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Application

Information Technology Insurance

Coverage Requested: Errors and Omissions
 Commercial General Liability (only available in conjunction with Errors and Omissions)

THE APPLICANT

1. Name of Applicant, including all subsidiaries (the first name listed shall appear on the policy as the "First Named Insured" and, as such, will act as sole agent on behalf of all other insureds): _____

2. Address: _____

3. Website address: _____ Email address: _____
4. Location of Branch Offices: _____
5. Applicant and/or parent is a Canadian registered company? YES NO
6. Applicant is: Individual Partnership Corporation
 Non-profit Privately Held Publicly Traded
7. Date operations began: _____
8. During the past three years, has the Applicant's name been changed, or has the Applicant purchased, merged or consolidated with any other business or has the Applicant been purchased? YES NO
If yes, please attach an explanation.
9. Please provide a complete description of the Applicant's:
 - (a) Operations: _____

 - (b) Products:
 - (i) Developed: _____

 - (ii) Manufactured: _____

 - (iii) Distributed: _____

10. (a) Please indicate the total annual gross revenues from operations *in Canadian dollars* for the past three years. Also include a breakdown of revenue by territory.

| Year | Revenue | % Canada | % U.S.A. | % Foreign |
|-------|---------|----------|----------|-----------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

- (b) Please indicate the total projected annual gross revenues from operations *in Canadian dollars* for the next fiscal year. Also include a breakdown of revenue by territory.

| Year | Revenue | % Canada | % U.S.A. | % Foreign |
|-------|---------|----------|----------|-----------|
| _____ | _____ | _____ | _____ | _____ |

OPERATIONS INFORMATION

11. Please show the percentage of your receipts generated by the following types of services:

Total Must Equal 100%

| <u>Software</u> | | <u>Hardware</u> | | <u>Other Services</u> | |
|-----------------------------|-------|--------------------------|-------|-----------------------------------|-------|
| | % | | % | | % |
| Consulting | _____ | Consulting | _____ | Application Service Provider | _____ |
| Sales | _____ | Sales | _____ | Internet Service Provider | _____ |
| Implementation/Integration | _____ | Installation/Integration | _____ | Web Site Development | _____ |
| Design/Analysis | _____ | Design/Analysis | _____ | Web Site Hosting | _____ |
| Developing Package Software | _____ | Assembly/Manufacturing | _____ | Network and Communication Systems | _____ |
| Custom Programming | _____ | Support/Maintenance | _____ | - Design/Analysis | _____ |
| Training | _____ | Training | _____ | - Installation/Support | _____ |
| Data Processing | _____ | | | Other Services (give details) | _____ |
| | | | | _____ | _____ |
| | | | | _____ | _____ |

12. Please show the percentage of receipts generated by the following end use application of your products or services:

Total Must Equal 100%

| | % | | % | | % |
|----------------------------|-------|----------------------------|-------|--------------------------------------|-------|
| Accounting | _____ | E-Commerce | _____ | Payroll Processing | _____ |
| Air Traffic Control | _____ | Education/Training | _____ | Pollution/Environmental Applications | _____ |
| Artificial Intelligence | _____ | Facilities Management | _____ | Life Sustaining Medical Applications | _____ |
| Billing Systems | _____ | Financial Analysis | _____ | Programming Language | _____ |
| CAD/CAM | _____ | Funds Transfer | _____ | Robotics | _____ |
| Cost Estimates/Quotes | _____ | Games/Animation | _____ | Weapons Systems | _____ |
| Credit Card Processing | _____ | Industrial Process Control | _____ | Wireless Communications | _____ |
| Data Security/Verification | _____ | Inventory/Purchasing | _____ | Other (please describe) | _____ |
| Database Management | _____ | Multimedia | _____ | _____ | _____ |
| Decision Support Systems | _____ | Operating Systems | _____ | | |

13. Please show the percentage of your revenue generated by services performed or products sold to the following industries:

Total Must Equal 100%

| | % | | % |
|---------------------------|-------|-------------------------|-------|
| Aerospace | _____ | Nuclear Energy | _____ |
| Architectural/Engineering | _____ | Petrochemical | _____ |
| Brokerage Houses | _____ | Public Utilities | _____ |
| Consumers/Home Use | _____ | Retail/Wholesale | _____ |
| Computer/High Tech | _____ | Telecommunication | _____ |
| Financial Institutions | _____ | Transportation | _____ |
| Government | _____ | Warehouse/Distribution | _____ |
| Healthcare/Medical | _____ | Other (please describe) | _____ |
| Legal | _____ | _____ | _____ |
| Manufacturing | _____ | | |

14. Please list your five (5) largest customers or projects during the past three (3) years, showing the client's name, services and/or products provided and gross revenues for each:

| Client/Project | Services Provided | Revenue |
|----------------|-------------------|---------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

15. What is the average value of a single product sale or service contract for your company? _____

16. What has been your largest single product sale or service contract? _____

17. What is the average duration of a contract with a customer, from order confirmation to final acceptance?

18. What percentage of your total revenue is attributable to services for repeat customers? _____%

19. List any customer that represents 10% or more of your total revenues in a year (please state percentage as well).

20. List all locations at which business is conducted, providing details indicated below.

| Location/Address | Occupancy | Square Metres | Owned Premises | Leased Premises | Tenant Legal Liability Limit |
|------------------|-----------|---------------|--------------------------|--------------------------|------------------------------|
| _____ | _____ | _____ | <input type="checkbox"/> | <input type="checkbox"/> | \$ _____ |
| _____ | _____ | _____ | <input type="checkbox"/> | <input type="checkbox"/> | \$ _____ |
| _____ | _____ | _____ | <input type="checkbox"/> | <input type="checkbox"/> | \$ _____ |

21. Provide employee information by classifications indicated below.

| | Number of Employees | Annual Payroll |
|-----------------|---------------------|----------------|
| Canadian | _____ | _____ |
| U.S. | _____ | _____ |
| Other (specify) | _____ | _____ |

22. Indicate the number, location, and function of any employees who are not covered under Provincial Workers' Compensation.

23. Describe methods of advertising services and products and indicate the amount budgeted for expenditure. If your firm employs the services of advertising agencies, are you added as an additional insured under the agency's policies? Do you obtain evidence of such insurance?

RISK MANAGEMENT

24. Please describe the significance and/or impact to your client of a failure of the products or services you have provided:

25. Do you always use a written contract with clients? YES NO
- If yes, please attach sample copy.
- (a) Was your standard contract reviewed and approved by counsel? YES NO
- (b) Do you ever amend your contracts from its standard wording? YES NO
- If yes, what percentage of the time? _____%
- (c) Who approves any variation in your standard contract wording? _____
- (d) Please describe typical changes that would be made: _____

26. Please indicate which of the following clauses you endeavour to include in all contracts that you enter into:
- Clear Description of Services to be Provided YES NO
 - Disclaimer of Warranties YES NO
 - Exclusive Remedy YES NO
 - Limitation of Liability YES NO
 - Entire Agreement YES NO
 - Sign off and Acceptance YES NO
 - Governing Law YES NO
27. If you are involved in product or system design, development or manufacturing, do you always:
- (a) Document and test all systems or products? YES NO
- (b) Document and test all changes? YES NO
- (c) Retain records for the life of the systems or products? YES NO
- (d) Provide user documentation? YES NO
28. Do you have formal quality control procedures in place for products manufactured? YES NO
29. Do all products have serial numbers or other similar identification markings that allow you to identify them as your products and the date manufactured? YES NO
30. Do you have an established products recall plan? YES NO
31. Have you ever had to recall any of your products in the past? YES NO
32. Do you always require customers to sign written agreements outlining the scope of your job and the services that will be provided? YES NO
33. Are customers required to sign off on any mid-term changes to specifications? YES NO
34. Do you have a formal process in place for resolving disputes with customers? YES NO
35. Is there a written contingency plan in the event of a system failure? YES NO
36. (a) Do you provide training for your customers on your products and services? YES NO
- (b) Do you provide support services such as a "Help" desk or a 1-800 number? YES NO
37. Do you subcontract work to others? YES NO
- (a) If yes:
- (i) Services provided and percentage of your total revenue: _____

