

## APPLICATION FOR ASSET MANAGEMENT LIABILITY COVERAGE

Directors & Officers Liability/Investment Adviser Professional Liability/Investment Fund Management & Professional Liability

NOTICE: THE POLICY WHICH YOU ARE APPLYING IS A CLAIMS-MADE POLICY. THE POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR, IF ELECTED, THE EXTENDED REPORTING PERIOD, SUBJECT TO THE POLICY PROVISIONS. DEFENSE COSTS ARE APPLIED AGAINST THE APPLICABLE RETENTIONS. DEFENSE COSTS REDUCE AND MAY EXHAUST THE APPLICABLE LIMITS OF LIABILITY. THE INSURER IS NOT LIABLE FOR ANY LOSS, WHICH INCLUDES DEFENSE COSTS, IN EXCESS OF THE APPLICABLE LIMITS OF LIABILITY.

**General Information**

1. Name of Applicant: \_\_\_\_\_  
 (Whenever used in this Application, the term "Applicant" shall mean the **Named Insured**.)  
  
 Address: \_\_\_\_\_  
  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
  
 State of Incorporation: \_\_\_\_\_ Date of Incorporation: \_\_\_\_\_  
  
 Website Address: \_\_\_\_\_
2. Applicant's primary nature of business: \_\_\_\_\_  
  
 \_\_\_\_\_

3. Please list all Subsidiaries (attach separate sheet if necessary):

Name	Nature of Business	Percentage Owned	Date Acquired or Created
		%	
		%	
		%	
		%	

4. In the next 12 months, or during the past 36 months, is the Applicant contemplating or has the Applicant completed the following:
 

a. Any actual or proposed merger, acquisition or divestiture?	Y/N
b. Any creation of a new business, subsidiary, or division?	Y/N
c. Any registration for a public offering or a private placement of securities?	Y/N
d. Any reorganization or arrangement with creditors under federal or state law?	Y/N
e. Any branch, location, facility, office or subsidiary closings, consolidations or layoffs?	Y/N

If any of the above questions were answered "Yes", please provide complete details by attachment.

**DIRECTORS & OFFICERS LIABILITY COVERAGE**

1. Applicant's Ownership Structure:

Publicly Traded \_\_\_\_\_ Private Corporation \_\_\_\_\_ Limited Liability Company \_\_\_\_\_  
 Sole Proprietorship \_\_\_\_\_ Partnership \_\_\_\_\_ Joint Venture \_\_\_\_\_

Other \_\_\_\_\_ (please specify): \_\_\_\_\_

2. Has there been any turnover, resignation or termination of any Executive Officers, Directors and/or key employees during the past two years, for reasons other than death or retirement? Y/N

If "Yes", please provide details by attachment.

3. Has the Applicant or any of its Subsidiaries changed auditors in the past year? Y/N  
 If "Yes", please provide details by attachment.

4. Has any auditor issued a "going concern" opinion for the Applicant's or any of its subsidiaries' financial statements in the past three years? Y/N

If "Yes", please provide details by attachment.

5. Has any auditor stated there are material weaknesses in the Applicant's systems of internal controls? Y/N

If "Yes", please provide details by attachment, including if all material recommendations have been implemented.

6. Are any securities of Applicant or any Subsidiary publicly traded? Y/N

If "Yes", please specify the exchange and Applicant's ticker symbol:

Exchange: \_\_\_\_\_ Ticker Symbol: \_\_\_\_\_

7. Total number of Applicant's common shareholders (if privately owned): \_\_\_\_\_

8. Percentage of voting shares outstanding owned by the Applicant's Directors, Officers and/or Managing Members: \_\_\_\_\_

9. Please list all shareholders who hold, directly or beneficially, 10% or more of Applicant's common shares outstanding:

Name	Percentage Owned	Director or Officer (Y/N)
	%	
	%	
	%	
	%	

10. Has the Applicant or any Subsidiary in the past thirty-six months completed or agreed to, or does it contemplate within the next twelve months, any of the following:

- f. Any registration for a public or private placement of securities? Y/N
- g. Sale, distribution or divestiture of any assets or securities other than in the ordinary course of business? Y/N
- h. Acquisition, consolidation or merger with any other entity? Y/N
- i. Bankruptcy proceeding or reorganization or arrangement with creditors under federal or state law? Y/N

**INVESTMENT ADVISERS PROFESSIONAL LIABILITY COVERAGE**

1. Total asset value of all accounts managed by the Applicant: \$ \_\_\_\_\_
2. Asset value of the Applicant's largest account: \$ \_\_\_\_\_
3. Annual fees collected for the Applicant's investment advisory services: \$ \_\_\_\_\_
4. All other annual income of the Applicant: \$ \_\_\_\_\_
5. Number of accounts lost during the last twelve months: \_\_\_\_\_
6. Total asset value of lost accounts: \$ \_\_\_\_\_  
Reasons for loss of accounts:

\_\_\_\_\_

\_\_\_\_\_

7. Does the Applicant act as an investment adviser or provide additional services to multi-employer, union or governmental employee benefit plans? Y/N

If yes, please provide details, including asset value, by attachment.

