No
- e.) Do you currently have a Cincinnati Insurance Company Commercial Umbrella Policy in force? If "Yes", provide policy number, \_\_\_\_\_  Yes  No

**FIDUCIARY / EMPLOYEE BENEFITS LIABILITY COVERAGE PART**

1. List all employee benefit plans sponsored by the Company and its majority-owned subsidiaries. (Do not list health and welfare plans.)

Plan Name	Plan Assets	Plan Type (*)	Number of Participants
(*) Plan Type: DC=Defined Contribution; DB =Defined Benefit; ESOP = Employee Stock Ownership Plan; O=Other (attach explanation)			

2. Identify the person(s) responsible for investment decisions with respect to all employee benefit plans sponsored by the Company and its subsidiaries. Also list their qualifications and affiliations (indicate whether in-house or outside trustees):

3. Does any plan(s) hold or provide the option to invest in securities of the Company or any subsidiary? If "Yes", attach complete details.  Yes  No

4. With respect to the employee benefit plans sponsored by the Company and its subsidiaries in the past 3 years:  
 a.) Are the sponsored employee benefit plans reviewed periodically to assure the plans comply with ERISA eligibility, participation, vesting and other provisions and that there are no violations of ERISA law?  Yes  No

b.) Has the Company or any fiduciary been accused, found guilty or held liable for breach of fiduciary duty, violation of ERISA law or convicted of any criminal conduct? If "Yes", attach complete details.  Yes  No

c.) Has the Company received an adverse opinion on the financial condition of any employee benefit plan from a CPA? If "Yes", attach complete details.  Yes  No

d.) If the Company maintains a defined benefit retirement plan, is it underfunded? If "Yes", indicate the amount underfunded here: \_\_\_\_\_  Yes  No

e.) Has any employee benefit plan sponsored by the Company reduced its benefits, merged with another employee benefit plan, terminated, restructured, or are they contemplating any such action in the future? If "Yes", attach complete details.  Yes  No

f.) Has there been any assessment of fees, fines or penalties under any voluntary compliance resolution program or voluntary settlement program administered by the IRS, DOL or other government authority against any plan(s)?  Yes  No

g.) Has any plan(s) ever been investigated by the IRS, DOL or other government authority? If "Yes", attach complete details.  Yes  No

5. Answer the following with respect to the Company and any sponsored employee benefit plan in the past 3 years. If the answer to any of the questions below is "Yes", please attach complete details.

a.) Has any claim (other than a claim for benefits) or notice of circumstances which could give rise to a claim against the Company, any of its subsidiaries, any employee benefit plan, or anyone proposed for this insurance been reported to a current or previous insurer?  Yes  No

b.) Is the Company or anyone proposed for this insurance aware of any fact, circumstance or situation which may result in a claim being filed against anyone proposed for this insurance?  Yes  No

c.) Has any application for similar insurance been declined or any policy cancelled in the past?  Yes  No

**INTERNET SECURITY COVERAGE PART**

**Notice: If the Company desires Internet Security Coverage, please complete and attach application BC 014.**

**INSURANCE COVERAGES AND UNDERWRITING INFORMATION**

1. Do you currently have the insurance coverage listed below?

Coverage Type	Yes	No	Insurer	Limits	Deductible	Policy Period	Premium
Directors and Officers Coverage							
Employment Practices Liability							
Fiduciary / Employee Benefits Liability Coverage							
Internet Security Coverage							

2. Coverage Requested:

Coverage Type	Limits	Deductible	Effective Date
Directors and Officers Coverage			
Employment Practices Liability			
Fiduciary / Employee Benefits Liability Coverage			
Internet Security Coverage			

Is a single aggregate limit applicable to all coverages desired?  Yes  No

3. Additional Underwriting Materials Requested

As part of this proposal (application), please attach the following:

- Most recent CPA-audited financial statement
- A list of the Company's board members
- The Company's current employment application, current employment handbook and EEO-1 report, if required to file (if applying for Employment Practices Liability Coverage)
- The Company's most recent IRS Form 5500 for each ERISA plan, except health and welfare plans (if applying for Fiduciary Liability Coverage)

**PRIOR KNOWLEDGE / WARRANTY DECLARATIONS**  
**(MUST BE COMPLETED FOR ANY COVERAGE PART)**

1. No claim which, if insurance had been in force similar to that now applied for, which would have fallen within the scope of such insurance, has been made or is now pending against any person proposed for insurance in the capacity of Director or Officer of the above-stated Company, except as follows :

None     Yes (If "Yes", provide details below):

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2. No person proposed for this insurance is cognizant of any act, error, or omission which he has reason to suppose might afford valid grounds for any future claim such as would fall within the scope of the proposed insurance, except as follows:

None     Yes (If "Yes", provide details below):

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3. The Company and / or its Directors and Officers have not been involved in or have any knowledge of any anti-trust, tax, or copyright litigation or government regulatory or administrative proceedings, except as follows:

None     Yes (If "Yes", provide details below):

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4. No fact, circumstance or situation indicating the probability of a claim or action against which indemnification would 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 Proposal. It is agreed by all concerned that if there be knowledge of any such fact, circumstance, or situation, any claim subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.

The undersigned authorized agent of the person(s) and entity(ies) proposed for this insurance for the purpose of this Proposal warrants that to the best of his knowledge the statements herein are true; and it is agreed that this Proposal shall be the basis of the contract and be deemed incorporated therein should the insurer evidence its acceptance of this Proposal by issuance of a policy. This Proposal will be attached to and will become part of such policy, if issued.

Attached and made a part of this Proposal by reference is one copy of each of the following: the Company's most recent Annual Report and Statement of Condition to Stockholders, certified provisions of the Charter or Bylaws covering Indemnification of Directors and Officers, and Notice to Stockholders and Proxy Statement for either the last or the next annual meeting.

The Cincinnati Insurance Company is hereby authorized to make any investigation and inquiry in connection with this Proposal as it deems necessary.

The undersigned authorizes the release of claim information from any prior insurer to The Cincinnati Insurance Company.

Signing this Proposal does not bind the Company or The Cincinnati Insurance Company to complete the insurance.

PLEASE REVIEW CAREFULLY. Except to such extent as may be otherwise in the policy, the policy for which this Proposal is being made is limited for ONLY CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED WHILE THE POLICY IS IN FORCE.

**NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE / SHE 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.**

**WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER 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 (VT: MAY BE COMMITTING A CRIME SUBJECTING) THE PERSON TO CRIMINAL AND (NY: SUBSTANTIAL) CIVIL PENALTIES. IN THE DISTRICT OF COLUMBIA, LOUISIANA, MAINE, TENNESSEE, VIRGINIA AND WASHINGTON, INSURANCE BENEFITS MAY ALSO BE DENIED.**

Signed: \_\_\_\_\_  
Chairman of the Board, President or comparable officer

Printed Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agency and Code Number