

# PROPOSAL FORM FOR VENTURE CAPITAL ASSET PROTECTION POLICY

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## Completing the Proposal Form

- \* Please answer all questions in full leaving no blank spaces.
  - \* If you have insufficient space to complete any of your answers, please attach a separate signed and dated sheet and identify the question number concerned.
  - \* It is agreed that the whenever used in this proposal form, the term Applicant shall mean the Organisation, all its Subsidiaries and any Private Fund, as defined in the Chubb Venture Capital Asset Protection Policy ("policy").
  - \* It is agreed that whenever used in this proposal form the definition of the terms 'Claims', 'Policy Period', 'Defence Costs' or 'Legal Representation Expenses' are in accordance with the policy.
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The Venture Capital Asset Protection Coverage Section is written on a Claims made basis. The Coverage Section covers only Claims first made during the Policy Period or any Extended Reporting Period. The limit of liability to pay damages or settlements will be reduced and may be exhausted by the payment of Defence Costs or Legal Representation Expenses.

PLEASE READ THE ENTIRE POLICY AND THE PROPOSAL FORM CAREFULLY.

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## A. GENERAL INFORMATION

1. a. Name of Applicant:

\_\_\_\_\_

b. Address of Applicant:

\_\_\_\_\_

(Street Address)

(City)

(Country)

(Postal Code)

c. Web site address of Applicant (if applicable):

2. Date Established: \_\_\_\_\_

3. Business Form:

- Corporation:
- General Partnership:
- Limited Partnership:
- Limited Liability Company:
- Other:

4. Total number of:

General Partner(s) or Managing Members \_\_\_\_\_

Limited Partners or Members \_\_\_\_\_

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## B. MANAGEMENT

1. How often are Board of Directors/Partnership Management Committee/Trustee meetings held? \_\_\_\_\_
2. Indicate the areas in which formal policies and/or procedures have been implemented by the Board of Directors/Management Committee/Trustee to address the following:
- |   |   |
|---|---|
| <input type="checkbox"/> Portfolio Company Valuations     | <input type="checkbox"/> Merger and Tender Offers                               |
| <input type="checkbox"/> Audit Policy                     | <input type="checkbox"/> Operations Procedures                                  |
| <input type="checkbox"/> Conflicts of Interest Policy     | <input type="checkbox"/> Personnel Policy                                       |
| <input type="checkbox"/> Duties of Directors and Officers | <input type="checkbox"/> Risk Management Policy                                 |
| <input type="checkbox"/> Investment Policy                | <input type="checkbox"/> Selection Process for New Directors/Partners           |
| <input type="checkbox"/> Distribution Policy              | <input type="checkbox"/> Protection of Non-Public Information                   |
| <input type="checkbox"/> Insider Trading                  | <input type="checkbox"/> Portfolio Company Securities Trading "Blackout Period" |
3. How often does the Board of Directors/Management Committee/Trustee review the following?
- |                                    |       |
|------------------------------------|-------|
| a. Financial Statements            | _____ |
| b. Portfolio Company Performance   | _____ |
| c. Portfolio Company Valuations    | _____ |
| d. Insurance                       | _____ |
| e. Investment/Lending Strategy     | _____ |
| f. Threatened or Actual Litigation | _____ |
4. Is an Advisory Board and/or investment committee involved in management decision making?  Yes  No
- a. If yes, please provide, full details including:
- (i) composition: \_\_\_\_\_
  - (ii) roles/ responsibilities: \_\_\_\_\_
  - (iii) affiliations: \_\_\_\_\_
- b. Are members of the Advisory Board and/or investment committee indemnified by the Applicant?  Yes  No
5. Have there been any changes in senior management in the last five (5) years?  Yes  No  
If yes, please attach full details: \_\_\_\_\_
6. Name of Applicant's external audit firm: \_\_\_\_\_
7. Has the Applicant replaced its external audit firm at any time during the last three (3) years?  Yes  No  
If yes, please attach details: \_\_\_\_\_
8. a, Name of Applicant's external legal counsel: \_\_\_\_\_
- b. Has the Applicant changed its external legal counsel and/or law firm within the last three (3) years?  
If yes, please attach details.  Yes  No
9. Is the Applicant considering the formation of any new Private Fund(s) within the next twelve (12) months?  Yes  No  
If yes, for each such Private Funds please attach full details including the:
- (a) anticipated size: and
  - (b) investment focus:

## C. PORTFOLIO COMPANIES

1. With respect to Portfolio Companies:
    - a. Does the Applicant require a hold harmless agreement when an investment is made by a Private Fund?  Yes  No
    - b. Is unanimous approval of the Applicant's general partners, managing members, members of a Board of Managers, trustee or Board of Directors required for an investment to be made?  Yes  No  
If no, please attach a description of the investment decision making process.
    - c. Provide a description of professional services provided by the Applicant to the Portfolio Companies.  