8. Is any person or entity proposed for this insurance engaged in any business other than as an investment adviser? Y/N

If yes, please provide details by attachment.

9. Is there any affiliated entity which is to be considered for coverage? Y/N

If yes, please provide details by attachment, including name and relationship of each entity to the Applicant, and nature of services provided by such entity.

10. Are any client transactions executed by an in-house broker-dealer? Y/N

11. Does the Applicant use a written service agreement with each client? Y/N

If yes, does the Applicant have written procedures to ensure compliance with the written service agreement? Y/N

12. Please provide the following information with respect to the Applicant's two most recent regulatory examinations:

Name of Regulatory Authority	Date	On-Site or Off-Site?

13. Have all recommendations or criticisms of each regulatory examination described above been complied with? Y/N

If no, please provide details by attachment.

14. Please identify who provides portfolio valuation services (if applicable): \_\_\_\_\_

15. How often are pricing sources tested to verify accuracy of portfolio market values?

\_\_\_\_\_

16. How often do clients receive portfolio financial statements? \_\_\_\_\_

17. Please identify the name and title of the person in charge of risk management and/or compliance:

\_\_\_\_\_

18. Are any risk management and/or compliance activities provided by outside service providers?

Y/N

If yes, please provide details by attachment.

19. Please provide the following information with respect to any specialty securities recommended or invested in by the Applicant on behalf of its clients:

	Yes	No	Percentage of Assets Managed
Derivatives			%
Foreign Securities			%
Below Investment Grade Securities			%
REITS			%
General or Limited Partnerships			%
Mortgages, Mortgage Pools, other Mortgage-Backed Securities			%
Commodities			%
Precious Metals			%
Real Estate			%
Guaranteed Investment Contracts			%
Oil/Gas Leases or Investments			%

**INVESTMENT FUND MANAGEMENT AND PROFESSIONAL LIABILITY COVERAGE**

1. Please complete the following schedule of Funds:

Name of Investment Fund	Date Established	Total Committed Capital Amount	Current Asset Amount (Cost)	Current Asset Amount (Value)

If there are additional Funds to be added to this schedule, please do so by attachment to this Application.

2. Has the Applicant ever closed down or liquidated a Fund?

Y/N

If yes, please provide details by attachment.

3. Is the Applicant considering the formation of a new Fund within the next year? Y/N

If yes, please provide details by attachment.

4. Please provide Name and Address of Advisers and/or Sub-Advisers:

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If additional space is needed, please provide by attachment.

5. Is there an affiliated distributor/underwriter of the Funds scheduled above? Y/N

If yes, please provide name and address: \_\_\_\_\_

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6. Have there been any changes or modifications in the investment restrictions or limitations of any Fund during the past two years? Y/N

If yes, please provide details by attachment.

7. Have there been any material changes in the administrative operations or investment policies of any Fund during the past two years?

If yes, please provide details by attachment.

8. Has any Fund managed by the Applicant ever suspended redemptions? Y/N

If yes, please provide details by attachment.

9. Is the Applicant or any owner of the Applicant affiliated with a broker dealer? Y/N

If yes, please provide details by attachment.

10. Has any representative of the Applicant ever served on the board of directors or served as an officer of any Portfolio Company? Y/N

If yes, please complete the schedule of Portfolio Companies below:

Name of Portfolio Company	Applicant's Representative	Dates of Service	Public or Private

**CURRENT INSURANCE:**

Please provide the following information on insurance currently maintained by the Applicant:

Coverage	Insurer	Limit	Retention	Premium	Policy Period
Directors & Officers Liability					
Professional Liability					
Investment Fund D&O/E&O					
Employment Practices Liability					
Fiduciary Liability					

**LOSS/CLAIMS HISTORY**

1. Has the Applicant, any of its Subsidiaries, or any person proposed for coverage been the subject of, named as a party, or involved in, any of the following during the past five years:
  - a. Anti-trust, copyright or patent litigation? Y/N
  - b. Civil, criminal or administrative proceeding alleging violation of any federal or state securities laws? Y/N
  - c. Any other civil action, administrative proceeding, formal or informal inquiry, investigative proceeding or alternative dispute resolution? Y/N

If "Yes" to any of these questions, please attach complete details.

2. Have any claims such as would fall within the scope of the proposed insurance been made against any person(s) or entity(ies) proposed for this insurance? Y/N

If "Yes", please attach complete details.

**PRIOR KNOWLEDGE (Applicable to all coverage sections completed)**

3. Does the Applicant or any individual or entity proposed for coverage have any knowledge of or information about any actual or alleged act, error, omission, fact or circumstance which may give rise to a claim that may fall within the scope of the proposed insurance? Y/N

If "Yes", please attach complete details.

