

CLAIMS MADE WARNING FOR APPLICATION

THIS PROPOSAL FORM IS FOR A CLAIMS MADE AND REPORTED POLICY, RELATING TO CLAIMS MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF APPLICABLE.

Whenever printed in this Proposal Form, the terms in boldface type shall have the same meanings as indicated in the **Policy**. This Proposal Form is to be completed with respect to the entire Franchisor. **Franchisor (Franchisor)** as used herein is defined to include the **Named Insured** and any **Subsidiaries**.

1. **All Applicants must fully complete Sections: A, B, C, and F**
2. **Provide details to all "Yes" answers, when applicable, by attachment.**
3. **Franchisee(s) information (except under Section F: Franchisors Errors & Omission Liability) is not to be included in answers unless owned by the Named Insured.**

Section A: Contact Information

Name of **Named Insured**

Street Address

Suite

City

County

State

Zip Code

Website Address (if applicable)

Federal Employer Identification Number (FEIN)

The Officer designated as agent of the **Franchisor** and of all **Insureds** to receive any and all notices from the **Insurer** or their authorized representatives concerning this insurance:

Contact Name

Title

E-mail Address

Telephone Number

Fax Number

Producer Information

Submitted by (Agency Name)

Dated

Agent's Name (Individual's Name)

Agent's License Number

Section B: Coverage Section(s) Requested (Complete only those sections of this Proposal Form specific to the **Coverage Section(s)** requested.)

Directors, Officers and Organization Liability Insurance Coverage:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Limit Requested: \$
Employment Practices Liability Insurance Coverage :	<input type="checkbox"/> Yes <input type="checkbox"/> No	Limit Requested: \$
Fiduciary Liability Insurance Coverage:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Limit Requested: \$
Franchisors Errors and Omissions Liability Coverage:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Limit Requested: \$

Combined Aggregate Limit of Liability for all **Coverage Sections**, **Minimum Coverage Sections: Directors Officers and Corporate Liability and Franchisors Errors and Omission Liability.**

Current Franchisor Insurance Information (Provide details to all "Yes" answers by attachment)

1. Provide the following information regarding the **Franchisor's** most recent insurance policies. If "None", so state.

Type of Policy	Insurance Carrier	Expiration Date	Limit of Liability	Deductible	Premium
Directors and Officers Liability: <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Employment Practices Liability: <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Fiduciary Liability: <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Cyber/Privacy Liability: <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Franchisor E&O: <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Professional Liability (other): <input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____

2. Has the Extended Reporting Period (or Discovery Period) been exercised for the **Franchisor's** most recent Directors and Officers Liability, Employment Practices Liability, Cyber/Privacy Liability, Franchise Errors & Omission/Professional Liability or Fiduciary Liability insurance policies? Yes No
3. Within the last 3 years, has any **Claim** been made or has notice been given under any of the previous policies for Directors and Officers Liability, Employment Practices Liability, Cyber/Privacy Liability, Franchise Errors & Omissions/Professional Liability or Fiduciary Liability insurance or similar insurance? Yes No
4. Within the last 3 years, has any Directors and Officers Liability, Employment Practices Liability, Cyber/Privacy Liability, Franchise Errors & Omissions/ Professional Liability or Fiduciary Liability insurance, or similar insurance policies for the **Franchisor** ever been cancelled or non-renewed? NOT APPLICABLE IN MISSOURI Yes No

Section C: General Information (Provide details to all "Yes" answers by attachment)

1. (a) The **Named Insured** has been in continuous operation since: _____
 (b) The Named Insured began franchising : _____
2. (a) What is the **Franchisor's** Primary Standard Industrial Classification ("SIC") Code? _____
 (b) Describe the **Franchisor's** nature of operations: _____

3. (a) Form of organization: Cooperative Corporation Joint Venture*
 Limited Liability Corporation Nonprofit Partnership*
 Sole Proprietorship Other: _____

*If a Partnership or Joint Venture, provide participation or ownership structure details by attachment.

