

Proposal Form

Professional Risks

(Information Technology Consultants)

(Professional Indemnity, Directors and Officers Liability,
Employment Law Protection)

Let Us Explain!

At first glance we appreciate the length of this form looks rather daunting, however

- A number of questions only require a simple 'tick box' YES or NO response
- This one comprehensive form replaces a number of previously separate forms which duplicated the same requests for information
- Two of the four sections are optional, dependant upon the scope of cover you require

Sections A (Page 2) and D (Page 17) are mandatory and the undernoted sections should be completed where the appropriate cover is required:

Section B (Page 10)

– Directors and Officers Liability

Section C (Page 15)

– Employment Law Protection

N.B. THE PROFESSIONAL INDEMNITY COVER ELEMENT IS MANDATORY

Important notice:

1. This is a proposal for a contract of insurance, in which 'Proposer' or 'you/your' means the individual, company, partnership, trust, charity, establishment or association proposing for cover.
2. This proposal must be completed in ink, signed and dated. All questions must be answered to enable a quotation to be given but completion does not bind you or Underwriters to enter into any contract of insurance. If space is insufficient to answer any question fully, please attach a signed continuation sheet. You should retain a copy of the completed proposal (and of any other supporting information) for future reference.
3. All facts material to the proposed insurance must be disclosed, fully and truthfully to the best of your knowledge and belief. Failure to do so may make the contract of insurance voidable or severely prejudice your rights in the event of a claim. A material fact is one likely to influence Underwriters' assessment or acceptance of the proposal; if you are uncertain what may be a material fact, you should consult your broker.
4. You are recommended to request a specimen copy of the proposed policy or certificate from your insurance broker and to consider carefully the terms, conditions, limitations and exclusions applicable to the cover. The proposed insurance covers only those losses which arise from certain events discovered or claims made against the Assured during the period of insurance, as specified in the policy or certificate.

PART A - PROFESSIONAL INDEMNITY / GENERAL SECTION (Mandatory)

1 Name of Proposer

Address of Registered or Principal Office

		Post Code	
		Tel No.:	Fax No.:
E-mail address:		Web site address:	

Registered Number (if applicable)

2 Has the Business or Practice been established for at least three years and are at least 50% of all directors, partners, principals and consultants suitably qualified or have at least three years relevant experience?

YES NO

If NO please answer the following questions

(a) Date when the Business or Practice was first established

(b) Provide the following information in respect of those directors, partners, principals and consultants who are not suitably qualified or who have less than three years relevant experience

Name

Qualifications

Year obtained

Period of relevant experience

How long position held with this Business or Practice

(c) What is the total number of

Directors, partners and principals

Consultants

Qualified staff

Unqualified staff

3 (a) For your current Financial Year what is your total number of:

(i) Full time employees

(ii) Part time employees

(iii) Seasonal employees

(b) Can you confirm that all of your employees are employed in England, Wales or Scotland?

YES NO

If NO please provide full details

4 What is your estimated gross turnover/fees for your current financial year?

£

5 Select which of the following activities apply to your business and provide a **percentage breakdown** of your gross turnover/fees against each category for your last complete financial year emanating from each geographical area

TYPE OF WORK

UK/EU USA ELSEWHERE

(a) **HARDWARE**

- (i) Turnover where you specify, design and build bespoke hardware/hardware systems (including associated maintenance) - (i.e. design & build)
- (ii) Turnover (fees) where you specify/design, but do not build bespoke hardware/hardware systems - (i.e. design only)
- (iii) Turnover where you build bespoke hardware/hardware systems to specifications supplied by others (including associated maintenance) but where you do not undertake any design or specification - (i.e. build only)
- (iv) Turnover derived from hardware maintenance work not included in the above
- (v) Turnover derived from the supply/distribution of proprietary hardware (including modification to client's specification)

(b) **SOFTWARE**

- (i) Turnover (fees) derived from design/support of bespoke (own) software

- (a) Financial (other than accountancy/stocktaking packages)
- (b) Engineering/process engineering (please provide details)

- (c) Other (please provide details)

