



THIS IS A "DEFENSE WITHIN LIMITS" POLICY. UNDER THIS POLICY, ALL "DEFENSE COSTS" ARE INCLUDED WITHIN BOTH THE APPLICABLE LIMIT OF INSURANCE AND DEDUCTIBLE. THIS COULD RESULT IN THE LIMIT OF LIABILITY BECOMING COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS, IN WHICH CASE, NO FURTHER COVERAGE IS PROVIDED BY THIS POLICY. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

GENERAL INFORMATION

1. Name and Address of Applicant (include all DBA's and attach additional sheets, if necessary):

Name(s): _____

Principal Address: _____ City: _____ State: _____ Zip: _____

Mailing Address: _____ City: _____ State: _____ Zip: _____

Web Site Address: _____

2. a. Limit of Liability requested: \$ _____ Each Claim
\$ _____ Aggregate

b. Deductible requested: \$ _____

c. Effective Date requested: _____ / _____ / _____

d. Retroactive Date requested: _____ / _____ / _____

3. a. Date established _____ / _____ / _____

b. Applicant is: Individual Partnership Corporation Other

If "Other" please explain – attach additional sheet, if necessary: _____

c. Is the entity owned by, controlled by, or affiliated with any other entity? Yes No

d. During the past 5 years, has any principal, partner, Officer, director, professional employee or independent contractor of the Applicant provided professional services to any entity in which the Applicant has any equity or managerial interest? Yes No

If "Yes" please attach a detailed explanation on a separate sheet.

4. a. Describe in detail the professional services performed by the Applicant

(Attach a separate sheet, if necessary):

b. During the past 5 years, has the Applicant been engaged in any business or professional services other than as described in 4.a. above? Yes No



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If "Yes" please attach a detailed explanation including estimated gross revenues for the most recent fiscal year on a separate sheet.

- c. Does the Applicant anticipate any change or additions to the professional services described above? Yes No

If "Yes" please attach a detailed explanation including estimated gross revenues for the upcoming fiscal year on a separate sheet.

5. a. During the past 5 years:

- (i) has the name of the Applicant been changed? Yes No

- (ii) has the Applicant been involved in any merger, acquisition or consolidation? Yes No

If "Yes" to either (i) or (ii) above please attach a detailed on a separate sheet.

- (iii) In connection with any acquisition of any new subsidiaries:

1. Did the Applicants due diligence include the following:

- A. Review of prior and pending litigation? Yes No

- B. Evaluation of all customer contracts or service agreements to be included as part of the transaction? Yes No

- C. Analysis of Intellectual Property Rights, including any 3rd party interest in or liens on these rights? Yes No

2. Does the Applicant require that all customers be re-signed to the applicant's current contracts? Yes No

- b. Is the Applicant seeking coverage for any subsidiaries in which it maintains a greater than 50% ownership interest? Yes No

If "Yes" attach a list of those subsidiaries for which coverage is being requested and respond to the question below regarding those subsidiaries.

- (i) Do any of the listed subsidiaries perform professional services other than as described in question 4.a? Yes No

If "Yes" attach a detailed description of those services and estimated revenues for the most recent fiscal year.

- c. Is the Applicant seeking coverage for any predecessor firm for which it is the majority successor in interest? Yes No

If "Yes" attach a list of those predecessor firms for which coverage is being requested and respond to the question below regarding those firms.

- (i) Has any such predecessor firm undergone dissolution, been declared insolvent, or been subject to bankruptcy? Yes No

If "Yes" attach an explanation on a separate sheet.

- (ii) Does any such predecessor firm perform professional services other than those described in question 4.a? Yes No

If "Yes" attach a detailed description of those services on a separate sheet.

APPLICANTS: IN RESPONDING TO THE FOLLOWING QUESTIONS PROVIDE ANSWERS FOR BOTH THE APPLICANT AND FOR ANY SUBSIDIARIES FOR WHICH COVERAGE IS BEING REQUESTED (Even if the question does not specifically reference such subsidiaries):



FINANCIAL INFORMATION

6. Financial Information: Please attach the most current Form 10K. If not applicable attach the most recent audited financial statement or, if not available, attach the most recent current annual report. Complete the following , providing total gross revenues for the years indicated that are derived from those professional services listed in question 4.a.

a. Fiscal Year End Date: / /

b. Worldwide Revenue including Licensing Fees:

Table with 4 columns: Domestic, Foreign, Total. Rows: Prior Year, Current Year, Estimated Next Year. Each cell contains a dollar sign.

c. Indicate below all countries that account for the applicants foreign revenue:

Blank lines for listing countries.

d. Are any changes in the nature or size of the Applicant's business expected over the next 12 months? Yes No

If "Yes" attach an explanation on a separate sheet.

