

SCOTTSDALE

SURPLUS LINES INSURANCE COMPANY

A Nationwide Company A+ Size 15

EMPLOYMENT PRACTICES LIABILITY RISK MANAGEMENT SERVICES

Scottsdale Surplus Lines Insurance Company has upgraded Risk Management Services to help our Insureds better manage their employee relations and reduce exposure to claims.

We now offer every Insured an 800# and free internet access to the largest private publisher of employee relations information services.

BEST PRACTICES MANAGEMENT LINE™ FROM THE AGOS GROUP

This is a toll free number for human resources personnel and managers to consult directly with a staff of seasoned employment attorneys.

- . The number and length of calls is unlimited.
- . No additional cost to the Insured.
- . Consultants are attorneys

THE EMPLOYMENT GUIDE BY THE BUREAU OF NATIONAL AFFAIRS INC.

This is a one-stop reference to help small business understand their basis responsibilities as employers in areas of human resource management benefits, and payroll.

- . Online internet access.
- . Model forms and checklist Insureds can simply copy and paste for their on use.
- . Information is updated monthly.
- . No additional cost to the Insured.

EMPLOYMENT PRACTICES LIABILITY POLICY COVERAGE HIGHLIGHTS

- . Limits of liability available from \$100,000 to \$5,000,000.
- . Minimum premium for \$1,000,000 each claim/ \$1,000,000 annual aggregate limits is \$3,675. With a Minimum per claim deductible of \$5,000.
- . Claims made coverage. On surplus lines paper.
- . Defense is within the limits of liability. Optional additional defense limits are available equal to \$500,000 or \$1,000,000.
- . Policy offers a 60 days free Extended Reporting Period with an option to purchase up to 36 months.

- . The term EMPLOYMENT PRACTICES uses the omnibus language. EMPLOYMENT PRACTICES includes: wrongful refusal to employ; wrongful failure to promote or wrongful deprivation of career opportunity; wrongful demotion, negligent evaluation, negligent reassignment, wrongful discipline; wrongful termination of employment, including retaliatory or constructive discharge; employment related misrepresentation; harassment, coercion, discrimination; and oral or written publication of material that slanders or libels.
- . Mental anguish related to EMPLOYMENT PRACTICES is covered.
- . The definition of claim includes defense coverage for fact finding circumstances, such as EEOC complaints, where no monetary damages are alleged.
- . Claim repair feature. The policy deductible may be waived in certain situations as stipulated in the policy.
- . Defendants reimbursement at \$500 per day with a \$5,000 aggregate for an Insured's attendance at a trial, hearing or arbitration proceeding when requested by the Insurer. The deductible does not apply to this provision.
- . INNOCENT INSURED PROTECTION allows coverage for those Insureds who do not participate in the commission of an intentional act.
- . Policy allows the Insured's "Mutual Choice of Counsel".
- . Territory: coverage EMPLOYMENT PRACTICES occurring anywhere in the world provided the claim is made in and suit is brought within the U.S., its territories, or possessions, or Puerto Rico.

THESE HIGHLIGHTS ARE FOR ILLUSTRATIVE PURPOSE ONLY. THIS IS NOT A CONTRACT. ONLY THE INSURANCE POLICY CAN GIVE ACTUAL TERMS, COVERAGE, AMOUNTS, CONDITIONS AND EXCLUSIONS.



SCOTTSDALE INSURANCE COMPANY®

Home Office Address: One Nationwide Plaza • Columbus, Ohio 43215
Administrative Office: 8877 North Gainey Center Drive • Scottsdale, Arizona 85258
1-800-423-7675 • Fax (480) 483-6752

Employment Practices Liability Insurance

This application is for a Claims Made policy.

All questions must be answered. If a question does not apply, indicate "N/A."