- (ii) Turnover (fees) derived from customisation/modification of proprietary software (including support)

- (a) Financial (other than accountancy/stocktaking packages)
- (b) Engineering/process engineering (please provide details)

- (c) Other (please provide details)

- (iii) Turnover (fees) derived from sale of proprietary software

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(c) INTERNET

(please also answer question (f) if any turnover is derived from the following activities)

(i) Turnover (fees) derived from your activities as an Internet Service Provider (ISP)

(a) e-mail services

(b) Hosting, operation or maintenance of web sites or intranets (please answer question (g))

(c) Hosting, operation or maintenance of chat rooms, bulletin boards, user nets or electronic open forums (please answer question (h))

(ii) Turnover (fees) derived from web design/web publishing

(iii) Turnover (fees) derived from other internet services (including Application Service Provider (ASP) services) (please answer question (i))

(d) OTHER SERVICES

(i) Turnover (fees) derived from data processing

(ii) Turnover (fees) derived from training/training consultancy

(e) Turnover (fees) derived from **ALL OTHER WORK** (please answer question (j))

TOTAL

100%		

N.B. You are only insured for those activities declared

Only answer the following questions if asked to do so above

(answer the following if you have declared any turnover under item (c) above - INTERNET)

(f) Can you confirm that you always use standard 'terms and conditions' which incorporate the following

(i) **total** consequential loss and force majeure exclusion

(ii) (where you design, host, operate or maintain web sites or intranets)

(a) a condition which makes your client/customer responsible for ensuring that they have all the necessary intellectual property rights on a worldwide basis in respect of the content of such web sites or intranets AND which requires them to indemnify you for any liability you incur in respect of any breach of such rights

(b) a condition which makes your client/customer responsible for the content for any web site or intranet designed, hosted, operated or maintained by you, other than in respect of your own negligent acts or omissions, AND which requires them to indemnify you for any such liability incurred

(iii) protocols which prohibit, inter alia

- (a) (if You provide e-mail services) illegal, abusive or offensive e-mails and/or the sending of unsolicited bulk e-mails ('Spam')
- (b) (if you design, host, operate or maintain web sites or intranets) illegal, abusive or offensive content on their web sites or anything contained therein which promotes or incites illegal activities in any jurisdiction
- (c) (if you host, operate or maintain chat rooms, bulletin boards, user nets or electronic open forum debates) illegal, abusive or offensive content or statements

(iv) a condition which allows you to terminate the services provided by you if your client/customer breaches the protocols stated in (iii) above

YES NO

If NO please explain why not and supply a copy of your standard 'terms and conditions'

(answer the following if you have declared any turnover under item (c) (i) (b) above - hosting, operation or maintenance of web sites or intranets)

(g) Can you confirm the following 'good practice'? You ensure that

- (i) your client incorporates suitable disclaimers of liability together with a statement of intended jurisdiction
- (ii) You have procedures in force to immediately withdraw any material
- (iii) You have implemented, maintain and update procedures and/or programs designed to prevent or protect against the unauthorised use or modification of or access to your clients/customers web site and/or their computer or computer network
- (iv) You regularly make back-up copies of all your client's/customer's data, files or programmes in respect of their web site

YES NO

If NO please provide full details

(answer the following if you have declared any turnover under item (c) (i) (c) above - hosting, operation or maintenance of chat rooms, bulletin boards, user nets or electronic open forums)

(h) Please answer the following questions

- (i) please provide details of **all** chat rooms, bulletin boards, user nets and electronic forum debates etc hosted or operated by you

- (ii) please provide full details of your risk management procedures including your procedures and protocols for the monitoring and/or withdrawing of any material, disclaimers of liability and the receipt and handling of complaints

(answer the following if you have declared any turnover under item (c) (iii) above - other internet services)

- (i) Please provide full details of all other internet (including any ASP) services provided

(answer the following if you have declared any turnover under item (e) above - All Other Work)

- (j) Please provide full details of **all** other work for which insurance is required

6 Provide the following details in respect of your five largest contracts commenced during the last five years

Start Date	Description	Total Contract Value	Business or Practice's Contract Value	Completion date
		£	£	
		£	£	
		£	£	
		£	£	
		£	£	