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  2. Does the Applicant ever provide any professional services to entities that are not Portfolio Companies?  Yes  No  
If yes, please attach details on how often and under what circumstances.
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## D. OUTSIDE DIRECTORSHIP LIABILITY

1. Does the Applicant secure board representation when an investment is made by a Private Fund?  Yes  No  
If yes, please complete Schedule H of this proposal.
  2. Does the Applicant require that directors & officers liability insurance be in place prior to securing board representation?  Yes  No
  3. Does the Applicant confirm whether indemnification is available from each Portfolio Company for which a board position has been secured?  Yes  No
  4. Does the Applicant ever maintain board representation post Portfolio Company exit or initial public offering?  Yes  No  
If yes, please attach details on how often and under what circumstances.
  5. Does the Applicant require cover for Outside Directorship positions on the boards of Portfolio Companies which have been discontinued prior to the date of this Proposal form?  Yes  No  
If yes, please complete Schedule I.
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## E. LITIGATION

1. Have there been during the last five (5) years, or are there now pending, any suits, claims or proceedings against any Applicant?  Yes  No  
If yes, please attach full details.
2. Have there been, or are there now pending, any suits, claims, or proceedings against any person proposed for this insurance in their capacity as either director, company secretary, officer, general partner, managing general partner, managing member, member of a Board of Managers, trustee, or equivalent executive of any Applicant?  Yes  No  
If yes, please attach full details.
3. Has the Applicant or any person proposed for coverage given notice under the provisions of any prior or current venture capital asset protection, directors' & officers' liability and company

reimbursement or professional liability insurance policy or similar insurance of facts or circumstances which might give rise to a claim being made against any such person? Yes  No

**WITH RESPECT TO QUESTIONS E.1, E.2 AND E.3 ABOVE, IT IS AGREED THAT ANY CLAIMS ARISING FROM SUCH SUITS, CLAIMS OR PROCEEDINGS ARE EXCLUDED FROM THE PROPOSED INSURANCE.**

4. Is the undersigned or any director, company secretary, officer, general partner, managing general partner, managing member, member of a Board of Managers, trustee, or holder of an equivalent position in any jurisdiction of any Applicant aware of any fact, circumstance, situation, or wrongful act involving any Applicant or any Applicant's directors, company secretary, officers, general partners, managing general partners, managing members, members of a Board of Managers, trustees, or holders of an equivalent position in any jurisdiction which he has reason to believe might result in any future claim that would fall within the scope of the proposed insurance?  Yes  No

If **yes**, please attach full details.

5. Has any Applicant or any director, company secretary, officer, general partner, managing general partner, managing member, member of a Board of Managers, trustee, or holder of an equivalent position in any jurisdiction of the Applicant been involved in:
- a. Any copyright or patent litigation?  Yes  No
  - b. Any civil or criminal action or administrative proceeding involving a violation of any national, federal, state or territory security law or regulation?  Yes  No
  - c. Any civil or criminal action or administrative proceeding involving a violation of any national, federal, state or territory trade practices or fair trade law?  Yes  No
  - d. Any representative actions, class actions, or derivative suits?  Yes  No

If **yes** to any of the above please attach full details.

**WITH RESPECT TO QUESTIONS E.4 AND E.5 ABOVE, IT IS AGREED THAT IF THE UNDERSIGNED OR ANY DIRECTOR, COMPANY SECRETARY, OFFICER, GENERAL PARTNER, MANAGING GENERAL PARTNER, MANAGING MEMBER, MEMBER OF A BOARD OF MANAGERS, TRUSTEE, OR HOLDER OF AN EQUIVALENT POSITION IN ANY JURISDICTION OF ANY APPLICANT IS AWARE OF ANY FACT, CIRCUMSTANCE, SITUATION OR WRONGFUL ACT, THEN ANY CLAIM SUBSEQUENTLY ARISING THEREFROM SHALL BE EXCLUDED FROM THE PROPOSED INSURANCE POLICY.**

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## F. PRIOR INSURANCE

1. Has the Applicant ever been refused venture capital asset protection, directors' & officers' liability and company reimbursement or professional liability insurance or had a similar policy cancelled? Yes  No   
If yes, please attach details.
2. Does the Applicant currently have venture capital asset protection, directors' & officers' liability and company reimbursement and/or professional liability insurance? Yes  No

(a) If **yes**, provide the following details:

Insurer	Limits	Deductible	Policy Period
	\$	\$	

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**PLEASE COMPLETE THE ATTACHED SCHEDULES G, H, AND I..**

**G. SCHEDULE OF PRIVATE FUNDS**

Name of Private Funds	Date Created or Acquired	State or Country Principal Operations	Number of Limited Partners, if applicable	Total Committed Capital (in Millions)	Industry Focus	Investment Stage	Audited Financial Information at Most Recent Fiscal Year End			
							Total Contributed Capital to Date (in Millions)	Number of Portfolio Companies	Number of Portfolio Companies Written Off	Internal Rate of Return (IRR)

This information is attached to and forms a part of the proposal form for Venture Capital Asset Protection Policy.