7. a.. Provide percentage of receipts associated with the following technology applications and services: (Total must equal 100%)

Table with 4 columns: Software Sales, % of Receipts, Hardware Sales, % of Receipts. Lists various software and hardware categories.



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Equipment Evaluation		Computer Aided Manufacturing	
Imaging Services		Computer Aided Software Engineering	
Outsourcing		Other (explain below)	

7. b. Provide percentage of receipts associated with the following industry classes:
(Total must equal 100%)

Industry Class	% of Receipts	Industry Class	% of Receipts
Aerospace		Food	
Banking / Investment		Education	
Insurance		Medical Administration	
Telecommunication		Medical Support	
Transportation		Manufacturing	
Trade: Retail / Wholesale		Construction / Mining / Agriculture	
Entertainment Utilities		Advertising	
Government		Other (explain on separate sheet)	
Government (military)			

- c. Have any products, services or operations been discontinued or recalled within the last 5 years? Yes No

If "yes" describe in detail what products, services and operations have been discontinued or recalled including the procedure for informing customers.

SUB-CONTRACTED WORK

8. Sub-contracted Work, Use of Suppliers and Outsourced Manufacturing:

- a. Does the Applicant sub-contract any professional services or manufacturing to fulfill engagements for clients? Yes No

- b. What portion of the applicant operation does the Applicant sub-contract? _____

- c. Sub-contractors manufacture to Applicant's specifications? Yes No

- d. Does the applicant perform Quality Control Audits? Yes No

- e. (i) Does the Applicant require evidence of General Liability or Errors & Omissions insurance from subcontractors? Yes No

If "no" provide a detailed explanation on a separate sheet)

- (ii) If "Yes" what limits does the Applicant require?

General Liability: \$ _____



Errors & Omissions: \$ _____

- f. If Applicant is in the Telecom industry, does Applicant sub-contract installation? Yes No

EMPLOYEE INFORMATION

9. Employee Information:

- a. Indicate the number of employees that are:

- (i) Principals, partners, directors or officers: _____
- (ii) Professional service providers: _____
- (iii) Total number of employees: _____

Attach the resume of each principal, partner, director, officer and professional service provider when the Applicant has been in business less than 3 years and the information is not available on the Applicant's website.

- b. Employee turnover:

Last year: _____
 Anticipated this year: _____

CLIENT AND CONTRACT INFORMATION

10. Client Information:

- a. Provide the following information regarding the Applicant's five (5) largest clients (determined as a percentage of total gross revenues for the past fiscal year as set forth in question 6.b above).

Client	Size of Contract	Length of Contract	Type of Products/Services
1.			
2.			
3.			
4.			
5.			

- b. What is the percentage of sales to repeat customers? _____

- c. Rate the technical sophistication of the Applicant's average customer:
 - Little or None
 - Average
 - High

11. Contracts with Customers:

Attach a copy of the Applicant's standard written service contract, purchase agreement of licensing agreement?



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- a. Does the Applicant use a standard written contract or agreement for all clients? Yes No
- b. Has Legal Counsel reviewed all contracts? Yes No
- c. Does each contract include:
 - (i) Statement of Work and Specifications Yes No
 - (ii) Limitation of Liabilities Yes No
 - (iii) Limitation of Liability for Consequential Damages Yes No
 - (iv) Force Majeure Yes No
 - (v) Disclaimer of Warranties Yes No
 - (vi) Exclusive Remedies Yes No
 - (vii) Dispute Resolution Yes No
 - (viii) Venue or Governing Law Yes No
- d. Indicate percentage of standard contract usage vs. customer's contract

