



PROPOSAL FORM

For - Profit Corporations

DIRECTORS' & OFFICERS' LIABILITY & CORPORATE REIMBURSEMENT INSURANCE

This is a Proposal Form for an insurance policy relating to *Claims* made against the *Directors and Officers* and reported to the *Insurer* during the *Policy Period*.

- Please note:**
- all of the following questions must be answered and all required attachments specified in Section 13 must be provided
 - words and expressions appearing in ***bold italics*** in this proposal form are defined in the policy wording.

1. GENERAL INFORMATION

a) Name of ***Corporation***: _____

b) Address: _____

Web Address: _____

Postal Code: _____ Phone: () _____ Fax: () _____

c) Nature of Business: _____

d) Date of Incorporation: _____ Jurisdiction _____ Fiscal Year End _____

e) Conducted business continuously since: _____

f) Consolidated assets: _____ Consolidated revenues: _____

2. LIMIT OF LIABILITY REQUESTED

\$ _____ aggregate limit of liability each ***Policy Period***.
(actual amount to be provided will be indicated in the Declarations in the event that a policy is issued)

3. POLLUTION DEFENSE COVERAGE

Is First Dollar Pollution Defense coverage requested? Yes No

If yes, please provide a duly completed and signed "Supplemental Proposal Form for First Dollar Pollution Defense Coverage" for assessment.

If granted, this coverage shall be subject to a separate sub-limit to be stated by endorsement.

4. STOCK OWNERSHIP

- a) Is the **Corporation** or any of its **Subsidiaries** publicly traded ?..... Yes No
- b) If yes, specify all markets or exchanges on which the securities are listed or traded and the respective stock symbol(s) : _____
- c) Number of voting stock shareholders : _____
- d) Number of voting shares owned by **Directors and Officers** (directly and beneficially) : _____
- e) Name(s) and percentage(s) of holdings of any shareholder(s) owning 10 % or more of the voting shares (directly or beneficially) : _____

5. U.S.A. EXPOSURE

- a) Percentage of assets of the **Corporation** in the U.S.A. : _____%
- b) Percentage of shares of the **Corporation** held in the U.S.A. : _____%
- c) Percentage of sales of the **Corporation** made in the U.S.A. : _____%
- d) Percentage of employees of the **Corporation** in the U.S.A. : _____%
- e) Number of **Directors and Officers** in the U.S.A. : _____
- f) Does the **Corporation** plan to expand any of the above U.S.A. exposures in the next twelve (12) months ? Yes No
(If the answer to the above question is Yes, please provide full details.)

6. ANNOUNCED OR CONTEMPLATED CHANGES

- a) Have there been any changes in the ownership of the **Corporation** in the last twelve (12) months? Yes No
- b) Have there been any changes in the **Directors or Officers** in the past twelve (12) months?..... Yes No
- c) Has the **Corporation** filed a prospectus with any Securities Commission within the past twelve (12) months or is such filing contemplated? Yes No
- d) Has the control of the **Corporation** been offered for sale within the past twelve (12) months?..... Yes No
- e) Does the **Corporation** have under consideration at the present time or does it contemplate any acquisitions, divestitures, tender offers or mergers?..... Yes No

(If the answer to any of the above questions is Yes, please provide full details.)

7. OTHER CORPORATE INFORMATION

- a) Is the **Corporation** currently or has it in the past twelve (12) months been in arrears in its payments of monies payable to Revenue Canada or the provincial ministries of revenue (including source deductions, G.S.T and P.S.T) ? Yes No
- b) Is the **Corporation** currently or has it, at any time during the last five (5) years, been in breach of any of its debt covenants, loan agreements or contractual obligations, or does it anticipate any such breach occurring within the next twelve (12) months ? Yes No
- c) Has the **Corporation** ever repurchased its own shares at a price in excess of the market value at the time? Yes No
- d) Is there any customer that accounts for 25% or more of Annual Gross Revenue? Yes No
- e) Has the **Corporation** changed its outside accountant or external legal counsel during the past five (5) years ? Yes No
- f) Is the **Corporation** or any of its **Subsidiaries** currently, or has it at any time during the last three (3) years:
 - (i) sought protection under the "Companies' Creditors Arrangement Act" (Canada), or
 - (ii) made a commercial proposal under Part III of the Bankruptcy and Insolvency Act (S.C. 1992, Ch. 27), or
 - (iii) sought protection under "Chapter 11" of the U.S.C. (United States Bankruptcy Code), or does it anticipate seeking such protection or making such a proposal within the next twelve (12) months ? Yes No

