

**FRANCHISOR AND FRANCHISEE NETWORK SECURITY & PRIVACY APPLICATION**

**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 **Franchisor**, unless otherwise requested.

**NOTICE: THE LIMIT OF LIABILITY IN THE POLICY, IF ISSUED, MAY BE REDUCED OR COMPLETELY EXHAUSTED BY CLAIM COST AND/OR LEGAL DEFENSE. IN SUCH EVENT, THE COMPANY SHALL NOT BE LIABLE FOR ANY JUDGMENT, SETTLEMENT OR CLAIM COST OR LEGAL DEFENSE COST WHICH ARE IN EXCESS OF THE LIMITS OF LIABILITY STATED ON THE DECLARATIONS PAGE OF POLICY.**

**THE DEDUCTIBLE IN THE POLICY, IF ISSUED, APPLIES TO CLAIM COSTS AND LEGAL DEFENSE AS WELL AS TO JUDGMENTS AND SETTLEMENTS.**

**ONLY COMPLETE APPLICATION WILL BE ACCEPTED**

Provide details to all "Yes" answers, when applicable, by attachment.

**Section A1: GENERAL INFORMATION**

Name of **Named Insured / Franchisor**

Street Address

Suite

City

County

State

Zip Code

Website Address (if applicable)

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

Contact Name

Title

E-mail Address

Telephone Number

Fax Number

**Section A2: PRODUCER INFORMATION**

Submitted by (Agency Name)

Phone

Agent's Name (Individual's Name)

Email

**Section B: Coverage Section(s) Requested (Franchisees Coverage is Optional)**

Internet Media Liability:	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Network Security Liability	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Privacy Violation Liability	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Network Business Interruption	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Data Loss Coverage	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
RansomReward™	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Security Breach Notice Coverage	<input type="checkbox"/> Franchisor <input type="checkbox"/> Franchisee	Limit Requested: \$
Rapid Reputation Response (3R)™	<input type="checkbox"/> Franchisor	Limit Requested: \$
Franchisor Vicarious Liability	<input type="checkbox"/> Franchisor	Limit Requested: \$
Personal Asset Protector™	<input type="checkbox"/> Franchisor	Limit Requested: \$

**Section C: Current Franchisor Insurance Information (Provide details to all "Yes" answers by attachment)**

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

Type of Policy	<input type="checkbox"/> None	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	_____	_____	\$ _____	\$ _____	\$ _____
General Liability:	<input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Cyber Liability:	<input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Franchisor E&O:	<input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
Professional Liability (other):	<input type="checkbox"/> None	_____	_____	\$ _____	\$ _____	\$ _____
- Within the last 5 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
- Within the last 5 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 **Insured Entity** ever been cancelled or non-renewed? NOT APPLICABLE IN MISSOURI  
Yes  No
- 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
  - (e) Any Breach of Privacy? Yes  No

**If "Yes" to ANY PART OF QUESTION 4., 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 <b>Claim</b> 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 4.**

**Section D: Franchisor Information (Provide details to all "Yes" answers by attachment)**

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

3. Form of organization:
 

<input type="checkbox"/> Cooperative	<input type="checkbox"/> Corporation	<input type="checkbox"/> Joint Venture*
<input type="checkbox"/> Limited Liability Corporation	<input type="checkbox"/> Nonprofit	<input type="checkbox"/> Partnership*
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other: _____	

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

4. Is the **Franchisor** 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 **Insured Entity**:  
 Assets (000): \$ \_\_\_\_\_ Annual Revenues (000): \$ \_\_\_\_\_ Total Number of **Records**\*: \_\_\_\_\_  
 Total Number of Credit Card Transactions\*\*: \_\_\_\_\_  
 Period Ending: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Operating Income / Loss (000): \$ \_\_\_\_\_  
**\*Franchisor Only \*\*Franchisor Only – Last 12 Months**

6. (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

7. Within the last 3 years, has there been any change (resignations, departures, retirements, etc.) in the position of the Chief Financial Officer, Chief Executive Officer or Chief Technology Officer? Yes  No

If "Yes", provide the following details by attachment: Name of individual; date of change; and reason for change.

9. 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 Insured Entity</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.