Standard:: _____
Customer: _____
- e. Does the Applicant deviate from the standard contract? Yes No
- f. Who has authority to sign contracts on behalf of the Applicant? _____
- g. Who has authority to make changes to contracts? _____
- h. Attach samples of all promotional materials and respond to the following:
 - (i) Have all promotional materials been reviewed by Legal Counsel? Yes No
 - (ii) Has website content been reviewed by legal counsel? Yes No

QUALITY CONTROL

12. Quality Control:

- a. Indicate which of the following quality control procedures are in place
(check all that apply):
 - Alpha Testing
 - Beta Testing
 - Prototype Development
 - Vendor Certification Process
 - Formalized Training for New Hires
 - Other: _____
 - Customer signature on each phase of project
 - Formal customer acceptance procedures
 - Total Quality Management
 - Written and formalized quality control program
 - Back-up or contingency plan
- b. How long does the Applicant maintain documents/contracts? _____
- c. Does the Applicant have a formal product recall program? Yes No
- d. In the Applicant's opinion, what is the worst case scenario if their product/service fails? _____

- e. What is the Applicants Average failure mode? _____



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- f. How many users would be affected if the product/service fails? less than 5
 5 - 50
 over 50
- g. What is the acceptable downtime for the Applicant's product/service? None
 Less than 1 day
 Less than 2 days
 Over 2 days

h. How does the Applicant notify it's customers of any problems discovered after the sale?

i. Does the Applicant have a customer notification plan in the event a product or service is discontinued? Yes No

j. How long are maintenance services provided on discontinued products/services? _____

k. (i) What customer support functions are available?

check all that apply:

- | | |
|--|--|
| <input type="checkbox"/> E-mail | <input type="checkbox"/> Website |
| <input type="checkbox"/> Fax | <input type="checkbox"/> Visitation on customer's site |
| <input type="checkbox"/> Prototype Development | <input type="checkbox"/> Toll-free number |

(ii) Customer support is available:

- | | |
|------------------------------|-------------------------------|
| <input type="checkbox"/> M-F | <input type="checkbox"/> 24/7 |
|------------------------------|-------------------------------|

l. Does the Applicant have compliant resolution policies and procedures? Yes No

(i) Are all customer complaints or requests documented in writing? Yes No

(ii) Does Applicant have an escalation procedure in place to resolve any customer complaints? Yes No

(iii) Who has ultimate responsibility for seeing that problems or disputes are resolved? _____

13. Security and Protection for Applicant's Facility and Network:

a. Does the Applicant have a physical and Network security policy in place? Yes No

b. Is the Network Security Policy written and formalized? Yes No

c. Are the security features monitored, tested and audited? Yes No

d. Please describe the encryption, firewalls, virus protection. Security protocols and intrusion detection that you use to protect the Applicants facilities, networks and servers? _____



- e. Has the Applicant experienced a Security Breach? Yes No
- f. Does the Applicant screen all employees and contractors with reference, background and credit checks? Yes No
- g. When an employee is terminated, does the Applicant follow a procedure of immediate revocation of access to facilities, networks and systems? Yes No

14. Intellectual Property Rights – If the Applicant develops software, indicate which of the following process that the applicant has in place

Check all that apply

- a. Written procedures to safeguard against the possible infringement of Intellectual Property rights Yes No
- b. Conducts Intellectual Property Rights search to avoid infringing on rights of others Yes No
- c. Legal Counsel used to conduct this search. Yes No
Name of Legal Counsel: _____
- d. Legal Counsel used to provide better understanding of intellectual property laws of foreign countries when providing your professional services. Yes No
- e. Use of contracts that identify the ownership of rights of custom software. Yes No
- f. Use of contracts that inure to the applicants benefit regarding intellectual property rights or works created for hire. Yes No
- g. Obtains necessary rights, licenses, releases and consents when obtaining intellectual properties from third parties. Yes No
- h. Requires new employees and independent contractors to sign statements declaring that they will not disseminate or use a previous employer's or client's trade secrets or intellectual property. Yes No

Please explain a "no" responses to question 15.

CLAIM INFORMATION

15. Claim Information:

NOTE: The Applicant's disclosure of claim information by response to the following questions does not indicate or imply in any way that any act or omission disclosed is covered by this policy.

With regard to the Applicant, Subsidiaries listed in response to question 5b and Predecessor Firms listed in response to question 5 c, answer the following questions:

- a. After inquiry, have any professional liability or errors and omissions claims been made Yes No



during the past 5 years against the Applicant?

