

EMPLOYMENT
& LABOR LAW

ADVICE
SOLUTIONS
LITIGATION

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A L A W C O R P O R A T I O N

INSURING YOUR COMPANY **AGAINST EMPLOYEE CLAIMS**

Can Your Company Defend Itself?

Employment Law Workshop

By

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TABLE OF CONTENTS

WORKER'S COMPENSATION	1
Do You Need to Have Workers' Compensation Insurance?	1
How Is My Rate or Premium Established?	1
What If I Don't Have Insurance?	2
Does Workers' Compensation Insurance Cover	
All Types of Workers' Compensation Claims?	2
When Should I Alert My Carrier That An Employee May Need Coverage?	3
What Can I Do To Regulate My Premiums?	4
Do Workers Compensation Injuries Trigger Other Laws?	4
EMPLOYMENT PRACTICES LIABILITY INSURANCE	5
What is EPLI?	5
How Come My Insurance Broker Has Not Mentioned EPLI?	6
How Does EPLI Provide Protection?	6
OTHER INSURANCE	6
DISCRIMINATION ALLEGATION/EVENT REPORTING FORM.....	7
ADMIRAL INSURANCE COMPANY PROPOSAL FORM	12

I. WORKER'S COMPENSATION

A. Do You Need to Have Workers' Compensation Insurance?

1. California law requires employers to have Workers' Compensation insurance. Even out-of-state employers may need Workers' Compensation coverage if an employee is regularly employed in California or a contract of employment is entered into here.
2. Generally, if you are the sole owners of the business, coverage for yourselves, is optional if you wish to pursue it. You would need to have Workers' Compensation coverage for any employees you may hire.
3. All employees of the company, as legally defined, including corporate officers and directors, must be included in the policy unless they are a significant owner of the company, in which case they may elect not to be covered.
4. Can you become self-insured?
 - a) Some employers (mainly large businesses) self insure for Workers' Compensation.
 - b) Self insurance requires state approval, a net worth of at least five million dollars (\$5,000,000), net income of five hundred thousand dollars (\$500,000) per year and posting a security deposit.
 - c) The self insured employer has the option of administering their own Workers' Compensation claims or contracting with a third party administrator (TPA) to provide these services.

B. How Is My Rate or Premium Established?

1. A number of factors go to into determining the annual premium that your insurance carrier will charge.
2. These include: your industry classification; your company's past history of work related injuries (known as your experience modification); your payroll; any special underwriting adjustments, such as use of a certified Health Care Organization; and any special group or dividend programs that you may be eligible for.

C. What If I Don't Have Insurance?

1. An employer's failure to have Workers' Compensation coverage is a criminal offense. Section 3700.5 of the California Labor Code specifies that it is a misdemeanor punishable by either a fine of up to ten thousand dollars (\$10,000) or imprisonment in the county jail for up to one (1) year, or both.
2. Additionally, the state issues penalties of up to one hundred thousand dollars (\$100,000) against illegally uninsured employers.
3. If your insurance coverage lapsed and an employee was injured on the job, you are responsible for ensuring that all claims related bills are paid.

D. Does Workers' Compensation Insurance Cover All Types of Workers' Compensation Claims?

1. Workers' Compensation insurance covers the underlying injury, which is the typical claim processed through the insurance carrier.
2. Workers' Compensation insurance does not cover:
 - a) S&W - Serious and Willful injuries are not covered by Workers' Compensation insurance.
 - (1) This is a claim alleging that the employee has suffered an injury based on the willful conduct of the employer in maintaining an unsafe working condition.
 - (2) Employer may be required to pay a fifty percent (50%) premium of any medical award on the underlying claim.
 - (3) S&W claims are still processed through the Workers' Compensation system.
 - (4) S&W may be covered by an EPLI policy.
 - b) 132a - This is a claim for retaliation and/or discrimination under Labor Code Section 132a.
 - (1) Penalties may consist of ten thousand dollars (\$10,000), back wages and attorney fees if the employee can prove that the employer retaliated because the employee filed or threatened to file a Workers' Compensation claim.

