



**Surety One, Inc.**

[SuretyOne.com](http://SuretyOne.com)

[Underwriting@SuretyOne.com](mailto:Underwriting@SuretyOne.com)

5 W Hargett St, 4th Floor, Raleigh NC 27601

T: 800 373 2804 F: 919 834 7039

404 Av De La Constitución, #708, San Juan PR 00901

T: 787 333 0222

38 Greensboro Drive, Toronto ON M9W 1E1

## ***Private Company Directors and Officers Liability Coverage Application***

### **NOTICE**

ALL LIABILITY COVERAGE PARTS FOR WHICH APPLICATION IS MADE APPLY, SUBJECT TO THEIR TERMS, ONLY TO CLAIMS FIRST MADE OR DEEMED MADE AGAINST INSUREDS DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY LOSSES WILL BE REDUCED BY THE AMOUNTS INCURRED AS DEFENSE EXPENSES, AND DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION AMOUNT. THE COMPANY HAS NO DUTY TO DEFEND ANY CLAIM UNLESS DUTY-TO-DEFEND COVERAGE IS SPECIFICALLY PROVIDED.

The term **Applicant** means all corporations, organizations or other entities, including subsidiaries, proposed for this insurance.

### **I. GENERAL INFORMATION**

1. **Applicant** Information:

Name of **Applicant**: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, ZIP Code: \_\_\_\_\_

Website Address: \_\_\_\_\_

Year **Applicant's** business was established: \_\_\_\_\_

Description of **Applicant's** operations: \_\_\_\_\_

2. **Applicant's** Standard Industrial Classification (SIC) code, if known (4-digit number): \_\_\_\_\_

3. Is the **Applicant** a subsidiary of a foreign parent? Yes ☐ No ☐

4. Does the **Applicant** currently file, or does it anticipate filing in the next 6 months, any documents with the Securities and Exchange Commission or similar foreign authority regarding any equity or debt securities? Yes ☐ No ☐

### **II. ORGANIZATION INFORMATION**

1. Total Number of Employees: \_\_\_\_\_

2. List and describe all entities in which the **Applicant's** ownership interest is 50% or greater or over which the **Applicant** has management control (*Check here if not applicable* ☐):

Name	% Owned	Year Started	Description of Operations	Entity Type*
	%			
	%			
	%			

\*Entity Type: FP=For-Profit (other than Partnership); NP=Non-Profit; GP=General Partnership; LP=Limited Partnership; LLC=Limited Liability Company

To enter more information, please attach a separate page or an organization chart with ownership detail.

3. In the next 12 months (or during the past 24 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing) the following:

- a. Any actual or proposed merger, acquisition, or divestiture? Yes ☐ No ☐
- b. Any creation of a new business, subsidiary, or division? Yes ☐ No ☐
- c. Any registration for a public offering or a private placement of securities (stocks or bonds)? Yes ☐ No ☐
- d. Any reorganization or arrangement with creditors under federal or state law? Yes ☐ No ☐
- e. Any branch, location, facility, office, or subsidiary closings, consolidations, or layoffs? Yes ☐ No ☐

*If any of the questions above were answered Yes, please attach an explanation, including the timing, the essential terms of the event, arrangement, and the surrounding circumstances.*

### III. SHAREHOLDER INFORMATION

Total Shares	Common	Preferred	Other
Authorized			
Outstanding			
Voting Shares Outstanding			
Voting Shares Owned by Directors and Officers (Direct and Beneficial)			
Number of Voting Shareholders			

*If there are multiple classes of stock, please attach a list. The list should include: Number of Shareholders and Number of Shares Held in Each Stock Class.*

1. Does the Charter or By-laws of the Organization provide indemnification to its Directors and Officers to the fullest extent permitted by law? Yes ☐ No ☐
2. Are there any securities that are convertible to voting stock? Yes ☐ No ☐  
*If Yes, please attach an explanation.*
3. List all shareholders that own greater than 5% of any class of security:

Shareholder	Class of Security	% Owned	Director or Officer?
		%	Yes <input type="checkbox"/> No <input type="checkbox"/>
		%	Yes <input type="checkbox"/> No <input type="checkbox"/>
		%	Yes <input type="checkbox"/> No <input type="checkbox"/>

*If there are more Shareholders, please attach a list. The list should include: Shareholder Name, Class of Security (including voting and non-voting shares separately), % Owned and indicate if they are a Director or Officer.*

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 ☐  
*If Yes, please attach most recent stock valuation report.*
5. Have there been any changes in the Board of Directors or Senior Management of the **Applicant** within the past 3 years for reasons other than death or retirement? Yes ☐ No ☐  
*If Yes, please attach an explanation.*
6. Are there currently outstanding loans to any Director or Officer? Yes ☐ No ☐  
*If Yes, please attach an explanation.*

### IV. FINANCIAL INFORMATION

1. Is the **Applicant** currently (or has it been in the past 24 months) in violation of, or has it received an amendment to any debt covenant? Yes ☐ No ☐  
*If Yes, please attach an explanation.*

Note: Omit Question 2 if the **Applicant** is required to submit a separate financial statement as directed in the Required Attachments section.