General Information

1. Name (This is the full legal name of the firm or the parent/holding company): _____

2. Address: _____

City: _____ State: _____ Zip Code: _____

3. A. Number of Locations: _____

B. Name and Address of Additional Locations (attach a separate sheet if necessary): _____

4. Web Site: Yes No

If "Yes" please provide web address: _____

5. Business Type: Corporation Partnership Professional Corporation
 Sole Proprietorship LLC Other (specify): _____

6. a. Date Business Established: _____

b. Describe Nature of Business: _____

7. a. Are you in bankruptcy or contemplating any form of bankruptcy? Yes No

b. Do you have positive net worth? Yes No

c. Do you have sufficient working capital? Yes No

If "No" to questions 7.b. or c., please provide a copy of your most current financial statement and an explanation of how you plan to continue funding your business.

8. Complete the following for any subsidiaries/affiliates more than fifty percent (50%) owned by you that you want covered. (attach a separate sheet if necessary) Include these employees in Question #13:

Name	Location	Nature of Business	% of Interest	Date Acquired/ Established	# of Employees

9. With respect to mergers and acquisitions, have you:

- a. Merged or acquired another entity in the last twelve (12) months? Yes No
- b. Any plans to merge or acquire another entity within next twelve (12) months? Yes No

If yes to either question a. or b., complete the following:

Name	Location	Nature of Business	% of Interest	Date Acquired/ Established

- 1) With respect to these mergers/acquisitions, did you terminate any employees or officers? Yes No
 If "Yes," how many employees? _____ Date Terminated _____ Officers? _____ Date Terminated _____
- 2) With respect to these mergers/acquisitions, do you plan to terminate any employees or officers within the next twelve (12) months? Yes No
 If "Yes," how many employees? _____ Officers? _____

10. Have you:

- a. Closed an office or location in the past twelve (12) months or are there plans to close an office or location in the next twelve (12) months? Yes No
- b. Laid off ten percent (10%) or more of your employees in the last twelve (12) months or are there plans to close an office or lay off ten percent (10%) or more of employees within the next twelve (12) months? Yes No

If "Yes," please explain: _____

Do you have a formal "reduction in force" policy? Yes No

If "Yes," provide copy.

If "No," how will the closings be handled? _____

11. Have you terminated any senior management personnel in the last twelve (12) months? Yes No

If "Yes," please identify the person involved by name and position, reason for termination, and give the date of the termination: _____

EMPLOYEE INFORMATION

12. Current number of Independent Contractors: _____ (Do not include independent contractors in question 13)

Please note that no coverage is afforded for Independent Contractors unless specifically requested and endorsed to the policy. Do you want coverage for Independent Contractors? Yes No

If "Yes": a. Do the Independent Contractors work only for you? Yes No

b. Are Independent Contractors under the same direction and control as employees? Yes No

13. By state, please list the total number of locations and employees including subsidiaries/affiliates for which you want coverage, broken down by Full-Time employees (FT), Part-Time employees* (PT), Temporary employees (T), and Leased employees** (L):

Current Year: _____					Prior Year: _____						
State	Number of Locations by State	Number of Employees				State	Number of Locations by State	Number of Employees			
		FT	PT	T	L			FT	PT	T	L
Totals						Totals					

* Defined as employees working less than thirty-two (32) hours per week/1600 per year.

** All Leased employees are to be shown under "(L)" category, whether Part-Time or Temporary. Please provide a copy of the leasing contract you have with the leasing company (PEO).

14. How many employees from Question 13 are international employees working on foreign lands? _____

(List countries where international employees are located and indicate the number of employees in each country): _____

15. Current number of employees that are union versus non-union: Union: _____ Non-union: _____

16. Breakdown of current Full-Time employees by their total cash compensation (salary + bonus):

Salary Ranges	Number of Employees	Percent of Total
\$100,000 per year or less		
Over \$100,000 per year		

17. How many employees have been terminated in the past three (3) years:

(If there has been no turnover, please indicate "0" in the appropriate box below)

	Current Year: _____		Prior Year: _____		Third Year: _____	
	Voluntary	Involuntary	Voluntary	Involuntary	Voluntary	Involuntary
Employees						
Officers						

EMPLOYMENT INFORMATION

18. Do you have a Personnel/Human Resource Department? Yes No

a. If "Yes," number of staff: _____ To whom does Personnel/HR report? _____

b. If "No," explain who is responsible for this function, the person's human resource qualifications and how long in the position: _____

c. If there is more than one location, how are human resource policies and procedures implemented and overseen at these locations? _____