- (2) Employee can make the claim in the Workers' Compensation system or file a lawsuit in superior court.
- (3) 132a claims may be covered by an EPLI policy.

E. When Should I Alert My Carrier That An Employee May Need Coverage?

- 1. An employer must provide an DWC-1 form to an employee within one (1) working day if, as a result of a work-related injury or illness, the employee:
 - a) Requires medical treatment beyond first aid; or
 - b) Returns to work with temporary medical restrictions; or
 - c) Loses time from work on any day after the date of injury; or
 - d) Obtains care from a private physician; or
 - e) Requests that a claim be filed.
 - f) The definition of a "first aid" is any one-time treatment of minor scratches, cuts, burns, splinters, or other minor industrial injury which do not require medical care.
- 2. California law requires employers to report within five (5) days of knowledge of every occupational injury or illness.
- 3. An amended report needs to be filed if an employee subsequently dies as a result of the injuries.
- 4. Every SERIOUS injury or death must also be reported to Cal/OSHA as soon as possible, but no later than eight (8) hours after becoming aware of the injury.
 - a) Cal/OSHA defines an injury or illness as "serious" if it:
 - (1) Requires inpatient hospitalization for a period in excess of twenty-four (24) hours for other than medical observation; or
 - (2) An employee suffers a loss of any member of the body; or
 - (3) An employee suffers any serious degree of permanent disfigurement.

F. What Can I Do To Regulate My Premiums?

1. Careful management of each claim is necessary to help keep costs down.
2. Some carriers will defend claims more aggressively than others.
3. Offer light duty to employees to get them back in the workplace as soon as possible.
 - a) Employers are not required to bring an employee back to light duty, unless there is a legitimate light duty position available.
 - b) Make it clear that the light-duty position is not permanent.
 - c) Compensation may be reduced commensurate with the light-duty position or the number of hours worked.
4. If you believe that a claim is meritless or exaggerated:
 - a) You should report that opinion to your Workers' Compensation claims administrator.
 - b) Tell them all the facts you know, any witnesses that you may be aware of, and the people they should talk to.
 - c) Do not conduct a surreptitious investigation on your own.
 - d) Only licensed workers compensation investigators can conduct *subrosa* investigations.
 - e) You should follow up any phone or verbal report with a letter.

G. Do Workers Compensation Injuries Trigger Other Laws?

1. Interaction with FMLA/CFRA.
 - a) If an employer is subject to FMLA, they should designate the first twelve (12) weeks of Workers' Compensation leave as FMLA leave.
 - (1) In FMLA is applicable, it will run concurrently with the Workers' Compensation leave and could well run out before the Workers' Compensation leave is completed.

- (2) This will prevent the employee from later coming back within the same twelve (12) months and asking for another leave of absence for an unrelated reason after the Workers' Compensation leave has ended.
- b) Health care benefits will continue to run during the FMLA leave.
 - (1) An employer is not required to continue health care benefits while an employee is on Workers' Compensation leave after the exhaustion of FMLA, UNLESS - additional coverage is provided to other employees while on non-work-related leaves.
 - (2) COBRA employees on Workers' Compensation leaves in appropriate circumstances.
 - (3) The employee should be advised as soon as possible, that health insurance coverage may be discontinued after the exhaustion of FMLA, or in non-FMLA situations at the end of the month.
- 2. Interaction With ADA.
 - a) Under state and federal laws, even if an employee exhausts FMLA leave, or is not eligible for FMLA, the state and federal disability laws could provide job protection.
 - b) Even when an employee returns from a Workers' Compensation leave, the ADA or FEHA may require a reasonable accommodation (engage in the interactive process).

II. EMPLOYMENT PRACTICES LIABILITY INSURANCE

A. What is EPLI?

- 1. Employment Practices Liability Insurance (EPLI) is a specific insurance coverage, it is not part of the normal insurance coverage provided by general liability policies.
- 2. Some carriers may add EPLI as a rider to Directors & Officers policies.
- 3. Employers need to be aware that EPLI does not cover wage and hour claims.
- 4. Most EPLI policies cover discrimination, harassment, wrongful termination and retaliation.