2. Complete the following chart providing the requested financial information:

Indicate the following as it relates to the Applicant's fiscal year end (FYE): (Please indicate negative figures with "( )" or "-" as appropriate)	Most Recent FYE (Month/Year) (____/____)	Prior FYE (Month/Year) (____/____)
Current Assets	\$	\$
Total Assets	\$	\$
Current Liabilities	\$	\$
Long Term Debt	\$	\$
Retained Earnings (Accumulated Deficit/Fund Deficit)	\$	\$
Net Equity/Net Assets (Deficit Equity)	\$	\$
Revenues	\$	\$
Net Income (Net Loss)	\$	\$

## V. AUDITOR INFORMATION

1. Scope of financial statement preparation:

Internal ☐ CPA Compilation ☐ CPA Review ☐ CPA Audit ☐ None ☐

2. Has the **Applicant** changed outside auditors in the last 3 years?

N/A ☐ Yes ☐ No ☐

If Yes, please attach an explanation.

3. Have the outside auditors stated there are material weaknesses in the **Applicant's** systems of internal controls?

N/A ☐ Yes ☐ No ☐

If Yes, please attach an explanation and provide the latest CPA letter to management and management's response.

4. Has the **Applicant** implemented all material recommendations of the auditor?

N/A ☐ Yes ☐ No ☐

If No, please attach an explanation.

5. Has any auditor issued a "going concern" opinion for the **Applicant's** financial statements during the past 3 years?

N/A ☐ Yes ☐ No ☐

If Yes, please attach an explanation.

## VI. CURRENT INSURANCE INFORMATION/REQUESTED INSURANCE TERMS

Requested Limit (A)	Requested Retention (B)	Requested Effective Date (C)	Coverage Currently Purchased (D)
\$	\$		Yes <input type="checkbox"/> No <input type="checkbox"/>

Expiring Limit (E)	Expiring Retention (F)	Expiring Premium (G)	Current Insurer (H)	Date Coverage First Purchased (I)
\$	\$	\$		

1. What is the **Applicant's** preference for defense coverage?

Duty to Defend ☐ Reimbursement ☐

2. If Liability Coverage is currently purchased as indicated in Column (D) above, but has been in place for less than 3 years, please answer the following question:

As of the date the **Applicant** first purchased the Liability Coverage, is the **Applicant** or any person proposed for this insurance aware of any fact, circumstance, situation, event or act that reasonably could give rise to a claim being made against them under the Liability Coverage for which the **Applicant** is applying?

Yes ☐ No ☐

If Yes, please attach an explanation.

3. If Liability Coverage is not currently purchased as indicated in Column (D) above, please answer the following question:

Is the **Applicant** or any person proposed for this insurance aware of any fact, circumstance, situation, event or act that reasonably could give rise to a claim against them under the Liability Coverage for which the **Applicant** is applying?

Yes ☐ No ☐

If Yes, please attach an explanation.

4. If the Requested Limit in Column (A) exceeds the Expiring Limit in Column (E), please answer the following question:

Solely with respect to any higher limits requested or that may ultimately be issued for the proposed insurance, is the **Applicant** or any person proposed for this insurance aware of any fact, circumstance, situation, event or act that reasonably could give rise to a claim against them under the Liability Coverage for which the **Applicant** is applying?

Yes ☐ No ☐

If Yes, please attach an explanation.

With respect to the information required to be disclosed in response to the questions above, the proposed insurance will not afford coverage for any claim arising from any fact, circumstance, situation, event or act about which any executive officer of the **Applicant** had knowledge prior to the issuance of the proposed policy, nor for any person or entity who knew of such fact, circumstance, situation, event or act prior to the issuance of the proposed policy.

## VII. LOSS INFORMATION

1. Has any person or entity proposed for this insurance been a party to any securities claims, criminal actions, administrative or regulatory proceedings, charges, hearings, demands or lawsuits during the past 3 years including but not limited to, security holder, creditor, antitrust, fair trade law, copyright or patent litigation, whether or not insured?