**IT IS UNDERSTOOD AND AGREED THAT COVERAGE IS NOT PROVIDED FOR SUBSIDIARIES IN QUESTION 9. UNLESS THE INFORMATION REQUESTED ABOVE IS PROVIDED.**

**Section E: Franchisor & Franchisee Privacy & Network Security Liability:**

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

	Owned	Franchised	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 5% or more of the **Franchisees**? (If Yes, provide details) Yes  No

2. (a) Do you promote, sponsor, advise or provide any form of insurance to your Franchisee(s)? (If Yes, provide details) Yes  No

- (b) Do you require Franchisee(s) to carry cyber / privacy insurance? (If Yes, provide requirements) Yes  No

3. (a) Provide the name of the law firm(s) and partner(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? \_\_\_\_\_

4. In the next 12 months will you accept, store, process, or exchange credit/debit card transaction information? Yes  No
- (a) For PCI compliance, applicant is considered Service Provider or Merchant Level: I  II  III  IV
- (b) Have you had a PCI compliance audit performed in the last 12 months by an approved PCI Qualified Security Assessor? Yes  No
- (c) If Yes, have you been certified as fully PCI compliant? Yes  No   
If No, please provide an explanation: \_\_\_\_\_
- (d) Approximately how many credit/debit card transactions do you expect to handle in the next 12 months companywide:  
Franchisor (Including owned stores): \_\_\_\_\_ Franchisees: \_\_\_\_\_ (Average)
5. Please identify the private information being handled, including that of your own employees (check all that apply and provide the approximate number of records):
- |   |                  |                          |
|---|------------------|--------------------------|
| <input type="checkbox"/> Social security number   | Franchisor _____ | Average Franchisee _____ |
| <input type="checkbox"/> Driver's license number or any other state identification number   | Franchisor _____ | Average Franchisee _____ |
| <input type="checkbox"/> Medical or healthcare data including protected health information  | Franchisor _____ | Average Franchisee _____ |
| <input type="checkbox"/> Any account number, credit or debit card number in combination with any required password, access code, or other security code that would permit access to the financial account | Franchisor _____ | Average Franchisee _____ |
| <input type="checkbox"/> Proprietary business information   | Franchisor _____ | Average Franchisee _____ |
| <input type="checkbox"/> 3 <sup>rd</sup> Party confidential information   | Franchisor _____ | Average Franchisee _____ |
6. For the private information collected, is there a process for deleting this information once it is complete or not needed anymore? Yes  No
- (a) if yes, how long is the information retained? Franchisor \_\_\_\_\_ Average Franchisee \_\_\_\_\_

**Section F: Franchisor Media Controls:**

1. Do you provide personal finance or other personal advice services, such as counseling on your website? Yes  No
2. Do you publish a bulletin board, chat room or otherwise allow users to upload or post content to your website? Yes  No   
If yes, do you have a process for monitoring, approving and removing such content? Yes  No
3. Do you have legal review of your website(s) performed by staff or outside attorney? Yes  No   
(a) If, no, what review is being completed? \_\_\_\_\_  
(b) If, yes, name of attorney & firm: \_\_\_\_\_
4. Is legal review performed on all intellectual property utilized in the course of your business operations? Yes  No   
If no, please explain: \_\_\_\_\_

**Section G: Network Security & Employee Controls:**

If you answer NO to any of the questions below please explain in a separate attachment.

1. Check all that apply and name the service provider for each category (please attach the representative contract/agreement):
- |   |       |
|---|-------|
| (a) <input type="checkbox"/> Hosting Facility                         | _____ |
| (b) <input type="checkbox"/> Co-location Facility                     | _____ |
| (c) <input type="checkbox"/> Managed Security Service Provider (MSSP) | _____ |
| (d) <input type="checkbox"/> Application Service Provider (ASP)       | _____ |
| (e) <input type="checkbox"/> Data Storage Facility                    | _____ |
| (f) <input type="checkbox"/> Payroll                                  | _____ |
| (g) <input type="checkbox"/> Benefits                                 | _____ |
| (h) <input type="checkbox"/> Other Human resource functions           | _____ |
| (i) <input type="checkbox"/> Other (please specify)                   | _____ |
2. For those applicable in above G1, do franchisees utilize the same? (if No, please explain) Yes  No
3. Do you have any data sharing agreements with any 3<sup>rd</sup> parties? (if Yes, Please provide details) Yes  No
- (a) Do you have contracts in place with the 3<sup>rd</sup> parties that require the vendor to maintain controls, practices and procedures that are as protective as your own internal procedures? Yes  No
- (b) Do the contracts require the 3<sup>rd</sup> parties to defend and indemnify you for liability arising from their use of the data they are handling? Yes  No