7 Can you confirm that

- (a) you do not anticipate any major changes in these activities in the forthcoming twelve months?
- (b) there have not been any fundamental changes in your activities over the last five years?
- (c) you do not anticipate any major changes in the proportion of total income emanating from the three geographical areas?
- (d) your total fee income from each of the last three financial years and your estimated fee income from the current financial year does not vary from one successive year to another by more than $\pm 25\%$?
- (e) no contract or client represent more than 50% of your work in any of your last three financial years or your current financial year?
- (f) whilst you may operate anywhere in the world all work undertaken by you is subject to the jurisdiction of a court of law within the European Union?
- (g) you always use standard 'terms and conditions' which incorporate a total consequential loss and force majeure exclusion?

YES NO

If NO please provide full details

8 Can you confirm the following 'good practice'?

- (a) satisfactory written references are always obtained from former employers for the three years immediately preceding the engagement of any employee responsible for money, accounts or goods
- (b) all cheques drawn for more than £25,000 require two signatories (including at least one partner)
- (c) cash in hand and petty cash are checked independently of the employees responsible at least monthly and additionally, without warning, at least every six months
- (d) bank statements, receipts, counterfoils and supporting documents are checked at least monthly against the cash book entries independently of the employees making cash book entries or paying into the bank
- (e) employees receiving cash and cheques in the course of their duties are required to pay in daily
- (f) employees are required to account for money received at least weekly

YES NO

If NO to any of the above please provide details of your system

9 Is cover required for Partners Previous Business?
(This extension of cover is not available where the Previous Business was a Limited Liability Company)

YES NO

If YES provide the following information for each Partner/Principal for whom such cover is required for each Previous Business

(a) Name of Partner/Principal

(b) Name of the Previous Business

(c) Dates during which he or she was a Partner/Principal

(d) Nature of work undertaken by Previous Business

(e) Reasons for leaving

(f) Was there a dissolution agreement?

YES NO

If YES please provide a copy of the agreement

(g) Were there any claims made against the Previous Business or were there any circumstances or incidents which may give rise to a claim?

YES NO

If YES please provide details

(h) Was the Previous Business at any time refused similar insurance or quoted increased premiums or had special terms imposed?

YES NO

If YES please provide details

(i) Is the Previous Business still in existence?

YES NO

PART B - DIRECTORS AND OFFICERS LIABILITY SECTION (Choice)

Please complete (✓) if cover required YES NO

(N.B. (a) available only for Limited Liability Companies or Limited Liability Partnerships with no USA exposure

(b) cover is **not** provided in respect of 'outside board' appointments)

10 Name of Company

Address of Registered or Principal Office

		Post Code	
Tel No.:			Fax No.:
E-mail address:			Web site address:

Company Registration Number

11 Is the Company Registered in England and Wales or Scotland?

YES NO

If NO please answer the following question

Please state country of registration

12 Please indicate type of Entity

Public Company Private Company Limited Liability Partnership Other (please provide details)

13 Is the Company a subsidiary of another company?

YES NO

If YES please answer the following questions

(a) Name of ultimate holding company

(b) Country of registration in respect of ultimate holding company

14 Has the Company continually carried on business for at least twelve months?

YES NO

If NO please state date since Company has continuously carried on business (Please supply a copy of the **Business Plan**)

15 Can you confirm that

(a) during the last three years you have not

(i) merged with or been taken over by any other company?

(ii) acquired or disposed of any companies?

(b) there are no plans presently under consideration for the merger with or take over by another company or the acquisition or disposal of any companies?

(c) there are no plans to trade the Proposers shares during the next twelve months?

YES NO

If NO please provide details

16 Has there been a management buy-in ('MBI') or buy-out ('MBO') within the last two years?

YES NO

If YES please answer the following question

Please state date of MBI or MBO

17 Have any of the following terminated their relationship with the Company since the Company's last annual report and accounts were issued?