5. Factors that affect the costs of insurance include:

- a) The desired deductible;
- b) Maximum coverage per incident; and
- c) Past claims.

B. How Come My Insurance Broker Has Not Mentioned EPLI?

You may wish to consider utilizing another brokers or agents if you have not been approached about EPLI.

C. How Does EPLI Provide Protection?

- 1. EPLI typically provides a duty to defend - hiring an attorney to defend you in a claim or lawsuit.
- 2. Average costs of litigation are approaching seventy-five thousand to one hundred fifty thousand dollars (\$75,000-\$150,000) per case.
- 3. Monies may be used to resolve claims or pay for judgments or awards.

III. OTHER INSURANCE

- A. Directors & Officers
- B. Sexual Abuse/Molestation Coverage
- C. Umbrella Policies/Excess Liability

PROTECTED BY THE ATTORNEY-CLIENT PRIVILEGE
DISCRIMINATION ALLEGATION/EVENT REPORTING FORM

TO: Alfred J. Landegger, Esq.
Michael S. Lavenant, Esq.

COMPANY: LANDEGGER BARON & LAVENANT

FAX NO. (805) 987-7148

FROM: _____

DATE: _____

CC: _____

This form must be completed by the Branch Manager, Supervisor or by the corporate Human Resource Department no later than the next business day after any allegation of harassment or discrimination in the workplace.

1. Please complete the attached First Report of Event or Circumstance. When interviewing the employee, do not feel compelled to ask the questions in the same order. Feel free to ask additional questions. Always be a good listener and take accurate notes. Never label the behavior, statement or allegation as "sexual harassment" or "discrimination". Document the words used by employee. No further investigation is to take place until instructed to do so by _____ and Landegger Baron & Lavenant;

2. Attach a copy of the personnel file of the employee making the allegation of harassment or discrimination; and

3. Attach the personnel file of the employee(s) against whom the allegation of harassment or discrimination has been made.

If you have any questions concerning this Discrimination Allegation/Event Reporting Form, or the attached First Report of Event or Circumstance, please contact _____ at _____ or Alfred J. Landegger, Esq. or Michael Lavenant, Esq. at (805) 987-7128.

FIRST REPORT OF EVENT OR CIRCUMSTANCE

Page 2

FIRST REPORT OF EVENT OR CIRCUMSTANCE

Date: _____

1. Name of Employee Being Interviewed: _____

2. Name of Interviewer: _____

3. Name Facility or Location: _____

4. Tell Me What Happened: _____

5. Who was involved? _____

6. When did the incident(s) happen? _____

7. Where did the incident(s) happen? _____

8. Were there any other incident(s)? _____

(NOTE: Attach additional documentation as necessary.)

FIRST REPORT OF EVENT OR CIRCUMSTANCE

Page 3

9. How did this incident make you feel? _____

10. Was your work affected? _____

11. Was this the first time this had happened? _____

12. Were there any previous incidents of inappropriate behavior? _____

13. Have you kept any records, such as written notes, tape recordings or anything else? _____

(If so, please attach.)

14. Do you know of any other employee(s) who had similar experiences? _____

Who: _____

When: _____

(NOTE: Attach additional documentation as necessary.)

FIRST REPORT OF EVENT OR CIRCUMSTANCE

Page 4

15. Have you discussed this with anyone at work? _____

Who: _____

When: _____

16. Have you discussed this with anyone outside of work? _____

Who: _____

When: _____

17. Did you participate in the incident? _____

18. If yes, tell me how you participated: _____

19. How would you describe your relationship with the employee about whom you are complaining? _____

(NOTE: Attach additional documentation as necessary.)

FIRST REPORT OF EVENT OR CIRCUMSTANCE

Page 5

20. Are there any other issues we should discuss? _____

21. Were any other facts or other information that you think I should know? _____

22. Who do you think I should talk to? _____

23. Do you have any suggestions as to how best to resolve the situation? _____

Type/Print Name of Person
Conducting Interview

Signature of Person Conducting Interview

Date: _____

(NOTE: Attach additional documentation as necessary.)

Admiral Insurance Company

1255 Caldwell Road, Cherry Hill, NJ 08034

Proposal Form

Employment Practices Liability Insurance

CLAIMS MADE WARNING FOR APPLICATION

THIS PROPOSAL FORM IS FOR A CLAIMS MADE POLICY, RELATING TO CLAIMS MADE AGAINST THE INSURED 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 Insured Entity. **Insured Entity** as used herein is defined to include the **Named Insured** and any **Subsidiaries**. Provide details to all "Yes" answers, when applicable, by attachment.

Name of **Named Insured**

Street Address

City State Zip Code

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

Name Title E-Mail Address

General Information

1. The **Named Insured** has been in continuous operation since: _____
2. (a) Primary Standard Industry Code (SIC): _____
(b) Federal Employer Identification Number (FEIN) or Taxpayer Identification Number: _____
(c) Describe the nature of the **Named Insured's** business: _____
3. Form of organization: ☐ Corporation ☐ Sole Proprietorship ☐ Joint Venture
 ☐ Partnership ☐ Non-profit Organization ☐ Other: _____
4. Is the **Insured Entity** a federal government contractor and/or subject to Executive Order No. 11246? ☐ Yes ☐ No
5. Has the **Insured Entity** been involved in any bankruptcy proceeding within the last 3 years or has the **Insured Entity** contemplated filing a petition for protection under the bankruptcy code within the next 12 months? ☐ Yes ☐ No
6. Provide the following information on all **Subsidiaries** of the **Insured Entity**. If "None", so state. ☐ None
(a) Name (c) Percent of ownership (d) Nature of business
(b) Date of acquisition/creation (if less than 100 percent, list minority owners) (e) Domestic or foreign
7. Provide the following information on all plants, facilities, branches or offices of the **Insured Entity**. If "None", so state. ☐ None
(a) Location (b) Nature of business (c) Estimated number of **Employees**

IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR SUBSIDIARIES IN QUESTION 6. UNLESS THE INFORMATION REQUESTED ABOVE IS PROVIDED BY ATTACHMENT. ALSO, PROVIDE DETAILS TO QUESTION 7. BY ATTACHMENT, AS APPROPRIATE.

8. Has the **Insured Entity** had any **Subsidiary**, plant, facility, branch or office closings, consolidations or layoffs within the past 18 months, or anticipate any within the next 24 months? ☐ Yes ☐ No
9. Has the **Insured Entity** conducted any analysis or studies of any particular **Subsidiary**, plant, facility, branch or office which may relate to future restructuring of the **Insured Entity** or its workforce? ☐ Yes ☐ No

Current Employee Information

10. Have there been any changes in senior management in the last 3 years? ☐ Yes ☐ No
11. (a) Number of **Employees**:

	Total Number		Voluntary Terminations		Involuntary Terminations	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Current Year						
Prior Year						

Admiral Insurance Company

Two Years Ago

11. (b) Does the **Named Insured** employ, during the course of the year, more than 10 percent of its total workforce in seasonal laborers, ☐ Yes ☐ No or utilize temporary **Employees**?

12. Annual pay ranges:	Number of Full Time Employees	Number of Part Time Employees
\$50,000 or less		
\$50,001 to \$100,000		
\$100,001 and over		

13. (a) Does the **Insured Entity** currently employ a full time Human Resources professional? Provide details below, as appropriate. ☐ Yes ☐ No
If "Yes", what is the name and title of the senior Human Resources professional?

Name: _____ Title: _____

If "No", what is the name and title of the person who performs the Human Resource function?