- (b) Type of organization: Manufacturing / Production Public Administration Retail Trade
 Service Industry Web Based Wholesale Distributing
4. Is the **Named Insured** or any **Subsidiary** publicly held or a public reporting company under the Securities Exchange Act of 1934? Yes No

5. Provide the following financial information with respect to the **Franchisor**:
- | | | |
|------------------------|---|---|
| Assets (000): \$ _____ | Annual Revenues (000): \$ _____ | Total Number of Employees *: _____ |
| Equity (000): \$ _____ | Operating Income / Loss (000): \$ _____ | Period Ending: _____ / _____ / _____ |
- *Franchisor Only

7. (a) Is the **Franchisor** currently in bankruptcy? Yes No
 (b) Within the next 12 months, is the **Franchisor** contemplating filing a petition for protection under the bankruptcy code? Yes No
8. (a) Within the last 12 months, has the **Franchisor** had any **Subsidiary**, plant, facility, branch or office closings, consolidations or layoffs? Yes No
 (b) Within the next 24 months, does the **Franchisor** anticipate any **Subsidiary**, plant, facility, branch or office closings, consolidations or layoffs? Yes No

If "Yes", provide the following details by attachment: Date of event; number of **Employees** affected; whether outside employment counsel was consulted; and, whether severance packages were offered to all **Employees** affected.

9. Within the last 3 years, has there been any change (resignations, departures, retirements, etc.) in the position of the Chairman of the Board, President, Chief Executive Officer or Chief Financial Officer? Yes No
 If "Yes", provide the following details by attachment: Name of individual; date of change; and reason for change.
10. Provide the following information on all **Subsidiaries** of the **Franchisor**. If "None", so state. None

<u>Subsidiary Name</u>	<u>Nature of Business</u>	<u>Percent* Owned by the Franchisor</u>	<u>Date Created or Acquired</u>	<u>Domestic / Foreign</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*If Subsidiary is less than 100 percent owned, provide details to all minority owners, when applicable, by attachment.

11. During the last 5 years, has the **Franchisor** or any of the **Insured Persons** received any written demands for monetary or non-monetary relief, been involved in, or had any knowledge of any civil or criminal action, administrative or arbitration proceeding, including both domestic or foreign equivalents, involving:
- (a) any intellectual property disputes, including Copyright, Patent, or Trademark Laws? Yes No
 - (b) any alleged violation of any Federal or State Security Law or Regulation? Yes No
 - (c) any alleged violation of any Federal or State Anti-Trust or Fair Trade Law? Yes No
 - (d) any other allegations of violations of federal, state or local statute, regulation, ordinance or common law that would otherwise be within the scope of this proposed insurance? Yes No
12. Provide the name of the law firm(s) and attorney(s) used for general business affairs: _____

IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR SUBSIDIARIES IN QUESTION 10. UNLESS THE INFORMATION REQUESTED ABOVE IS PROVIDED.

If "Yes" to ANY PART OF QUESTION 11., provide FULL DETAILS for each ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED BY providing the following information for each ALLEGATION BY ATTACHMENT:

(a) Date Claim first made	(b) Claimant's Name	(c) Allegation	(d) Current Status
(e) Demand Amount	(f) Settlement (Indemnity) or Reserve Amount	(g) Attorney's fees	

IT IS UNDERSTOOD AND AGREED THAT THE INSURER SHALL NOT BE LIABLE TO MAKE ANY PAYMENT FOR LOSS IN CONNECTION WITH ANY CLAIM MADE AGAINST ANY INSURED BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM OR IN CONSEQUENCE OF, OR IN ANY WAY INVOLVING ANY LAWSUIT, ADMINISTRATIVE PROCEEDING, WRITTEN DEMAND, FACT, CIRCUMSTANCE, OR SITUATION SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN THE INSURED'S RESPONSE TO QUESTION 11.

Section D: Directors, Officers and Corporate Liability Insurance Coverage Section Information

1. Provide the following information regarding the **Franchisor's** outstanding ownership:
- | | | |
|--|-------------------------|------------------------|
| | <u>Common Stock /</u> | <u>Preferred Stock</u> |
| | <u>Membership Units</u> | |
- (a) Total number of shares or units outstanding: _____
 - (b) Total number of security holders: _____
 - (c) Number of shares or units owned directly and/or beneficially by the **Insured Persons**: _____
 - (d) Does any security holder own, or have the right to own, directly and/or beneficially, 5 percent or more of the **Franchisor's** outstanding shares or units? Yes No
- If "Yes", provide the following information:
- | | | |
|--|---|---|
| <u>Name of Security Holder</u>
(including individual and corporate names) | <u>Percent Owned by Security Holder</u> | <u>Represented on the Franchisor's Board of Directors or Board of Managers?</u> |
|--|---|---|
- _____ Yes No
 - _____ Yes No
 - _____ Yes No
 - _____ Yes No
2. Within the last 18 months, has the **Franchisor** been involved in, or is it presently considering, any sale of its stock (in excess of 10 percent of the total stock outstanding), repurchase of its stock, merger, consolidation, acquisition, tender offer, private placement, or divestment? If "Yes", complete (a), (b) and (c) below: Yes No
- (a) Is this with respect to a Registration Statement for a public offering of securities within the next 12 months? Yes No
- If "Yes", attach the prospectus including all amendments thereto, or describe below if prospectus is unavailable.

(b) Is this with respect to funds being generated by venture capital or private placement funding? Yes No
 If "Yes", describe: _____

(c) If "No", for (a) and (b) above, provide the following details below: Description of referenced transaction; date or anticipated date of transaction; and any other appropriate details: _____

3. Who is the current accounting firm and partner retained by Named Insured: _____

(a) In the last 3 years has Named Insured changed accounting firms? Yes No
 (b) If yes, why and who was previous firm: _____

Section E: Employment Practices Liability Insurance Coverage Section Information

(OPTIONAL COVERAGE) Franchisor Only

1. Number of Employees:	<u>Total Full Time</u>	<u>Total Part Time</u>	<u>Total Leased</u>	<u>Full Time located in CA, TX, NY</u>	<u>Independent Contractors</u>	<u>Annual Full Time Turnover Rate</u>
Current Year:						
Last Year:						

2. What percentage of the **Franchisor's Employees** currently earns more than \$100,000? _____ %
3. Does the **Franchisor** currently employ a full time Human Resources professional? Yes No
4. Does the **Franchisor** (details to "Yes" or "No" answers are not required by attachment):
- (a) Utilize employment applications for all prospective **Employees**? Yes No
 - (b) Require the Human Resource Department to review and approve each proposed **Employee** termination? Yes No
 - (c) Have outside employment counsel review each proposed **Employee** termination? Yes No
 - (d) Maintain a written policy prohibiting Sexual Harassment and distribute that policy to all **Employees**? Yes No
 - (e) Conduct mandatory periodic **Employee** education regarding prohibited forms of harassment? Yes No
 - (f) Periodically have its employment policies and procedures reviewed by outside employment counsel? Yes No
 - (g) Periodically have its employment policies and procedures distributed to all **Employees**? Yes No
 - (h) Have a written procedure for notification and handling of employment related grievances, disputes, notifications, or claims? Yes No
5. Indicate which formal written policies and procedures have been implemented and attach a copy of each. If "None", so state. None
- Employee Handbook / Manual
 - Anti-Discrimination Policy – Equal Opportunity Employment (EEO) Policy
 - Anti-Harassment Policy, including Sexual Harassment
 - Adherence to Employment "at-will" relationship with all **Employees**
 - Employers with more than 50 Employees
 - Family Medical Leave Act
 - California Employers Only
 - California Family Rights Act
6. During the last 5 years, has any **Insured** known of, or been involved in any lawsuit, charges, inquiries, investigations, grievances or other administrative hearings or proceedings before any of the following agencies and/or in any of the following forums, including both domestic or foreign equivalents?
- (a) National Labor Relations Board? Yes No
 - (b) Equal Employment Opportunity Commission? Yes No
 - (c) Office of Federal Contract Compliance Programs? Yes No
 - (d) U.S. Department of Labor? Yes No
 - (e) Any state or local government agency such as the Labor Department or fair employment agency? Yes No
 - (f) U.S. District or state court? Yes No
7. During the last 5 years, has any current or former **Employee** or third party made any **Claim**, or otherwise alleged discrimination, harassment, wrongful discharge and/or **Wrongful Acts** against any **Insured**? Yes No
 A **Claim** is not limited to the filing of a lawsuit or complaint with the Equal Employment Opportunity Commission or similar state or local agency. A **Claim** may also include a written demand by any current or former **Employee** seeking relief in connection with an employment-related dispute or grievance.
8. Provide the name of the law firm(s) and attorney(s) used for employment related issues and consulted on employee handbook: _____

IF "YES" TO ANY PART OF QUESTIONS 6. OR 7., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED, BY PROVIDING THE FOLLOWING INFORMATION FOR EACH ALLEGATION BY ATTACHMENT:

- | | | | |
|----------------------------------|--|----------------|---------------------|
| (a) Date Claim first made | (b) Claimant's Name | (c) Allegation | (d) Current Status |
| (e) Demand Amount | (f) Settlement (Indemnity) or Reserve Amount | | (g) Attorney's fees |

IT IS UNDERSTOOD AND AGREED THAT THE INSURER SHALL NOT BE LIABLE TO MAKE ANY PAYMENT FOR LOSS IN CONNECTION WITH ANY CLAIM MADE AGAINST ANY INSURED BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM OR IN CONSEQUENCE OF, OR IN ANY WAY INVOLVING ANY LAWSUIT, ADMINISTRATIVE PROCEEDING, WRITTEN DEMAND, FACT, CIRCUMSTANCE, OR SITUATION SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN THE INSURED'S RESPONSE TO QUESTIONS 8. OR 9.

Section F: Franchisor Errors & Omission Liability:

1. (a) Number of Franchisee(s) / Locations

	Owned	Franchised & Open	Closed	Avg. Length / Operation	Turn Over Rate/12 months
Last Fiscal Year:					
This Fiscal Year:					
Next Fiscal Year:					

(b) Does any individual or entity own 10% or more of the **Franchisees**? Yes (provide details) No

2. Which of the following do you offer to franchise and its percentage of gross revenue:
 _____ Stand Alone "store" _____ Kiosk _____ Mobile Unit _____ Home Office _____ Other (explain)
3. (a) Initial franchise fee: Last Fiscal year: _____ Current Fiscal Year: _____ Next Fiscal Year: _____
 (b) Are royalty/marketing fees percentage of sales or fixed amount: _____ If percentage, amount of gross revenue: _____
 (c) Does initial franchise fee include (check all that apply):
 Training (initial) Secure Territory Application Process Secure Solely Location Location Blueprint/Design
4. Do you conduct **Franchisee(s)** surveys? Yes No If yes, frequency: _____ (attach most recent results)
5. Do you utilize "business brokers" to solicit potential **Franchisee(s)**? Yes No (if yes attach list of top ten)
6. (a) Do you have a Franchise Advisory Council? Yes No If yes, What is frequency of meetings: _____
 (b) Do you take any disciplinary action or recommend disciplinary action as a result of review group activities? Yes No (if yes, explain)
7. Do you have a franchisee purchasing corp. or any group purchase program? Yes No (if yes, attach details)
8. What states has **Named Insured** filed a FDD? (attach list) _____ Any rejections? _____ Yes No (if yes, explain)
9. List services provided to Franchisee(s) for a fee/compensation: _____
10. (a) Do you promote, sponsor, advise or provide any form of insurance to your Franchisee(s)? Yes (provide details) No
 (b) Do you require Franchisee(s) to carry insurance? Yes (provide requirements) No If yes, how do you insure compliance?
 Does Named Insured receive any compensation from vendors that supply Franchisee(s)? Yes (If yes, explain) No
11. (a) Provide the name of the law firm(s) and attorney(s) used for franchise agreements, franchise registration/disclosure and/ or **Franchisee(s)** disputes: _____

 (b) If relationship with law firm is less than 3 year who was previous firm: _____ Reason for change? _____
12. On a separate document describe the process for selecting and qualifying prospective franchisees.
 (a) Is there a minimum net worth requirement? Yes No
 (b) Experience requirement? Yes No
13. Explain the degree, timing, frequency and details of the Franchisor's training program to its **Franchisee(s)** and cost involved and if mandated.

Section G: Fiduciary Liability Insurance Coverage Section Information (OPTIONAL COVERAGE)

1. Provide the following information regarding each employee welfare benefit plan, employee pension benefit plan or pension plan, as defined by ERISA, (hereinafter referred to as **Employee Benefit Plan(s)**) which the **Franchisor** maintains or to which it contributes.

<u>Name of Plan</u>	<u>Type of Plan*</u>	<u>Name of Plan Sponsor</u>	<u>Number of Plan Participants</u>	<u>Annual Contributions</u>	<u>Fair Market Value of Plan Assets</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

*Type of Plan: (DB)=Defined Benefit; (DC)=Defined Contribution; (ESOP)=Employee Stock Ownership Plan; (WB)=Health & Welfare Benefit; (MEP)=Multi Employer Plan or Multiple Employer Plan; Excess Benefit or Top Hat (EB); (O)=Other

IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR EMPLOYEE BENEFIT PLAN(S) IN QUESTION 1. FOR WHICH THE ABOVE INFORMATION IS INCOMPLETE OR NOT PROVIDED.

2. Has any employee pension benefit plan or pension plan invested in securities of the **Franchisor**? If "Yes", provide the following details by attachment: number of shares; cost of shares to the plan; fair market value of shares. Yes No
3. Has any employee pension benefit plan or pension plan invested in more than 10 percent of any entity (other than the **Franchisor** or a pooled investment vehicle such as a mutual fund)? If "Yes", provide name of entity and amount of investment. Yes No
4. Has any **Employee Benefit Plan** loaned or pledged any **Employee Benefit Plan** assets to any party-in-interest (including the **Franchisor**)? If "Yes", provide details by attachment. Yes No
5. Are any defined benefit plans under funded by more than 20 percent? If "Yes", provide details by attachment. Yes No
6. Are there any overdue employer contributions for any plan, or has any plan requested or contemplated filing a request for a waiver of contributions? If "Yes", provide plan name and amount of overdue contributions by attachment. Yes No
7. Within the last 3 years, has there been, or is there currently under consideration, any restructuring, spin-off, transfer, consolidation, merger, termination or other similar transaction of any **Employee Benefit Plan**? Yes No
If "Yes", provide the following details of the transaction by attachment: whether assets have been fully distributed; date or expected date of any transfer of employees or **Employee Benefit Plans**; copies of any materials relating to the transaction that were distributed to employees or filed with government agencies.
8. If any of the following questions are answered "No", provide details by attachment.
 - (a) Are all **Employee Benefit Plans** compliant with the Health Insurance Portability and Accountability Act ("HIPAA")? Yes No
 - (b) Does the plan sponsor comply with the summary plan description requirements under **ERISA** for all **Employee Benefit Plans**? Yes No
 - (c) Do all employee pension benefit plans or pension plans have a written investment policy? Yes No
 - (d) Are all employee pension benefit plan or pension plan assets managed by a third party investment manager? Yes No
 - (e) Do the fiduciaries review the investment guidelines used by the investment managers at least annually? Yes No
 - (f) Is the "fair market value" of all employee pension benefit plan or pension plan assets calculated at least annually? Yes No
9. During the last 5 years, has there been, or is there currently, any investigation by the IRS, Department of Labor ("DOL"), Pension Benefit Guarantee Corporation ("PBGC"), or any other state or federal agency of any **Employee Benefit Plan** or any current or former fiduciary of such **Employee Benefit Plan**? If "Yes", provide details by attachment. Yes No
10. During the last 5 years, has any **Insured** been named as a party in any civil or criminal action, administrative, arbitration, regulatory or investigative proceeding, or received any other written demands for money or services that would be within the scope of this proposed insurance? Yes No

IF "YES" TO QUESTION 10., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED, BY PROVIDING THE FOLLOWING INFORMATION FOR EACH ALLEGATION BY ATTACHMENT:

- | | | | |
|----------------------------------|--|---------------------|--------------------|
| (a) Date Claim first made | (b) Claimant's Name | (c) Allegation | (d) Current Status |
| (e) Demand Amount | (f) Settlement (Indemnity) or Reserve Amount | (g) Attorney's fees | |

IT IS UNDERSTOOD AND AGREED THAT THE INSURER SHALL NOT BE LIABLE TO MAKE ANY PAYMENT FOR LOSS IN CONNECTION WITH ANY CLAIM MADE AGAINST ANY INSURED BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM OR IN CONSEQUENCE OF, OR IN ANY WAY INVOLVING ANY LAWSUIT, ADMINISTRATIVE PROCEEDING, WRITTEN DEMAND, FACT, CIRCUMSTANCE, OR SITUATION SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN THE INSURED'S RESPONSE TO QUESTION 10.

Prior Knowledge Information

1. Is any **Insured** aware of any actual or alleged act, error, omission, fact, or circumstance or situation involving any **Insureds** that might reasonably be expected to result in a **Claim** as defined in each **Coverage Section** applied for? Yes No

IF "YES" TO QUESTION 1., PROVIDE FULL DETAILS FOR EACH ALLEGATION, EVEN IF THE MATTER HAS SINCE BEEN SETTLED OR OTHERWISE RESOLVED, BY PROVIDING THE FOLLOWING INFORMATION FOR EACH ALLEGATION BY ATTACHMENT:

(a) Date Claim first made	(b) Claimant's Name	(c) Allegation	(d) Current Status
(e) Demand Amount	(f) Settlement (Indemnity) or Reserve Amount		(g) Attorney's fees

IT IS UNDERSTOOD AND AGREED THAT THE INSURER SHALL NOT BE LIABLE TO MAKE ANY PAYMENT FOR LOSS IN CONNECTION WITH ANY CLAIM MADE AGAINST ANY INSURED BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM OR IN CONSEQUENCE OF, OR IN ANY WAY INVOLVING ANY LAWSUIT, ADMINISTRATIVE PROCEEDING, WRITTEN DEMAND, FACT, CIRCUMSTANCE, OR SITUATION SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN THE INSURED'S RESPONSE TO QUESTION 1.

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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER 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 NEW MEXICO, PENNSYLVANIA 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 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 APPLICANTS OF KENTUCKY: 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 APPLICANTS OF MINNESOTA, NEW JERSEY, OHIO, AND OKLAHOMA: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUDS OR DECEIVES ANY INSURER OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, IS GUILTY OF A FELONY AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON APPLICANTS: 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.

NOTICE TO APPLICANTS OF 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.

NOTICE TO ARKANSAS, Warning: It is a crime, see page 7 on canopy app, LOUISIANA, MARYLAND, AND RHODE ISLAND APPLICANTS: 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 AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

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 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.

Please Read Carefully

The undersigned, acting on behalf of all **Insureds**, declare that the statements set forth herein are true and correct and that thorough efforts have been made to obtain sufficient information from each and every **Insured** proposed for this insurance to facilitate the proper and accurate completion of this Proposal Form.

The undersigned agree that the particulars and statements contained in the Proposal Form and any material submitted herewith are their representations and are the basis of the insurance contract. The undersigned further agree that the Proposal Form and any material submitted herewith shall be considered attached to and a part of the **Policy**. Any material submitted with the Proposal Form shall be maintained on file (either electronically or paper) with the **Insurer** and shall be deemed to be attached hereto as if physically attached.

It is further agreed that:

- if any significant change in the condition of the applicant is discovered between the date of this Proposal Form and the **Policy** inception date, which would render this Proposal Form inaccurate or incomplete, notice of such change will be reported in writing to the **Insurer** immediately;
- any **Policy**, if issued, will be in reliance upon the truth of such representations; provided, however, with respect to such statements and representations, no knowledge or information possessed by any **Insureds** shall be imputed to any other **Insureds**. If any person or persons knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons. However, if the Chairperson of the Board of Directors, President, Chief Executive Officer, or Chief Financial Officer of the **Franchisor** knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons and the **Franchisor**;
- this Proposal Form has been completed as respects the entire **Franchisor**;
- the signing of this Proposal Form does not bind the undersigned to purchase the insurance.

Date

President, Chief Executive Officer or Chief Financial Officer (Signature)

Print Name

This Arch Specialty Insurance Company Proposal Form, including any material submitted herewith, shall be held in strictest confidence.

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED

Please submit this Proposal Form including appropriate documentation to:

National Exclusive Agent:

FranchisePerils

A division of ExecutivePerils, Inc.

800 Wilshire Boulevard, Suite 1525

Los Angeles, CA 90017

www.franchiseperils.com

(310) 444-9333

LIC# 0E36308

Please forward in hard copy the following items along with a completed, signed, and dated application:

- Franchise Disclosure Document (FDD)
- Franchise Agreement
- Current Litigation Schedule (Not in FDD)
- Most Recent Financial Statement
- Employee Handbook (if seeking Employment Practices)
- Copy of most recent 5500s (if seeking Fiduciary Liability)
- Schedule of all current franchisees listed by state.
- Schedule of franchisees currently in default under their franchise agreements and type of default.
- Copy of operating manual and/or similar materials table of contents

Pandemic Supplemental Application

Name of Named Insured : _____

1. Do you anticipate, have you had, or are you considering a decrease in employees? If yes, will you/did you provide severance and/or get releases?

2. Please explain any actions you are taking to assist your franchisees during this challenging period. Please be specific.

3. In light of the current environment how long will the franchisor be able to maintain operations without an inflow of capital? How does Insured plan to maintain operations? And what changes in operations/services, if any, will occur? What is the company’s process for tracking the financial effects and dealing with them for the upcoming 12-18 months?

4. Please provide details on disruptions to the company’s operations including supply chain issues, pending acquisitions, and the need to take on additional debt.

5. What are the company’s revenues year-to-date? What were the company’s revenues for the same period in 2019?

6. Have lines of credit been affected or have you drawn down credit lines?

Yes No N/A If yes, please explain:

7. Have there been any violations of covenants or events of default triggered?

Yes No N/A If yes, please explain:

8. Does the company have a disease/epidemic policy in place? Please provide details.

9. Is the company utilizing outside counsel and/or guidance on the updated EEOC’s “Pandemic Preparedness in the Workplace and the Americans with Disability Act”? Please explain how you are using these resources.

10. Are you utilizing outside counsel and/or guidance on the Families First Coronavirus Response Act (in particular, the execution of Emergency FMLA and pay practices related to this law?)

11. Please provide full details on the company's return-to-work protocols; including, but not limited to: rehiring practices, exposure control plans, work-from-home accommodations, health screening protocols, workplace safety, business continuity procedures, etc.

12. Do you use any programs to conduct virtual meetings, such as Zoom, GoToMeetings, Microsoft Teams, etc, for internal and external meetings? Yes No N/A

If Yes, please describe the security measures utilized to protect these meetings from being hacked (passwords, meetings by invite only, etc):

13. Who makes the ultimate determination on a franchisee closure?

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