If "yes" attach a supplemental claims questionnaire

- b. After inquiry, does the Applicant, Subsidiaries, Predecessor Firms or any of their executive officers, risk manager or any employee who is responsible for the Applicant's insurance or claim reporting have knowledge or information of any circumstance or any allegation of contentions of any incident that may result in any claim being made against the Applicant, Subsidiaries or Predecessor firms? Yes No

If "yes" attach a supplemental claims questionnaire

- c. Are any contracts currently past due acceptance? Yes No

- d. Within the past 5 years, have any customers withheld payment or requested a refund because the Applicant's products/services:

- (i) Did not meet customer's performance expectations? Yes No
- (ii) did not perform in compliance with the Applicant's warranty or guarantee? Yes No

If "yes" provide an explanation on a separate sheet)

- e. Within the past 5 years, have you sued any customers for non-payment of contracts? Yes No

- f. Have all matters in question 15 above been reported to the former or current insurers? Yes No

PRIOR INSURANCE HISTORY

- 16 a. Prior Professional Liability Insurance of Applicant:

If any Subsidiaries or Predecessor Firms have been listed in this Application, attach a separate sheet detailing the information requested below for each subsidiary and Predecessor Firm:

Year	Insurer	Limit	SIR/ Deductible	Premium	Claims Made/ Occurrence	Policy Period	Retroactive Date (if any)
current		\$	\$	\$			
Prior 1		\$	\$	\$			
Prior 2		\$	\$	\$			
Prior 3		\$	\$	\$			
Prior 4		\$	\$	\$			

- b. Is any extended reporting period currently in effect for the Applicant or any Subsidiary or Predecessor Firm listed in this application? Yes No

If "yes" please attach a copy of the endorsement including the effective and expiration dates)

- c. During the past 5 years, has any similar professional liability coverage been cancelled, declined or non-renewed for the Applicant or for any Subsidiary listed in this application? Yes No

If "yes" please attach a detailed explanation on a separate sheet.

WARRANTY

Applicant hereby declare, after diligent inquiry, that the information contained herein and in any supplemental applications or forms required hereby, are true, accurate and complete, and that no material facts have been suppressed or misstated. Applicant acknowledges a continuing obligation to report to the CNA Company to whom this Application is made ("the Company") as soon as practicable any material changes in all such information, after signing the application



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and prior to issuance of the policy, and acknowledges that the Company shall have the right to withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance based upon such changes.

Further, Applicant understands and acknowledges that:

- 1) Completion of this application and any supplemental applications or forms does not bind the Company to issue the policy;
- 2) If a policy is issued, the Company will have relied upon, as representations, this application, any supplemental applications and any other statements furnished to the Company in conjunction with this application;
- 3) All supplemental applications, statements and other materials furnished to the Company in conjunction with this application are hereby incorporated by reference into this application and made a part thereof;
- 4) This application will be the basis of the contract and will be incorporated by references into and made a part of such policy;
- 5) If a policy is issued, the limit of liability contained in the policy shall be reduced and may be completely exhausted by the payment of damages and claims expenses. In such event the Company shall not be liable for damages or claims expenses to the extent that such cost or amount exceeds the limit of liability of this policy;
- 6) If a policy is issued, claims expenses which are incurred shall be applied against the deductible or retention amount as provided in the policy;
- 7) Applicant's failure to report to its current insurance company any claim made against it during the current policy term, or act, omission or circumstances which the Applicant is aware of that may give rise to a claim before expiration of the current policy, may create a lack of coverage.

FRAUD NOTICE – WHERE APPLICABLE UNDER THE LAW OF YOUR STATE

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 or incomplete information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES (for New York residents only: 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.) (For Pennsylvania Residents only: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven year and payment of a fine of up to \$15,000.) (For Tennessee Residents only: Penalties include imprisonment, fines and denial of insurance benefits.)

Applicant hereby authorizes the release of claim information to the Company from any current or prior insurer of the Applicant or any Subsidiary or Predecessor Firm listed in this application. Application must be signed by duly authorized partner, officer or director of the Applicant.

Applicant's Authorized Representative:

Signature of authorized Representative

Print Name of Authorized Representative

Title of Authorized Representative

Date: _____ / _____ / _____



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Month

Day

year