(If the answer to any of the above questions is Yes, please provide full details.)

8. DIRECTORS

- a) Does the board have an audit committee? Yes No
- b) Does the board have an investment committee? Yes No
- c) Does the board have a resident legal counsel on staff? Yes No
- d) How frequently does the board of **Directors** meet? _____
- e) How many board members must be present to constitute a quorum? _____
- f) Do the **Directors** see the meeting agenda and minutes from the board meetings at least ten days prior to each board meeting date? Yes No
- g) Are there any loans outstanding or anticipated to **Directors or Officers** or Corporations controlled by **Directors or Officers**? Yes No
- h) Does each **Director** have a formal job description which clearly defines the **Director's** scope of duties? Yes No

9. OPERATIONAL PROCEDURES

- a) Do procedures exist to keep the **Directors and Officers** informed of new developments, and operation's results? Yes No
 - b) Have standard decision making procedures been defined? Yes No
 - c) Does a procedure for documenting major decisions and events exist? Yes No
 - d) Does a procedure for retention of essential legal, financial and personnel records exist ? Yes No
 - e) Does the **Corporation** or any of its **Subsidiaries** make use of any derivative instruments ? Yes No
- If Yes:
- (i) Is a written policy in place to regulate the use of derivative instruments by the **Corporation** ? Yes No
 - (ii) Are derivative instruments used solely as risk management tools rather than as investments ? Yes No
 - (iii) Does the Chief Financial Officer regularly report to the **Directors** on the status of derivative instruments ? Yes No

10. LEGAL

- a) What is the source of the board's legal advice? _____
- b) Do legal advisers make regular presentations to the board to review the responsibilities of the **Directors and Officers** and the **Corporation**? Yes No
- c) Are all **Directors, Officers** and senior employees required to obtain legal counsel prior to publicly commenting on any of the **Corporation's** activities? Yes No

11. NOTICE

Identify the **Officer** of the **Corporation** designated to receive all notices from the Insurer concerning this insurance:

NAME (Please print) TITLE

12. PRIOR INSURANCE

- a) Have any claims, or facts or circumstances which might possibly give rise to a **Claim**, been reported to the current or any previous Directors' and Officers' Liability insurance carrier ? Yes No
- (If the answer to the above question is Yes, please provide full details.)**

b) Previous Directors' and Officers' Liability Insurance (last 3 years) :

Name of Insurer	Limit of Policy	Retentions	Period	Premium	Claims
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

13. ATTACHMENTS

IMPORTANT: PLEASE SUBMIT ONE COPY OF EACH OF THE FOLLOWING DOCUMENTS WHICH WILL BE CONSIDERED TO BE PART OF THIS PROPOSAL:

- a) Last three (3) years' annual reports including financial statements;
- b) Latest interim financial statement;
- c) Latest 10-K and 10-Q reports filed with the S.E.C. (if the shares of the **Corporation** or any **Subsidiary** are traded in the U.S.A.);
- d) Indemnification clause contained in the by-laws or any other indemnification agreements;
- e) List of proposed Insured persons (complete Appendix A);
- f) List of **Subsidiaries** (complete Appendices B and C);
- g) Latest notice to shareholders and the proxy statement;
- h) All press releases issued within the last twelve (12) months;

Note: With respect to items e) & f) above, notwithstanding the contents of the appendices or lists submitted and subject to the terms and conditions of the proposed insurance, coverage will only be afforded to those individuals and companies that fit within the definitions of **Director and Officer** and **Subsidiary**, unless otherwise agreed to by the Insurer and specifically endorsed onto the policy.