It is agreed that insurance is only provided for Private Funds listed above or by attachment.

**H. SCHEDULE OF ALL OUTSIDE DIRECTORSHIPS ON PORTFOLIO COMPANIES FOR WHICH COVER IS REQUIRED  
AS AT THE DATE OF THIS PROPOSAL**

										<b>Audited Financial Information at Most Recent Fiscal Year End</b>			
<b>Name of Portfolio Company &amp; of Insured Person appointed to its board</b>	<b>Date Created or Acquired</b>	<b>Total Amount Invested</b>	<b>Current Fair Market Value</b>	<b>% Ownership</b>	<b>Nature of Business</b>	<b>State or Country of Principal Operations</b>	<b>D&amp;O insurance carried by the Portfolio Company. If yes, specify limit</b>	<b>Number of Board Seats</b>	<b>Publicly Traded: Yes or No</b>	<b>Total Revenues (in Millions)</b>	<b>Total Assets (in Millions)</b>	<b>Total Debt (in Millions)</b>	<b>Net Income (in Millions)</b>

This information is attached to and forms a part of the proposal form for Venture Capital Asset Protection Policy.

It is agreed that insurance is only provided for the Outside Directorships listed above that constitute Outside Entities in accordance with the policy terms and conditions and any other entity for which the Company agrees to provide Outside Directorship Liability cover by endorsement.

**I. SCHEDULE OF OUTSIDE DIRECTORSHIPS ON THE BOARDS OF PORTFOLIO COMPANIES DISCONTINUED PRIOR TO THE DATE OF THIS PROPOSAL FORM**

Name of Portfolio Company & of Insured Person on the board.	Date Appointed to board	Date Outside Directorship position discontinued	Total Amount Invested	Percent of Ownership Interest	Nature of Business	State or Country of Principal Operation	No. of Board Seats held prior to discontinuance	Reasons for discontinuing Outside Directorship position (eg. trade sale, IPO, liquidation, other (pls specify))	As at date of discontinuance of Outside Directorship			
									Total Revenue (in Millions)	Total Assets (in Millions)	Total Debt (in Millions)	Net Income (in Millions)

This information is attached to and forms a part of the proposal form for Venture Capital Asset Protection Policy.

It is agreed that insurance is only provided for the Outside Directorships listed above for which the Company agrees to provide Outside Directorship Liability cover by endorsement.

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## J. OTHER INFORMATION

1. Requested Limit(s):
2. With respect to the Applicant (other than proposed Private Funds), please attach the following documents with this proposal:
  - (a) Latest two audited annual financial statements.
  - (b) Latest quarterly financial statements.
3. With respect to each Private Fund proposed for insurance, please attach the following documents with this proposal:
  - (a) Copy of partnership agreement, where applicable.
  - (b) If not included in 2.a., provide list of limited partners and corresponding capital commitments.
  - (c) Copy of private placement memorandum, offering memorandum, prospectus or equivalent.
  - (d) Copy of latest annual and quarterly reports to limited partners, investors or unit holders.
  - (e) Copy of management agreement.
4. Please attach Applicant's current organisational chart.

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The undersigned authorised officers of the Applicant declare that to the best of their knowledge and belief the statements set forth herein and all attachments and schedules hereto are true and that reasonable efforts have been made to obtain sufficient information to facilitate the proper and accurate completion of this proposal. The undersigned further agree that immediate notice will be given should any of the information contained herein and any attachments or schedules alter between the date of this proposal and the proposed date of inception of the insurance. Although the signing of the proposal does not bind the undersigned on behalf of the Applicant to effect insurance, the undersigned agree that this proposal and all attachments and schedules hereto and the said statements herein shall be the basis of and will be incorporated in the policy should one be issued.

This proposal must be signed by the Applicant's Chairman of the Board, Managing Director or Chief Executive Director.

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Signature

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Print Name of Signatory

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Date

**Note: This Proposal and all exhibits shall be treated in strictest confidence.**