19. Do you have an employee handbook? Yes No

a. Do you distribute policy statements on or does your handbook contain:

(1) Sexual Harassment policy?..... Yes No

(2) Anti Discrimination policy? (EEOC)..... Yes No

(3) Employment-at-Will Statement? Yes No

(4) A Disclaimer stating the Handbook is not a contract? Yes No

b. Does every employee receive a copy? Yes No

c. Is your Sexual Harassment policy distributed to all employees?..... Yes No

d. Do you get written acknowledgment that employees received the handbook or policy statements at time of hire and when redistributed after or after changes are made?..... Yes No

e. Is the handbook reviewed at least every three (3) years? Yes No

f. What is the date of the last update? _____

g. Has it been reviewed by a labor relation's attorney? Yes No

If "No" please explain what steps have been taken to assure the handbook is in compliance with State and Federal Labor Laws: _____

20. If no handbook, how does the company relay its employment policies and procedures to employees? _____

21. Do you have a formal, standardized employment application? Yes No

a. Has it been reviewed by a labor relation's attorney? Yes No

b. Does it have an Equal Opportunity Employer statement? Yes No

If no application is used, how do you screen/consider new employees? _____

c. If you do not use an employment application with an EEOC Statement you will be required to implement the use of such within 180 days. Will you agree to do this? Yes No

22. Do you use any psychological tests to screen applicants, to promote employees or for the purposes of continuing employment? Yes No

If "Yes," describe type of test and how the test is administered, i.e., to all employees or segments: _____

Has the test been validated?..... Yes No

23. Do you require drug testing or physical exams of employees? Yes No

If "Yes," under what circumstances? _____

If requiring a physical exam or a drug test, do you do so only after a conditional offer of employment is made? Yes No

24. Are all equal opportunity notices posted in common areas? Yes No

25. Have you reviewed your employment policies, practices and procedures and determined that you are in compliance with the Americans With Disabilities Act? Yes No
..... Not Applicable (Less than 15 Employees)

IF YOU HAVE ANSWERED "NO" TO QUESTIONS 25, WILL YOU AGREE TO MAKE SURE YOU ARE IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT WITHIN 180 DAYS? Yes No

26. Do you maintain written records of all reviews and disciplinary actions? Yes No

27. Do you conduct exit interviews? Yes No

28. Do you offer:

a. A severance package? Yes No

b. A formal out-placement program to assist terminated employees in searching for other jobs? Yes No

29. Do you provide a sexual harassment statement to your employees as follows:

a. Statement clearly states who an incident should be reported to (including an alternate if needed)? Yes No

b. Statement advising them that they need to advise management if they are being harassed in any fashion? Yes No

c. If 29.a. or 29.b. is answered "NO", do you agree to implement such a procedure(s) within sixty (60) days of binding coverage? Yes No

CLAIMS HISTORY

30. Have there been any employment practices claims, incidents or regulatory complaints made against you, any employee or former employee, the firm or anyone proposed for this insurance, in the last five (5) years? Yes No

If "Yes," how many claims _____

If "Yes," please complete the Claim/Circumstance/Administrative Hearings Supplement for each claim.

31. Are you or anyone proposed for this insurance aware of any circumstances which might give rise to a claim, incident or regulatory complaint? Yes No

If "Yes," how many incidents _____

If "Yes," please complete the Claim/Circumstance/Administrative Hearings Supplement for each incident.

32. Are you or anyone proposed for this insurance aware of any charges, inquiries, investigations, grievances or other administrative hearings in the last five (5) years or currently before any of the following agencies and/or under any of the following acts?

National Labor Relations Board Yes No

Equal Employment Opportunity Commission Yes No

- Federal Labor Standards Act Yes No
- Fair Labor Standards Enforcement Act..... Yes No
- Title VII of the Civil Rights Act of 1964..... Yes No
- Civil Rights Act of 1991 Yes No
- Age Discrimination in Employment Act Yes No
- Americans With Disabilities Act Yes No
- U.S. Department of Labor Yes No
- Any state or local government agency such as the Labor Department or Fair Employment Agency Yes No

If yes to any, please complete the Claim/Circumstance/Administrative Hearings Supplement.