4. Do you regularly audit 3<sup>rd</sup> parties with whom you have data sharing agreements with? Yes  No   
 (a) If No, how do you ensure their compliance with HIPAA, PCI, etc.? \_\_\_\_\_
5. Does your company have a current information security policy that has been approved by executive management? Yes  No   
 (a) If Yes, does the policy specify acceptable use of all company resources including the proper use of email and the Internet? Yes  No
6. Is there an information classification program that specifies different levels of security based on the nature of a given information asset? Yes  No   
 (a) If Yes, are user accounts audited regularly to determine their security levels are appropriately set? Yes  No
7. Does your company have an information security officer? Yes  No
8. Are documented procedures in place for user and password management and are they monitored for compliance? Yes  No
9. Do you have a process for managing user accounts including promptly deleting or modifying access upon a change of responsibilities or termination? Yes  No
10. Does Franchisor have a Chief Technology Officer? Yes  No
11. Is there a patch management process in place? Yes  No   
 (a) If, yes, what is the timeframe for implementing patches following identification? \_\_\_\_\_
12. Is firewall technology used to prevent unauthorized access to and from internal networks and external networks? Yes  No   
 (a) Are firewall configurations regularly reviewed and kept up to date? Yes  No
13. Is anti-virus software installed on all computers/servers that connect to your network? Yes  No   
 (a) Is the anti-virus software package updated regularly? Yes  No   
 If No, how often? \_\_\_\_\_  
 (b) Are the virus signature files updated daily (or in close step with updates provided by the software company)? Yes  No   
 (c) Is there an appropriately trained security analyst on staff to assist in identifying and mitigating incidents involving undetected malware? Yes  No   
 (d) Are systems regularly audited to identify inappropriate code and/or applications that have been installed? Yes  No
14. Are system backup and recovery procedures documented and regularly tested for all mission critical systems/websites? Yes  No   
 If No, how often? \_\_\_\_\_
15. Do you allow remote access to your system? Yes  No   
 (a) if yes, what controls are in place to prevent unauthorized access? \_\_\_\_\_  
 (b) Do Franchisees have remote access? Yes  No
16. Are network and system backups performed at least once per week? Yes  No
17. Do you or any third parties conduct any penetration & vulnerability testing? Yes  No   
 (a) if yes, have any major findings been remediated? If not, please explain: \_\_\_\_\_
18. Do you monitor security alerts and advisories from your system vendors, Computer Emergency Response Team (CERT) and other sources, taking appropriate and responsive actions? Yes  No
19. Do you monitor your network in real time to detect possible intrusions or abnormalities in the performance of your system? Yes  No   
 (a) If no, please explain how you monitor your network. \_\_\_\_\_
20. Do you monitor log files on a regular basis to help spot abnormal trends? \_\_\_\_\_  
 (a) For how long are log files maintained? \_\_\_\_\_
21. Do you have a written business continuity/disaster recovery plan that includes procedures to be followed in the event of a disruptive computer incident? Yes  No
22. Is your security policy reviewed and updated at least annually? Yes  No
23. Does your hiring process include the following (check all that are applicable):
- |                           | All Employees            | Some Employees           | Independent Contractors  | Not Required             |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Criminal Background Check | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Drug Tests                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Work History Verification | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Educational Verification  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Credit Check              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
- (a) If checks only required in some circumstances but not others, please explain \_\_\_\_\_
25. In the past 12 months, have you recently had layoffs or do you anticipate layoffs in the coming 12 months? Yes  No   
 If Yes please explain: \_\_\_\_\_