(ii) Do you require subcontractors to provide proof of:

(a) professional liability insurance? YES NO

(b) commercial general liability insurance? YES NO

If yes, limit required: \$ _____

(b) If the subcontractor does not carry professional liability insurance, do you routinely agree, in writing, to provide such insurance for the services provided? YES NO

If yes, please provide a sample of the contractual wording used.

INTELLECTUAL PROPERTY

38. Do you incorporate any software or products designed by others into your designs? YES NO

If yes, do you always obtain a license to do so? YES NO

39. Do you have written procedures to safeguard against the infringement of the intellectual property rights of others? YES NO

If yes, please submit a copy.

40. (a) For your products, do you conduct a search with respect to the potential infringement of the intellectual property rights of others? YES NO

If yes, is the search performed on a worldwide basis? YES NO

(b) What methods do you utilize to conduct this search?

(i) Legal counsel? YES NO

If yes, name of firm: _____

(ii) Internet? YES NO

(iii) Other? (please describe) YES NO

41. Are any products or services sold or advertised as being the same as, compatible with, or exactly alike another product manufactured by others? YES NO

If yes, do you have an agreement of clearance with the product's owner? YES NO

42. Are you and/or other employees required to sign statements that they will not use any previous employer's trade secrets or other information critical to the development of your products? YES NO

If not, what controls do you have to prevent potential infringement of trade secrets or proprietary information of third parties?

KNOWLEDGE OF PRIOR ERRORS OR CLAIMS

43. Have you ever been served with an order to cease and desist or been named as a defendant in a suit claiming that you infringed a patent, copyright, trademark, or breached a license agreement or misappropriated another's trade dress, style of doing business or were a party to the theft of proprietary information or trade secret(s)? YES NO

If yes, please attach an explanation.

44. Have you ever brought a claim or suit against another party alleging any of the above claims? YES NO

If yes, please attach an explanation.

45. Have you ever made a claim under any insurance policy for disputes involving intellectual property rights or claims, including trademark, trade dress, copyright, patent or trade secrets - either for defence or enforcement? YES NO

If yes, please attach an explanation.

46. Please attach a list and status of all claims, disputes, suits or allegations of non-performance made during the past five years against the Applicant or any director, officer, employee or partner of the Applicant. If none, please check here.

47. Is the Applicant or any of his/her employees aware of any facts, circumstances or situations which may reasonably give rise to a claim, other than as advised above? YES NO

48. Are any contracts currently past due acceptance? YES NO

If yes, please attach details.

49. Please attach a list and status of all liability claims (other than professional liability claims already disclosed in question 46) or potential claims that have come to the Applicant's attention during the past three years. If none, please check here.

WITHOUT LIMITATION OF ANY OTHER REMEDY AVAILABLE TO THE INSURER, IT IS AGREED THAT IF THERE BE KNOWLEDGE OF ANY SUCH FACT, CIRCUMSTANCE OR SITUATION, ANY CLAIM OR ACTION SUBSEQUENTLY EMANATING THEREFROM IS EXCLUDED FROM COVERAGE UNDER THE PROPOSED INSURANCE.

INSURANCE COVERAGE

50. (a) Have you ever previously purchased professional or errors and omissions liability insurance? YES NO

(b) If yes, please give the following details for the last three years:

| Insurer | Policy Period | Expiring Premium | Limit | Deductible |
|---------|---------------|------------------|-------|------------|
| _____ | _____ | \$ _____ | _____ | _____ |
| _____ | _____ | \$ _____ | _____ | _____ |
| _____ | _____ | \$ _____ | _____ | _____ |

(c) If claims-made, what was the retroactive date of the policy (dd/mm/yy)? _____

51. Has insurance coverage ever been declined or cancelled or the renewal thereof been refused? YES NO

If yes, please attach details.

52. Does your firm carry Commercial General Liability Insurance? YES NO

If yes:

(a) What is the limit of liability of the policy? _____

(b) Does the policy provide coverage for liability arising from "products" and "completed operations"? YES NO

COVERAGE REQUESTED

53. **Errors and Omissions (claims-made form)**

Limit per claim: _____ Per policy period: _____ Deductible: _____

54. **Commercial General Liability (occurrence form)**

Limit per occurrence: _____ Per policy period: _____ Deductible: _____

55. **Extensions (CGL) – Please indicate those required.**

- (a) Non-Owned Automobile Liability

If non-owned automobile coverage is required, please respond to the following questions:

- (i) Please list the number of employees who regularly drive their own vehicle on company business:

- (ii) Please indicate the approximate number of “rental days” in the next 12 months that your employees will rent a vehicle (short term) for the purpose of conducting company business in:

Canada: _____ U.S.A.: _____

- (iii) Please state the typical value of a rented vehicle: _____

- (iv) Please state the typical type of vehicle rented: _____

- (b) Voluntary Medical Payments

- (c) Employee Benefits Liability

- (d) Employers Liability (Bodily Injury)

- (e) Product Recall Expense Coverage

Limit (per recall/aggregate): \$50,000 \$100,000 \$250,000 \$500,000

Deductible (per recall): \$1,000 \$5,000 \$10,000 \$25,000 \$50,000

Participation: 10% 25%

- (f) Product Recall Expense with Loss of Profits Coverage

Limit (per recall/aggregate): \$50,000 \$100,000 \$250,000 \$500,000 \$1,000,000

Deductible (per recall): \$1,000 \$5,000 \$10,000 \$25,000 \$50,000

Participation: 10% 25%

Please note that the proposed insurance will be effective at a date determined by the insurers.

ATTACHMENTS – Please note: Items 56 and 57 will be reviewed in detail and are required in order to permit offering of terms most appropriate for the Applicant's business.

56. Résumés of all principals.

57. Standard contract form, purchase order form, product warranty or guarantee clauses.

58. Brochures or promotional materials.

59. Latest audited financial statements.

APPLICANT'S CONSENT TO THE TRANSMISSION OF THE INFORMATION CONTAINED IN THE APPLICATION FORM

I hereby acknowledge that the information collected in the Application form is acquired by my insurance broker to be transmitted to ENCON Group Inc. for the sole purpose of obtaining an insurance policy, and will be kept confidential.

Moreover, I authorize ENCON Group Inc., its insurers or service providers to:

- conduct verification, using outside sources, of the information contained in the Application form, in attached documentation and in subsequently provided documentation;
- in the event of a claim, transmit the submitted and verified information to loss adjusters, lawyers or other similar offices for the purposes of investigating, defending, negotiating or settling any claims, as required.

For more information on ENCON's privacy policy, please contact privacy-officer@encon.ca.

DECLARATIONS AND SIGNATURE

The undersigned Applicant for this insurance declares that, to the best of his/her knowledge and belief, 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 Application form. The undersigned further agrees that if any significant change in the condition of the Applicant is discovered between the date of this Application form and the effective date of the policy, which would render this Application form inaccurate or incomplete, notice of such change will be reported immediately in writing to the Insurance Manager.

Although the signing of this Application form does not bind the Applicant to purchase the insurance, the undersigned Applicant agrees that this form and the information furnished pursuant hereto shall be the basis of the contract should a policy be issued and this form will become part of the policy.

Name of Applicant (please print)

Title/Position

Signature of Applicant

Date