WITHOUT PREJUDICE TO ANY OTHER RIGHTS OR REMEDIES OF THE INSURER, IT IS UNDERSTOOD AND AGREED THAT IF SUCH KNOWLEDGE OR INFORMATION EXISTS, ANY CLAIM ARISING THEREFROM IS EXCLUDED FROM THIS PROPOSED INSURANCE.

**ADDITIONAL INFORMATION**

As part of this Application, please submit the following documents with respect to the Applicant:

- a. Most recent quarterly report, proxy statement and annual report including audited financial statements with any notes and schedules
- b. Any prospectus, offering circular or private placement memorandum released within the last 12 months
- c. Copies of all provisions of the Applicant's charter and bylaws relating to the indemnification of its directors and officers

Any publicly available document filed by the Applicant with the U.S. Securities and Exchange Commission or any state, local or foreign equivalent during the twelve (12) months preceding this Policy's inception date shall be deemed submitted to the Insurer as part of this Application.

**NOTICE:**

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON, FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF

MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, MAY BE GUILTY OF COMMITTING A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND CIVIL PENALTIES.

### **APPLICANT FRAUD WARNINGS**

**ALABAMA, ARKANSAS, LOUISIANA, MARYLAND, NEW JERSEY, NEW MEXICO and VIRGINIA:** 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. In Alabama, Arkansas, Louisiana and Maryland, that person may be subject to fines, imprisonment or both. In New Mexico, that person may be subject to civil fines and criminal penalties. In Virginia, penalties may include imprisonment, fines and denial of insurance benefits.

**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.

**DISTRICT OF COLUMBIA, KENTUCKY 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 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. In District of Columbia, penalties include imprisonment and/or fines. In addition, the Insurer may deny insurance benefits if the Applicant provides false information materially related to a claim. In Pennsylvania, the person may also be subject to criminal and civil penalties.

**FLORIDA and OKLAHOMA:** Any person who knowingly and with intent to injure, defraud or deceive the Insurer, files a statement of claim or an Application containing any false, incomplete or misleading information is guilty of a felony. In Florida it is a felony to the third degree.

**KANSAS:** An act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an Insurer, purported Insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for personal or commercial insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto is considered a crime.

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

**OHIO:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against the Insurer, submits an Application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**OREGON:** 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 may be guilty of a crime and may be subject to fines and confinement in prison.

**TENNESSEE 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 may include imprisonment, fines and/or denial of insurance benefits.

THE SIGNATORY, AS AUTHORIZED AGENT OF ALL INDIVIDUALS AND ENTITIES PROPOSED FOR THIS INSURANCE, REPRESENTS THAT, TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS IN THIS APPLICATION AND ANY ATTACHMENTS OR INFORMATION SUBMITTED WITH THIS APPLICATION (TOGETHER REFERRED TO AS THE "APPLICATION") ARE TRUE AND COMPLETE.

THE INFORMATION IN THIS APPLICATION IS MATERIAL TO THE RISK ACCEPTED BY THE UNDERWRITER. IF A POLICY IS ISSUED IT WILL BE IN RELIANCE BY THE UNDERWRITER UPON THE APPLICATION, AND THE APPLICATION WILL BE THE BASIS OF THE CONTRACT. THE INFORMATION CONTAINED IN AND SUBMITTED WITH THIS APPLICATION IS ON FILE WITH THE UNDERWRITER AND, ALONG WITH THE APPLICATION, WILL BE CONSIDERED PHYSICALLY ATTACHED TO, PART OF, AND INCORPORATED INTO THE POLICY, IF ISSUED. THE UNDERWRITER IS AUTHORIZED TO MAKE ANY INQUIRY IN CONNECTION WITH THIS APPLICATION. THE



UNDERWRITER'S ACCEPTANCE OF THIS APPLICATION OR THE MAKING OF ANY SUBSEQUENT INQUIRY DOES NOT BIND THE APPLICANT OR THE UNDERWRITER TO COMPLETE THE INSURANCE OR ISSUE A POLICY.

THE INFORMATION PROVIDED IN THIS APPLICATION IS FOR UNDERWRITING PURPOSES ONLY AND DOES NOT CONSTITUTE NOTICE TO THE UNDERWRITER UNDER ANY POLICY OF A CLAIM OR POTENTIAL CLAIM.

IF THE INFORMATION IN THIS APPLICATION MATERIALLY CHANGES PRIOR TO THE EFFECTIVE DATE OF THE POLICY, THE APPLICANT WILL IMMEDIATELY NOTIFY THE UNDERWRITER, AND THE UNDERWRITER MAY MODIFY OR WITHDRAW ANY QUOTATION OR AGREEMENT TO BIND INSURANCE.

**SIGNATURE**

THIS APPLICATION MUST BE SIGNED BY THE CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER OR THE PRESIDENT OF THE COMPANY ACTING AS THE AUTHORIZED REPRESENTATIVE OF THE PERSONS AND ENTITIES PROPOSED FOR THIS INSURANCE.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE