PRIVATE COMPANY INSURANCE POLICY NEW BUSINESS APPLICATION

Return Applications to:
Rockwood Programs, Inc.
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NOTICE: THE LIABILITY COVERAGE SECTIONS OF THIS POLICY APPLY ONLY TO CLAIMS OR, IF THE PENSION AND WELFARE BENEFIT PLAN FIDUCIARY LIABILITY COVERAGE PART IS PURCHASED, COMPLIANCE REQUESTS FIRST MADE DURING THE POLICY PERIOD OR, IF APPLICABLE, THE OPTIONAL EXTENSION PERIOD. THE LIMIT OF LIABILITY AVAILABLE UNDER THE LIABILITY COVERAGE PARTS TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED, AND MAY BE EXHAUSTED, BY THE PAYMENT OF DEFENSE EXPENSES, AND, IF APPLICABLE, COMPLIANCE COSTS.

NOTICE TO NEW YORK APPLICANTS: THE LIABILITY COVERAGE SECTIONS OF THIS POLICY FOR WHICH THIS APPLICATION IS MADE IS A CLAIMS MADE POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY ONLY APPLIES TO CLAIMS FIRST MADE OR INCIDENTS REPORTED DURING THE POLICY PERIOD, THE AUTOMATIC EXTENSION PERIOD OR, IF APPLICABLE THE OPTIONAL EXTENSION PERIOD. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT, THE OPTIONAL EXTENSION PERIOD APPLIES. UPON TERMINATION OF COVERAGE FOR ANY REASON, A 60-DAY AUTOMATIC EXTENSION PERIOD WILL APPLY. FOR AN ADDITIONAL PREMIUM CALCULATED AS INDICATED IN ITEM 6. OF THE DECLARATION, AN OPTIONAL EXTENSION PERIOD CAN BE PURCHASED FOR A PERIOD OF AT LEAST ONE YEAR. NO COVERAGE WILL EXIST AFTER THE EXPIRATION OF THE OPTIONAL EXTENSION PERIOD WHICH MAY RESULT IN A POTENTIAL COVERAGE GAP IF PRIOR ACTS COVERAGE IS NOT SUBSEQUENTLY PROVIDED BY ANOTHER CARRIER. DURING THE FIRST SEVERAL YEARS OF CLAIMS MADE RELATIONSHIPS, CLAIMS MADE RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES, AND THE INSURED MAY EXPECT SUBSTANTIAL ANNUAL PREMIUM INCREASES, INDEPENDENT OF OVERALL RATE INCREASES UNTIL THE CLAIMS MADE RELATIONSHIP REACHES MATURITY. PLEASE READ THIS POLICY CAREFULLY.

THE INSURER IS NOT OBLIGATED TO PAY ANY LOSS, INCLUDING DEFENSE EXPENSES AND, IF APPLICABLE, COMPLIANCE COSTS AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED BY PAYMENT OF LOSS, INCLUDING DEFENSE EXPENSES AND, IF APPLICABLE, COMPLIANCE COSTS.

1. GENERAL INFORMATION

a) Name of **Applicant**: _____
(Whenever used in this Application, the term "**Applicant**" shall mean the **Parent Company**.)

b) Principal Address: _____

City: _____ State: _____ Zip Code: _____

c) Nature of Business: _____

d) Date the **Applicant** Commenced Operations: _____

e) Total Annual Revenues: _____

f) Total Assets: _____

g) Total Annual Income: _____

h) Name and title of the officer of the **Applicant** designated as the representative to receive all notices from the Insurer on behalf of all person(s) and entity(ies) proposed for this Insurance:

_____

2. OWNERSHIP INFORMATION

a) Total number of the **Applicant's** voting shareholders: _____

b) Percentage of voting shares outstanding owned by the **Applicant's** Directors and Officers: _____

c) Other than the **Applicant's** Directors and Officers, shareholders owning more than 10% of the voting shares outstanding:

Shareholder	Percentage Owned

3. Has the **Applicant** or any Subsidiary in the past thirty-six (36) months completed or agreed to, or does it contemplate) within the next twelve (12) months, any of the following, whether or not such transaction was or will be completed? If "Yes," please describe the significant provisions of the transaction(s) by attachment to this Application.

a) Sale, distribution or divestiture of any assets or stock in an amount exceeding 35% of the **Applicant's** consolidated assets? ☐ Yes ☐ No

b) Any registration for a public or private placement of securities? ☐ Yes ☐ No

c) Merger, acquisition or consolidation with another entity whose consolidated assets exceed 35% of the **Applicant's** consolidated assets? ☐ Yes ☐ No

d) Reorganization or arrangement with creditors under federal or state law? ☐ Yes ☐ No

4. Have there been any changes in the **Applicant's** Board of Directors or Senior Management within the past twelve (12) months? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No

5. **EMPLOYMENT PRACTICES INFORMATION (Complete only if coverage is desired for the Employment Practices Liability Coverage Part)**

a)

	Full-Time	Part-Time	Seasonal / Ind. Contractors
Number of Current Employees:			
Number of Employees One Year Ago:			

b) Percentage of the **Applicant's** Employees with salaries:

Less than $25,000: _____ Between $50,000 and $100,000: _____

Between $25,000 and $50,000: _____ More than $100,000: _____

c) What percentage of the **Applicant's** Employees are located in California? _____

d) Does the **Applicant** have written policies or procedures with respect to the following?

Hiring	☐ Yes	☐ No
Termination	☐ Yes	☐ No
Discipline	☐ Yes	☐ No
Family and Medical Leave	☐ Yes	☐ No
Sexual Harassment	☐ Yes	☐ No

e) Has the **Applicant** or any **Subsidiary** in the past twelve (12) months had, or does it contemplate within the next twelve (12) months having, any layoffs or plant, facility, branch or office closings? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No

6. **BENEFIT PLAN INFORMATION (Complete only if coverage is desired for the Pension and Welfare Benefit Plan Fiduciary Liability Coverage Part)**

a) Please provide the following information with respect to the **Applicant's** employee benefit plans.

Name of Plan	Current Asset Value	Number of Participants
	$	
	$	
	$	
	$	
	$	

b) Does any Defined Benefit Pension Plan identified above (if applicable) have a funding defficiency? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No

c) If any Plan identified above is an Employee Stock Ownership Plan, is an independent valuation of the **Applicant's** stock performed annually? ☐ Yes ☐ No ☐ N/A

d) Has the **Applicant** in the past thirty-six (36) months amended or terminated, or does it anticipate within the next twelve (12) months amending or terminating, any employee benefit plan? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No ☐ N/A

7. **CRIME INFORMATION (Complete <u>only</u> if coverage is desired for the Crime Coverage Part)**

a) Does the Applicant: (If "No, please explain by attachment to this Application.)

(i) Allow the employees who reconcile the monthly bank statements to also sign checks, handle deposits or have access to check signing machines or signature plates? ☐ Yes ☐ No

(ii) Have procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list? ☐ Yes ☐ No

(iii) Allow the same individual who verifies the existence of vendors to also edit the authorized master vendor list? ☐ Yes ☐ No

(iv) Verify invoices against a corresponding purchase order, receiving report and the authorized master vendor list prior to issuing payment? ☐ Yes ☐ No

(v) Is countersignature of all checks required? Above what amount?_____ ☐ Yes ☐ No

(vi) Are vouchers or supporting records stamped "PAID" when checks are signed? ☐ Yes ☐ No

b) Does an independent CPA provide a Management Letter to the **Applicant**? ☐ Yes ☐ No
If "Yes," please attach the most recent copy and management's response to the letter.

c) How often does the **Applicant** perform a physical inventory check of stock and equipment? _____
Who performs these reconciliations? _____

d) What is the maximum amount the **Applicant** holds or transports from any one location (If none, so state):

(i) Money: $ _____ (ii) Checks: $ _____ (iii) Negotiable securities: $ _____

e) Please fully describe the services the **Applicant** provides for clients (including but not limited to accounting, payroll or purchasing functions):

_____

_____

8. **PRIOR ACTIVITIES (Please answer for <u>all</u> desired Coverage Parts)**

a) 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? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No

b) Is any person(s) or entity(ies) proposed for this insurance aware of any fact, circumstance or situation which might afford valid grounds for any claim such as would fall within the scope of the proposed insurance? (If "Yes," please explain by attachment to this Application.) ☐ Yes ☐ No

9. **CRIME LOSS EXPERIENCE**

List all employee theft, burglary, robbery, forgery or any other crime losses discovered by the **Applicant** in the past three years that would have been covered under the policy for which this Application is made. Itemize each loss separately below.
Check if none: ☐

Date of loss(es)	Description of loss	Total amount of loss	Was the Loss covered under another insurance policy? If yes, please indicate company's name.

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

    a) Audited financial statements with any notes and schedules.
    b) Any registration statements filed with the SEC or any private placement memorandums within the last twelve (12) months.
    c) Copy of the **Applicant's** latest EEO1 report (required if the **Applicant** has more than 100 employees).
    d) Copy of the latest form 5500s and audited financial statements for each of the **Applicant's** employee benefit plans (excluding any Welfare Benefit Plan).
    e) Summary and status of any litigation filed within the last twelve (12) months against any person(s) or entity(ies) proposed for this insurance (including any litigation that has been resolved).

FOR THE PURPOSE OF THIS APPLICATION, THE UNDERSIGNED AUTHORIZED AGENT OF THE PERSON(S) AND ENTITY(IES) PROPOSED FOR THIS INSURANCE DECLARES THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS HEREIN ARE TRUE AND COMPLETE. THE INSURER IS AUTHORIZED TO MAKE ANY INQUIRY IN CONNECTION WITH THIS APPLICATION. SIGNING THIS APPLICATION DOES NOT BIND THE INSURER TO COMPLETE THE INSURANCE.

THE UNDERSIGNED DECLARES THAT THE PERSON(S) AND ENTITY(IES) PROPOSED FOR THIS INSURANCE UNDERSTAND:

(A) THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED, AND MAY BE COMPLETELY EXHAUSTED BY THE PAYMENT OF "DEFENSE EXPENSES," AND IN SUCH EVENT, THE INSURER WILL NOT BE RESPONSIBLE FOR ANY ONGOING DEFENSE EXPENSES OR FOR THE AMOUNT OF ANY JUDGEMENT OR SETTLEMENT TO THE EXTENT THAT ANY OF THE FOREGOING EXCEED ANY APPLICABLE LIMIT OF LIABILITY;

(B) "DEFENSE EXPENSES" WILL BE APPLIED AGAINST THE RETENTION;

(C) THIS POLICY APPLIES ONLY TO "CLAIMS" FIRST MADE OR DEEMED MADE DURING THE "POLICY PERIOD," OR, IF PURCHASED, ANY EXTENDED REPORTING PERIOD;

IF THE INFORMATION IN THIS APPLICATION MATERIALLY CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE POLICY EFFECTIVE DATE, THE APPLICANT WILL NOTIFY THE INSURER WHO MAY MODIFY OR WITHDRAW ANY QUOTATION.

THE INFORMATION CONTAINED AND SUBMITTED WITH THIS APPLICATION IS ON FILE WITH THE INSURER AND, ALONG WITH THE APPLICATION, IS CONSIDERED TO BE PHYSICALLY ATTACHED TO THE POLICY AND WILL BECOME PART OF THE POLICY IF ISSUED. PROVIDED, HOWEVER, THIS PARAGRAPH DOES NOT APPLY IN THE STATES OF UTAH AND WISCONSIN.

NOTE TO UTAH AND WISCONSIN RESIDENTS: ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE INSURER IN CONJUNCTION WITH THIS APPLICATION ARE MADE A PART HEREOF PROVIDED THIS APPLICATION AND SUCH MATERIALS ARE ATTACHED TO THE POLICY AT THE TIME OF ITS DELIVERY.

WARNING

NOTICE TO ARIZONA APPLICANTS: FOR YOUR PROTECTION, ARIZONA LAW REQUIRES THE FOLLOWING STATEMENT TO APPEAR ON THIS FORM. ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO ARKANSAS 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 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 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."

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: "WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT."

NOTICE TO FLORIDA APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION, INCLUDING ANY ATTACHED SUPPLEMENTAL QUESTIONNAIRE, CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE."

NOTICE TO HAWAII APPLICANTS: FOR YOUR PROTECTION, HAWAII LAW REQUIRES YOU TO BE INFORMED THAT PRESENTING A FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT IS A CRIME PUNISHABLE BY FINES OR IMPRISONMENT, OR BOTH.

NOTICE TO KENTUCKY APPLICANTS: "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 LOUISIANA 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 JERSEY APPLICANTS: "ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES."

NOTICE TO NEW MEXICO 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 CIVIL FINES AND CRIMINAL PENALTIES."

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

NOTICE TO OKLAHOMA APPLICANTS: "ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY."

NOTICE TO OREGON 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 MAY BE GUILTY OF INSURANCE FRAUD WHICH MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES, INCLUDING BUT NOT LIMITED TO FINES, DENIAL OF INSURANCE BENEFITS, CIVIL DAMAGES, CRIMINAL PROSECUTION AND CONFINEMENT IN STATE PRISONS."

NOTICE TO 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 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 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.

APPLICANT		
BY *(President and/or CEO Signature)*	TITLE	DATE

*NOTE: This Application must be signed by the President and/or CEO of the **Applicant** acting as the authorized agent of the persons and entity(ies) proposed for this insurance.*

If this Application is completed in Florida, please provide the Insurance Agent's name and license number as designated. If this Application is completed in Iowa, please provide the Insurance Agent's name only.

PRODUCER (Insurance Agent or Broker)	INSURANCE AGENCY OR BROKERAGE
INSURANCE AGENCY TAXPAYER I.D. OR SOCIAL SECURITY NO.	AGENT OR BROKER LICENSE NO.
ADDRESS OF AGENT OR BROKER (Include Street, City and Zip Code)	
E-MAIL ADDRESS OF AGENT OR BROKER	

SUBMITTED BY (Insurance Agency)	INSURANCE AGENCY TAXPAYER I.D. OR SOCIAL SECURITY NO.
ADDRESS OF AGENT OR BROKER (Include Street, City and Zip Code)	

If this Application is completed in Wisconsin, the following notices apply:

- *The entire premium for the Policy will be deemed to be fully earned immediately upon the consummation of a Change in Control.*
- *In the event the Policy is cancelled by the Parent Company, the Insurer shall retain the customary short rate portion of the earned premium.*
- *If the Parent Company elects to purchase the Optional Extension Period as set forth in the Policy, the entire premium for the Optional Extension Period will be deemed to be fully earned at the Inception Date of the Optional Extension Period.*