INSURANCE INFORMATION

33. WAS PRIOR COVERAGE EVER CANCELLED OR NON-RENEWED? (OTHER THAN BEING NON-RENEWED DUE TO THE CARRIER NO LONGER WRITING EPLI COVERAGE) (Not Applicable to Missouri Applicants) Yes No

IF "YES," PLEASE EXPLAIN REASON FOR NON-RENEWAL OR CANCELLATION

34. Prior Insurance Coverage? Yes No

If "Yes," Current Policy Period From: ____/____/____ To: ____/____/____
MM/DD/YY MM/DD/YY

Limit: _____
Deductible: _____
Carrier: _____
Premium: _____
Prior Acts/Retro Date: ____/____/____
MM/DD/YY

35. Limits of Liability requested:

- \$1,000,000/\$1,000,000
- \$500,000/\$500,000
- \$250,000/\$250,000
- Other: _____

36. Deductible requested:

- \$5,000
- \$10,000
- Other: _____

NOTE: THE APPLICANT UNDERSTANDS AND AGREES THAT IF ANY FACTS, INCIDENTS, OR CIRCUMSTANCES EXIST WHICH MAY REASONABLY GIVE RISE TO A CLAIM UNDER THIS PROPOSED POLICY, THEN ANY CLAIMS ARISING FROM SUCH FACTS, INCIDENTS, OR CIRCUMSTANCES ARE EXCLUDED FROM COVERAGE. FAILURE TO DISCLOSE SUCH KNOWN FACTS, INCIDENTS, OR CIRCUMSTANCES HERE WILL VOID THE PROPOSED POLICY IN ITS ENTIRETY.

SIGNATURE SECTION AND OTHER INFORMATION

NOTE: Please recheck all answers and sign below. Coverage cannot be bound without signature or if this application is incomplete.

NEW YORK—WARNING: 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.

FRAUD WARNING: 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.

THE APPLICANT AND FIRM ACCEPT NOTICE THAT ANY POLICY WHICH MAY BE ISSUED WILL APPLY ON A "CLAIMS MADE AND REPORTED" BASIS.

THE UNDERSIGNED REPRESENTS TO THE BEST OF HIS OR HER BELIEF AND KNOWLEDGE, AFTER REASONABLE INQUIRY AND DUE DILIGENCE, THE STATEMENTS SET FORTH IN THIS APPLICATION AND ANY SUPPLEMENTS THERETO ARE TRUE AND CORRECT.

THE UNDERSIGNED DECLARES THAT ANY CLAIM, INCIDENT OR CIRCUMSTANCE TAKING PLACE PRIOR TO THE EFFECTIVE DATE OF THE INSURANCE APPLIED FOR WILL IMMEDIATELY BE REPORTED IN WRITING TO THE INSURER. AS A RESULT, THE INSURER MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATION OR AGREEMENT TO BIND THE INSURANCE.

THE SIGNING OF THIS APPLICATION DOES NOT BIND THE UNDERSIGNED TO PURCHASE THE INSURANCE, NOR DOES THE REVIEW OF THIS APPLICATION BIND THE INSURANCE COMPANY TO ISSUE A POLICY.

THE FIRM UNDERSTANDS AND AGREES THIS APPLICATION AND ANY SUPPLEMENTS THERETO SHALL BE INCORPORATED INTO ANY POLICY THAT MAY BE ISSUED AND THE UNDERWRITERS ARE RELYING ON THE TRUTH OF THE STATEMENTS SET FORTH HEREIN IN MAKING A DETERMINATION TO ISSUE ANY POLICY. THE FIRM ALSO UNDERSTANDS AND AGREES THIS APPLICATION FOR COVERAGE DOES NOT MEAN ANY REQUESTED COVERAGES, LIMITS OR DEDUCTIBLES SHALL BE GRANTED IN FACT; UNDERWRITERS MUST AGREE TO ANY REQUESTS WHETHER IN THE APPLICATION OR OTHERWISE.