Name: _____ Title: _____

- (b) Does the **Insured Entity** currently utilize employment counsel? Provide details below, as appropriate. ☐ Yes ☐ No
If "Yes", what is the name of the firm utilized? Firm: _____

14. Does the **Insured Entity** (details to "Yes" or "No" answers are not required by attachment):

- (a) Utilize employment applications for all prospective **Employees**? ☐ Yes ☐ No
(b) Conduct reference checks on all prospective **Employees**? ☐ Yes ☐ No
(c) Use any tests, including drug or skill tests to screen applicants, or to promote or monitor **Employees**? ☐ Yes ☐ No
(d) Maintain a personnel file on each **Employee**? ☐ Yes ☐ No
(e) Maintain confidential and segregated **Employee** medical records? ☐ Yes ☐ No
(f) Have a document retention policy for all **Employee**/employment related documents? ☐ Yes ☐ No
If "Yes", how long are they retained? _____
(g) Inform all **Employees** in writing that their employment relationship is "at-will"? ☐ Yes ☐ No
(h) Require the Human Resource Department to review and approve each proposed **Employee** termination? ☐ Yes ☐ No
(i) Have outside employment counsel review each proposed **Employee** termination? ☐ Yes ☐ No
(j) Document each **Employee's** personnel file with all reasons for termination? ☐ Yes ☐ No
(k) Require any **Employee(s)** to retire upon attaining a certain age? ☐ Yes ☐ No
(l) Have written employment agreements with any **Employees**? ☐ Yes ☐ No
(m) Have collective bargaining agreements with any group of **Employees**? ☐ Yes ☐ No
(n) Maintain a written arbitration policy/procedure for employment related disputes? ☐ Yes ☐ No
(o) Maintain a written policy prohibiting Sexual Harassment and distribute that policy to all **Employees**? ☐ Yes ☐ No
(p) Have a policy prohibiting the display or distribution of material, whether printed or electronic, which may be deemed offensive to others, and distribute that policy to all **Employees**? ☐ Yes ☐ No
(q) Conduct mandatory periodic **Employee** education regarding prohibited forms of harassment? ☐ Yes ☐ No
(r) Periodically have its employment policies and procedures reviewed by outside employment counsel? ☐ Yes ☐ No

15. Indicate which formal written policies and procedures have been implemented and attach a copy of each. If "None", so state. ☐ None

- | | | |
|--|---|--|
| <input type="checkbox"/> Written Employee Evaluation Policy | <input type="checkbox"/> Anti-Harassment Policy, including Sexual Harassment | <input type="checkbox"/> Anti-Discrimination Policy |
| <input type="checkbox"/> Progressive Discipline Policy | <input type="checkbox"/> Adherence to Employment "at-will" relationship with all Employees | <input type="checkbox"/> Complaint / Grievance Procedure |
| <input type="checkbox"/> Human Resources Manual (or equivalent guidelines) | | <input type="checkbox"/> Workplace Safety Policy |
| | | <input type="checkbox"/> Family Medical Leave Act Policy |

Previous Insurance Information

16. Provide the following information regarding the **Insured Entity's** most recent insurance policies. If "None", so state. ☐ None

	Insurance Carrier	Expiration Date	Limit of Liability	Deductible	Premium
Employment Practices Liability					
Directors' and Officers' Liability					
General Liability					

17. Has the Extended Reporting Period (or Discovery Period) been exercised for the **Named Insured's** most recent Employment Practices Liability Policy? ☐ Yes ☐ No

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Practices Liability Policy?

Litigation and Claim Information

18. In 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 Employment Act(s)** against the **Insured Entity** or its directors, officers or **Employees**? ☐ Yes ☐ No

A **Claim** is not limited to the filing of a lawsuit or complaint with the EEOC or similar state or local agency. A **Claim** may also include a written demand or threat by any current or former **Employee** seeking relief in connection with an employment-related dispute or grievance. Please provide details of all incidents even if the matter has since been settled or otherwise resolved.

19. During the last 5 years, has the **Insured Entity** or any of its directors, officers or **Employees** thereof 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 under any of the following forums?