- (a) Chairman/President
- (b) Chief Executive/Operating Officer
- (c) Finance Director/Finance Officer

YES NO

If YES to any of the above please provide details

18 What was your gross income/turnover for your last complete financial year emanating from each of the following geographical areas?

• UK

£

• USA/Canada

£

• Elsewhere

£

• Total

£

19 Can you confirm that

- (a) the Company has not had a pre-tax loss or a negative net worth (share capital plus reserve) in any of its last two complete financial years nor is a pre-tax loss or negative net worth anticipated in its current financial year?
- (b) neither the Company nor any of its subsidiaries are insolvent (liabilities exceed assets), in liquidation, the subject of a winding-up petition or have issued notices of a meeting to consider a resolution for liquidation?
- (c) neither the Company nor any of its subsidiaries are the subject of an administration order or an application for an administration order?
- (d) the Company and its subsidiaries are able to pay their debts as they fall due?
- (e) the Company has not changed its auditors within the last two years?

YES NO

If NO please provide full details

20 Are shares owned by anyone other than Directors of the Company or members of their families?

YES NO

If YES please answer the following question

Are all such shares owned by the Company's parent or ultimate holding company?

YES NO

If NO please indicate (✓) which of the following apply

(a) No one shareholder who is not a Financial Institution* holds (directly or indirectly) more than 15% of the shares

(b) A shareholder who is not a Financial Institution* holds (directly or indirectly) more than 15% of the shares

(c) A Financial Institution* holds (directly or indirectly) no more than 20% of the shares

(d) A Financial Institution* holds (directly or indirectly) 20% or more of the shares

(*for the purpose of this proposal 'Financial Institution' is meant in its broadest sense, i.e. a bank, insurance company, venture capital company, building society, investment trust etc.).

If (a), (b), (c) or (d) above applies please provide full details including the name of the shareholder and percentage shareholding

21 Does the Company have

(a) any US subsidiaries, or

(b) any assets and/or employees in the USA?

YES NO

If YES please provide details

(c) From the Company's latest audited report and accounts (in the case of new companies utilise management projections for the year) please state the total consolidated assets (i.e. fixed plus current) of the Company (including subsidiaries) in

(i) UK

£

(ii) USA

£

(iii) Elsewhere

£

(Please show all amounts in GBP)

22 Can you confirm that

(a) any pension scheme provided by the Company is **not** a final salary (defined benefit) scheme?

(b) the implementation of FRS 17 (Financial Reporting Standard 17) has **not** highlighted a deficit in the fund value of any pension scheme?

YES NO

If NO please provide full details

PART C - EMPLOYMENT LAW PROTECTION SECTION (Choice)

Please complete (✓) if cover required (N.B. not available in Northern Ireland) YES NO

23 Can you confirm that

- (a) you do not anticipate any major changes in the number of employees employed?
- (b) your total number of employees employed in each of your last three financial years and your estimated number of employees employed in your current financial year does not vary from one successive year to another by more than $\pm 20\%$?
- (c) you do not envisage any redundancies or early retirement within your business in the next twelve months?
- (d) there are no plans to revise any existing employee benefits during the next twelve months (e.g. Pensions etc)?
- (e) during the last three years you have not merged with or been taken over by another business, nor acquired or disposed of any other business?
- (f) there are no plans presently under consideration for the merger with or takeover by another business nor the acquisition or disposal of any business?

YES NO

If NO please provide full details

24 Within the last twenty four months how many Partners, Directors, Officers or Employees have

- taken early retirement
- resigned
- had their employment terminated (with or without cause)

25 Do you have a Human Resources or Personnel Department (which performs its functions for yourself and all your subsidiaries) which deals with all aspects of employment contracts and employment legislation?

YES NO

If NO please provide details of who handles this function together with relevant experience in such matters

26 Can you confirm that

- (a) a contract of employment is issued to all employees?
- (b) written instructions and procedures are issued to all staff in the proper implementation of personnel policies and procedures including disciplinary, grievance and equal opportunities policies?
- (c) all grievance and/or disciplinary hearings are fully minuted?
- (d) such contract, instructions and procedures were drafted in accordance with the latest ACAS guidelines/recommendations and relevant anti-discrimination codes of practice and that these are regularly updated and reviewed?