THE UNDERSIGNED INDIVIDUAL REPRESENTS HE OR SHE IS DULY AUTHORIZED AND EMPOWERED TO MAKE THIS APPLICATION, INCLUDING THE REPRESENTATION, ON BEHALF OF THE FIRM OR ANY INDIVIDUAL WHO MAY SEEK COVERAGE UNDER ANY BINDER OR INSURANCE POLICY ISSUED IN RELIANCE HEREON.

Name of Applicant

Signature and Title of Principal (must be owner, partner or officer)

Date

Print Name of Principal Signing Above

Signature of Individual Responsible for Human Resources

Date

Producer's Name

Area Code Phone Number

PRODUCER:

Will you make the surplus line filing for this policy?..... Yes No

Your Surplus Lines Number: _____



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SUPPLEMENT FOR FIRMS OF 51+ EMPLOYEES

FIRMS WITH 51 TO 100 (FULL TIME EQUIVALENT) EMPLOYEES MUST ANSWER QUESTIONS 1 THROUGH 4. FIRMS WITH 101 OR MORE (FULL TIME EQUIVALENT) EMPLOYEES MUST ANSWER QUESTION 1 THROUGH 9.

- 1. Do you have written job descriptions for all positions?
2. Do you provide a written performance evaluation for all employees?
3. Do you have a written procedure for handling complaints?
4. Does your employment application have an At Will Statement?

IF YOU HAVE ANSWERED "NO" TO QUESTIONS 1-4, WILL YOU AGREE TO IMPLEMENT THE ABOVE PROCEDURES WITHIN 180 DAYS?

- 5. Do you have a written progressive disciplinary program?
6. Do you have an established internal dispute resolution program?
7. Do you require counsel from a human resources professional or a qualified labor relations attorney prior to termination of an employee?
8. Do all managers and supervisory personnel receive training on how to conduct proper: Interviews, Terminations, Performance Reviews, Exit Interviews, Progressive Discipline?
9. Do all managers and supervisory personnel receive training on the company's policies and procedures for: Discrimination, Sexual Harassment, Termination, Handling Complaints?

IF YOU HAVE ANSWERED "NO" TO QUESTIONS 5-9, WILL YOU AGREE TO IMPLEMENT THE ABOVE PROCEDURES WITHIN 180 DAYS?

Name of Applicant

Signature and Title of Principal (must be owner, partner or officer)

Date



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Employment Practices Liability Insurance
Claim/Circumstance/Administrative Hearings Supplement

APPLICANT'S INSTRUCTIONS:

- 1. Complete one form for each claim, circumstance or administrative hearing.
2. If space is insufficient to answer any question, use the reverse side or attach a separate sheet. Answer all questions.

(PLEASE TYPE OR PRINT)

1. Name(s) of individual(s) in the company named in the claim: _____

2. Name of Claimant: _____

3. To what insurance company did you report this claim or incident? _____

A. Date of alleged error: _____ B. Date reported: _____ C. Date first notice received: _____

4. Present status of claim (check one): [] in suit [] open circumstance [] closed

A. If closed:

Total damages paid including claim expense and deductible: \$ _____

Indicate whether: [] court judgment, or [] out of court settlement.

B. If in suit or open:

Amount asked in summons \$ _____

Claimant's settlement demand \$ _____

Defendant's offer for settlement \$ _____

Insurer's loss reserve* \$ _____

Deductible \$ _____

*Unknown is unacceptable. Please contact the insurance company or the defense attorney for a good faith estimate.

5. Description of claim (provide enough information to allow evaluation and attach a separate page if additional space is required). Alleged act, error or omission upon which claimant bases claim: _____

6. Have you changed policies or procedures as a result of this claim that will reduce the possibility of a similar occurrence? [] Yes [] No If yes, please describe: _____

We understand that the information submitted herein becomes a part of the professional liability application and is subject to the same representations and conditions.

PRINCIPAL'S SIGNATURE: _____ DATE: _____

(Must be signed by an Owner, Partner or Officer)