**Section H: Privacy Controls:**

- |     |  |  |
|-----|--|--|
| 1.  | Do you have a dedicated Privacy officer?<br>Do you have a privacy policy?  | Yes <input type="checkbox"/> No <input type="checkbox"/><br>Yes <input type="checkbox"/> No <input type="checkbox"/> |
|     | (a) Does the privacy office interact with franchisees? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, explain)                              |  |
| 2.  | Is your privacy policy posted on your website & made available to your customers prior to them providing personal information?                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 3.  | Is your privacy policy reviewed and updated at least annually?   | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 4.  | Do you sell or share the personal subscriber/customer information with other unaffiliated 3 <sup>rd</sup> parties  | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|     | (a) If Yes, do you provide opt-out controls that are visible and addressed within the privacy policy? Yes <input type="checkbox"/> No <input type="checkbox"/> |  |
|     | (b) Do you notify customers upon the release of their private information? Yes <input type="checkbox"/> No <input type="checkbox"/>                            |  |
| 5.  | Do you train Franchisor employees on the proper handling of private information?   | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 6.  | Do you utilize retained private information in any other way than originally intended or disclosed?  | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|     | (a) If yes, please explain: _____  |  |
| 7.  | Does Franchisor have a document retention and destruction policy?<br>(Please expound) _____  | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 8.  | Does Franchisor have policies/procedures in place for handling employees that are terminated or leave voluntarily?   | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 9.  | Does the policy specifically address their access to corporate applications and personal information including proprietary corporate information               | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 10. | Does Franchisor conduct an annual privacy assessment to ensure that you are in compliance with privacy laws and regulations<br>If No, please explain: _____    | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 11. | Are procedures in place to escalate any incidents of a breach or possible breach of private information?   | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 12. | Do you ensure that all private information is encrypted whether at rest or in transit?   | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|     | (a) If not technically feasible, what safeguards are in place to ensure the security of private information?   | _____  |
|     | (b) If Data and/or Private Information is not in electronic form, what precautions are taken to ensure its security?   | _____  |
| 13. | Is data (i.e. personal information) encrypted on laptops and other mobile devices used for storing and transferring data?                                      | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
| 14. | Do you allow sensitive data to be loaded on to devices that may be removed from the premises?  | Yes <input type="checkbox"/> No <input type="checkbox"/>   |

**Section I: Franchisor Prior Losses, Circumstances, & Events (Required for All Applicants):**

**IF YOU ANSWER YES TO ANY OF THESE QUESTIONS PLEASE ATTACH SEPARATE SHEET(S) WITH A FULL DESCRIPTION OF EACH INCLUDING DATES, ALLEGATIONS, CIRCUMSTANCES, COSTS, SETTLEMENT/JUDGEMENT AMOUNTS, ETC.**

- |    |  |  |
|----|--|--|
| 1. | During the last 5 years, have you had any information security breaches including unauthorized access, unauthorized use, virus, denial of service attack, breach, theft of data, fraud, electronic vandalism, sabotage or other security events. | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 2. | During the last 5 years, has anyone alleged that you were responsible for damages to their systems arising out of the operation of your system?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 3. | During the last 5 years, have you received a complaint or an injunction arising out of intellectual property infringement, content or advertising?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 4. | During the last 5 years, has anyone made a demand, claim, complaint, or filed a lawsuit against you that would or could be covered under this policy?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 5. | During the last 5 years, have you been the subject of an investigation or action by any regulatory or administrative agency for privacy related violations?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 6. | Has any application for similar insurance been declined or has any such insurance ever been rescinded, cancelled or been refused renewal   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 7. | During the last 5 years, have you experienced a disruption to your computer system that lasted longer than 4 hours for any reason (other than planned downtime)?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 8. | Are you aware of any circumstance or event that could result in a claim being made against the policy being applied for?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |



**Section J: 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 <b>Claim</b> 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.

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**Please Read Carefully**

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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 **Insured Entity** 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 **Insured Entity**;
- 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.

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Date

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President, Chief Executive Officer, Chief Financial Officer

This 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.

[www.franchiseperils.com](http://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**

**Most Recent Financial Statements**

**Schedule of all current franchisees listed by state.**

**Schedule of franchisees currently in default under their franchise agreements and type of default.**

**Copy of standard contract used with service providers**

**Privacy Policy**