Yes ☐ No ☐

If Yes, please complete the table below:

Date of Such Claim	Nature of Claim	Amount Paid for Defense	Amount Sought or Paid for Damages	Covered by Insurance?	Corrective Procedures Implemented	Current Status
		\$	\$	Yes <input type="checkbox"/> No <input type="checkbox"/>		
		\$	\$	Yes <input type="checkbox"/> No <input type="checkbox"/>		

## VIII. REQUIRED ATTACHMENTS

As part of this Application, please submit the following documents (*these documents, and the representations and facts they contain, are made a part of this Application, whether such documents are physically delivered to the Company by the Applicant or are obtained by the Company from any public source, including the Internet*):

- Most recent annual financial statement, if limit requested is \$2,000,000 or greater, or, **Applicant** has been in business less than 3 years
- List of Directors and Officers, if limit requested is \$2,000,000 or greater
- Any Private Placement Memorandum or any documents filed with the Securities and Exchange Commission in the past year
- Interim financial statement for Development Stage companies

## IX. COMPENSATION NOTICE

### Important Notice Regarding Compensation Disclosure

For information about how Surety One, Inc. is compensated an intermediary, please visit

<https://suretyone.com/producer-compensation>.

## **X. FRAUD WARNINGS**

### **Attention: Insureds in Arkansas, D.C., Louisiana, Maryland, New Mexico, and Rhode Island**

Any person who knowingly (and willfully in D.C. and MD) presents a false or fraudulent claim for payment of a loss or benefit or who knowingly (and willfully in D.C. and MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

### **Attention: Insureds in Colorado**

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.

### **Attention: Insureds in Florida**

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.

### **Attention: Insureds in Kentucky, New Jersey, New York, Ohio, and 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. (In New York, the civil penalty is not to exceed five thousand dollars (\$5,000) and the stated value of the claim for each such violation.)

### **Attention: Insureds in Maine, Tennessee, Virginia, and Washington**

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

### **Attention: Insureds in Puerto Rico**

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years; if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

## **XI. SIGNATURE SECTION**

THE UNDERSIGNED AUTHORIZED REPRESENTATIVE (PRESIDENT, CEO, OR OTHER OFFICER ACCEPTABLE TO SURETY ONE) OF THE APPLICANT DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS SET FORTH IN THE ATTACHED NEW BUSINESS OR RENEWAL APPLICATION FOR INSURANCE ARE TRUE AND COMPLETE AND MAY BE RELIED UPON BY SURETY ONE. IF THE INFORMATION IN ANY APPLICATION CHANGES PRIOR TO THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL NOTIFY THE COMPANY OF SUCH CHANGES, AND THE COMPANY MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION. THE COMPANY IS AUTHORIZED TO MAKE INQUIRY IN CONNECTION WITH THIS APPLICATION.

THE SIGNING OF THIS APPLICATION DOES NOT BIND THE COMPANY TO OFFER, NOR THE APPLICANT TO PURCHASE, THE INSURANCE. IT IS AGREED THAT THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED THEREWITH, SHALL BE THE BASIS OF THE INSURANCE AND SHALL BE, IN ALL STATES OTHER THAN NC AND UT, CONSIDERED PHYSICALLY ATTACHED TO AND PART OF THE POLICY, IF ISSUED. THE COMPANY WILL HAVE RELIED UPON THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED THEREWITH, IN ISSUING THE POLICY.

ELECTRONICALLY REPRODUCED SIGNATURES WILL BE TREATED AS ORIGINAL.

\_\_\_\_\_  
Signature\* of **Applicant's** Authorized Representative  
(President or CEO)

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**\*IF YOU ARE ELECTRONICALLY SUBMITTING THIS APPLICATION TO SURETY ONE, APPLY YOUR ELECTRONIC SIGNATURE TO THIS FORM BY CHECKING THE ELECTRONIC SIGNATURE AND ACCEPTANCE BOX BELOW. BY DOING SO, YOU HEREBY CONSENT AND AGREE THAT YOUR USE OF A KEY PAD, MOUSE, OR OTHER DEVICE TO CHECK THE ELECTRONIC SIGNATURE AND ACCEPTANCE BOX CONSTITUTES YOUR SIGNATURE, ACCEPTANCE, AND AGREEMENT AS IF ACTUALLY SIGNED BY YOU IN WRITING AND HAS THE SAME FORCE AND EFFECT AS A SIGNATURE AFFIXED BY HAND.**

**AUTHORIZED REPRESENTATIVE'S ELECTRONIC SIGNATURE AND ACCEPTANCE** ☐

**XII. PRODUCER INFORMATION (ONLY REQUIRED IN FLORIDA, IOWA, AND NEW HAMPSHIRE):**

\_\_\_\_\_  
Producer Signature

\_\_\_\_\_  
Producer Name (Printed)

\_\_\_\_\_  
Agency Name

\_\_\_\_\_  
Agency Code

\_\_\_\_\_  
License Number