- | | |
|--|--|
| (a) National Labor Relations Board? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (b) Equal Employment Opportunity Commission? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (c) Office of Federal Contract Compliance Programs? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (d) U.S. Department of Labor? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (e) Any state or local government agency such as the Labor Department or fair employment agency? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (f) U.S. District or state court? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Provide details of all incidents even if the matter has since been settled or otherwise resolved.

IF "YES" TO QUESTION 18. OR ANY PART OF QUESTION 19., PROVIDE THE FOLLOWING INFORMATION FOR EACH ALLEGATION BY ATTACHMENT, OR BY COMPLETING A CLAIMS SUPPLEMENT FORM.

- | | | | | |
|----------------|----------------------------------|---|--|--------------------------|
| (a) Allegation | (b) Date Claim first made | (c) Paid damages/expenses including attorneys' fees | (d) Outstanding damages/expenses including attorneys' fees | (e) Total costs incurred |
|----------------|----------------------------------|---|--|--------------------------|

20. Is the **Insured Entity** or its management aware of any fact, circumstance or situation involving any **Insureds** that he or she has reason to believe might result in a **Claim**, including, but not limited to, situations involving:

- (a) Threats by any current or former **Employee** or third party to take legal or other action against the **Insured Entity** or any of its **Employees**, or a demand or request by any current or former **Employee** for monetary or non-monetary relief, arising out of any alleged discrimination, harassment, wrongful termination, constructive discharge, or other **Wrongful Employment Act(s)**?
- (b) Knowledge that any current or former **Employee** is engaging in, or has engaged in, acts of discrimination, harassment, or other **Wrongful Employment Act(s)**?
- (c) Complaints or accusations by other **Employees** or third parties that a current or former **Employee** is engaging in, or has engaged in, acts of discrimination, harassment, or other **Wrongful Employment Act(s)**?
- (d) Warnings, reprimands, or other disciplinary measures taken against any current or former **Employee** for acts of discrimination, harassment, or other **Wrongful Employment Act(s)**?

☐ Yes ☐ No

IF "YES" TO QUESTION 20., PROVIDE DETAILS BY ATTACHMENT.

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 IN THE INSURED'S RESPONSE TO QUESTIONS 18., 19. OR 20.

Documents Required

Please submit one copy of each of the following documents. These documents will be attached to and made a part of this Proposal Form.

- (a) Provide details to all "Yes" answers, when applicable, by attachment (b) The most recent Employee Handbook or Employee Policy Manual

Admiral Insurance Company

Please Read Carefully

The undersigned Chairman of the Board of Directors, President or Chief Executive Officer and Human Resources Manager declare that to the best of their knowledge the statements set forth herein are true and correct and that reasonable efforts have been made to obtain sufficient information 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 that they are material 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.

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 **Director or Officer or Employee**, except for those person or persons who executed the Proposal Form, shall be imputed to any other **Director or Officer or Employee** and further provided that if any person who executed the Proposal Form knew that such statement or representation was inaccurate or incomplete, then this Policy will be void as to all **Insureds**;
- the information contained in this Proposal Form shall not be used by any **Insureds** as notice as provided for in section VII. of the Policy, nor will the **Insurer** recognize and/or accept the information contained herein as notice as provided for in section VII. of the Policy;
- this Proposal Form has been completed as respects the entire Insured Entity;
- the signing of this Proposal Form does not bind the undersigned to purchase the insurance.

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 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.

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 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 CRIME AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO APPLICANTS OF FLORIDA, 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 DISTRICT OF COLUMBIA, MAINE, MASSACHUSETTS AND VIRGINIA 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.

	Dated:
--	--------

Chairman of the Board of Directors, President or Chief Executive Officer

	Dated:
--	--------

Human Resources Manager (or equivalent position)

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

A POLICY CANNOT BE ISSUED UNLESS THE PROPOSAL FORM IS PROPERLY SIGNED AND DATED.

Please submit this Proposal Form including appropriate documentation to:

Monitor Liability Managers, Inc., 2850 West Golf Road, Suite 800, Rolling Meadows, IL 60008-4034

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