YES NO

If NO please provide reasons why not

27 Please provide details of solicitors or any other employment law specialists/consultants consulted by you in the drafting of the standard contract(s) of employment and generally in connection with employment matters.

28 Can you confirm that you have not, in the last five years,

- (a) had any employees who have
 - (i) made, or have had made against them, allegations of bullying and/or harassment (whether sexual, racial or otherwise)?
 - (ii) been absent for work related reasons, including alleged stress?
- (b) become involved in a dispute with another party which has or could have resulted in an Employment Tribunal (or similar) or legal proceedings?

YES NO

If NO please provide full details including, in respect of any Employment Tribunals, full details of the claims/allegations, the outcome and any settlement or compensation payments.

PART D - GENERAL SECTION (Mandatory)

29 Please state whether the following classes of insurance have been carried during any of the past three years, together with appropriate detail

(a) Professional Indemnity

YES NO

If YES please provide details of Insurer, Period, Indemnity Limit and Retroactive Date of your current policy

(b) Directors and Officers Liability

YES NO

If YES please provide details of Insurer, Period and Indemnity Limit

(c) Employment Law Protection or Employment Legal Expenses

YES NO

If YES please provide details of Insurer, Period and Indemnity Limit

30 Can you confirm that

- (a) no person proposing for insurance has been convicted, or charged but not yet tried, of any criminal offence other than a motoring offence?
- (b) the Proposer has never had an application for this type of insurance declined by an insurer, had a renewal of such insurance declined, nor had similar insurance cancelled or made subject to special conditions?
- (c) no claims, prosecutions, proceedings or investigations (successful or otherwise) have been made or instigated against the Proposer and/or any person proposing for insurance to which this proposal relates?
- (d) no person proposing for insurance is aware, AFTER ENQUIRY, of any circumstance or incident which they have reason to suppose might afford grounds for any future claim such as would fall within the scope of the proposed insurance?

YES NO

If NO, please provide full details

31 What indemnity limits are required?

Professional Indemnity

£

Directors and Officers Liability

£

Employment Law Protection

£

DECLARATION

I hereby declare that I am authorised to complete this proposal on behalf of the Proposer and that, to the best of my knowledge and belief, the statements and particulars in this proposal are true and complete and no material facts have been mis-stated or suppressed.

I undertake to inform Underwriters of any material alteration or addition to these statements or particulars which occurs before any contract of insurance based on this proposal is effected and acknowledge that this proposal (together with any other information supplied to Underwriters) shall be the basis of such contract.

*Signed: _____ Name: _____

*Capacity: _____ Date: _____

*the signatory should be a director or senior officer of, or partner in, the Proposer.

N.B. Please submit a copy of the **dissolution agreement** if you have answered YES to question 9 (f)

N.B. If you have answered NO to question 14 please submit a copy of your **Business Plan**

EASY PAYMENT PLAN

Markel (UK) Limited has negotiated a highly competitive 10 month premium finance plan with a premium finance company, for the exclusive use of its Assureds.

To take advantage of these facilities please tick the box below enabling the finance company to dispatch a pre-prepared agreement directly to you for completion and return. Your Certificate of Insurance shall be endorsed accordingly.

The level of charge, applied to total premium (including IPT where appropriate), will be confirmed on the agreement. Contact your broker or ourselves for a note of current charge.

I WISH TO TAKE ADVANTAGE OF THE 10 MONTH EASY PAYMENT PLAN (TICK AS APPROPRIATE)

NOTICE TO THE PROPOSER

THE UNDERWRITERS

Markel (UK) Limited underwrites business on behalf of Markel Syndicate 3000 at Lloyd's and Markel International Insurance Company Limited.

Prior to any placement being concluded, the Proposer will be advised which insurer is to write this contract of insurance.

THE LAW OF THE INSURANCE CONTRACT

The parties to this proposed insurance are free to choose the law applicable to the insurance contract. Unless you specifically agree otherwise with Underwriters, your proposed contract will be governed by English Law.