14. WARRANTIES AND SIGNATURE

THE APPLICANT DOES HEREBY PROVIDE THE FOLLOWING WARRANTIES TO THE INSURER:

- a) No **Claim** which would, had insurance similar to that now proposed been in force, have fallen within the scope of such insurance has been made or is now pending against any person(s) proposed for this insurance in the capacity of either **Director or Officer** of the **Corporation** (and/or its **Subsidiaries**), except as follows: (If answer is none, so state) _____

- b) No person proposed for this insurance is cognizant of any fact or circumstances or of any **Wrongful Act** which might possibly give rise to a future **Claim** such as would fall within the scope of the proposed insurance, except as follows: (If answer is none, so state) _____

- c) No similar insurance on behalf of the **Corporation** has been declined or cancelled or renewal thereof refused, except as follows: (If answer is none, so state) _____

- d) Neither the **Corporation** nor any of its **Directors or Officers** has been involved in or has any knowledge of any currently pending insolvency and/or bankruptcy, anti-trust, combines, price fixing, restraint of trade, tax, copyright, patent, securities law or regulation infringement or government regulatory or administrative proceedings against the **Corporation** and/or its **Directors or Officers**, except as follows: (If answer is none, so state) _____

- e) No fact, circumstance or situation indicating the possibility of a **Claim** against which indemnification would be afforded by the proposed insurance is now known to any person(s) applying for this insurance other than which is disclosed in this proposal form.

It is specifically agreed by all concerned that if any person(s) applying for this insurance has any knowledge of any such fact, circumstance or situation, any **Claim** subsequently emanating therefrom will be excluded from coverage under the proposed insurance.
- f) The undersigned **Director** of the **Corporation** is duly authorized to make representations and to sign on behalf of all of the **Directors and Officers** and the **Corporation** and declares that the statements herein are true and complete.
- g) The undersigned **Director** of the **Corporation** declares that the financial statements submitted with this proposal form are representative of the current financial position of the **Corporation** including its **Subsidiaries**.

- h) Signing of this proposal form does not bind the Insurer to complete the insurance, but it is agreed that this proposal form will be the basis of the contract should a policy be issued, and that this proposal form will be attached to and become a part of such policy, if issued.

The Insurer is hereby authorized to make any investigation and inquiry in connection with this proposal as it may deem necessary.

- i) It is warranted that the particulars and statements contained in the proposal form for the policy and any materials submitted herewith (which will be retained on file by the Insurer and which will be deemed attached hereto, as if physically attached hereto), are the basis for the policy and are to be considered as incorporated into and constituting a part of the policy.
- j) It is agreed that in the event that there is any material change in the answers to the questions contained herein prior to the effective date of the policy, the **Corporation** will notify the Insurer and, at the sole discretion of the Insurer, any outstanding quotations may be modified or withdrawn.

N.B. COVERAGE CANNOT BE BOUND UNLESS THIS PROPOSAL FORM HAS BEEN DULY COMPLETED AND DULY SIGNED AND DATED.

Corporation

Name of Chairman of the Board or President
(in block letters)

Date

Signature of Chairman of the Board or President

APPENDIX "A"

LIST OF INSURED PERSONS

DIRECTORS	OFFICERS
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APPENDIX "B"

WHOLLY OWNED SUBSIDIARIES

Name	Acquisition Date	% Owned	Nature of Business	Location	<u>Latest Fiscal Year End</u>		
					Net Worth	Total Assets	Net Income

APPENDIX "C"

CONTROLLED SUBSIDIARIES

Name	Acquisition Date	% Owned	Nature of Business	Location	<u>Latest Fiscal Year End</u>		
					Net Worth	Total Assets	Net Income
