

Transaction liability private enterprise (TLPE) insurance protects sellers against liabilities as a result of an inaccuracy in a representation or warranty given by the seller to the buyer in connection with the sale of a micro or small business (asset or company) (i.e. businesses with an enterprise value of between USD 250k and USD 10m). TLPE also covers defense costs. Please note, only sellers (or individuals giving representations and warranties) can be insured under a TLPE policy – a buyer cannot be insured.

We can issue a bindable TLPE policy in as little as 24 hours upon receipt of this application, the required materials and any follow-up underwriting questions being satisfactorily answered.

The purpose of this application form is for us to find out more about you. You must provide us with all information which may be material to the cover you wish to purchase and which may influence our decision whether to insure you, what cover we offer you or the premium we charge you.

### How to complete this form

*The individual who completes this application form should be a senior member of staff at the company and should ensure that they have checked with other senior managers and colleagues responsible for arranging the insurance that the questions are answered accurately and as completely as possible. Once completed, please return this form to your insurance broker.*

## Section 1: Broker Details

- 1.1 Broker: \_\_\_\_\_
- 1.2 Broker contact: \_\_\_\_\_
- 1.3 Broker email: \_\_\_\_\_

## Section 2: Company Details

- 2.1 Company name: \_\_\_\_\_
- 2.2 Website address: \_\_\_\_\_
- 2.3 Description of business activities: \_\_\_\_\_
- 2.4 Enterprise value of business: \$ \_\_\_\_\_
- TLPE is available to sellers of businesses / assets with an enterprise value of between USD 250,000 and USD 10,000,000. Should the enterprise value be outside of this range, we would be happy to discuss what alternative options may exist for insurance.*
- 2.5 Please confirm the North American Industry Classification (NAIC) code of business: \_\_\_\_\_
- NAIC codes are an important part of our underwriting process, so please endeavour to provide this information. If you are unable to obtain the code, please provide a fulsome description of the target business.*
- 2.6 Please confirm whether the company is located in California?    Yes    No
- If "no", please confirm whether the business sells products or provides services in California?    Yes    No*

## Section 3: Transaction

- 3.1 Please confirm the transaction type:    Asset    Company sale
- 3.2 Please confirm whether the buyer will acquire all the equity in the company?    Yes    No
- If "no", please confirm the percentage of equity that the buyer will acquire: \_\_\_\_\_*
- 3.3 Please confirm the status of the transaction:
- |                    |                  |                            |        |
|--------------------|------------------|----------------------------|--------|
| Preparing for sale | Buyer identified | In negotiations with buyer | Signed |
| Closed             |                  |                            |        |
- 3.4 Please confirm whether the sellers will be rolling over any equity?    Yes    No
- If "yes", please confirm what percentage of the seller's equity will be rolling over: \_\_\_\_\_ %*



3.5 Please confirm whether the buyer will know about the existence of the TLPE policy? Yes No

Section 4: Insurance

4.1 Please confirm the policy limit:

*The policy limit should match the amount which the seller is indemnifying the buyer for in respect of breach of representation or warranty, plus defense costs. This is usually 100% of the enterprise value of the business / asset.*

4.2 Please provide details of any specific coverage requests you have:

Section 5: Risk Management Information

5.1 Please fill in the below in respect of each individual or entity to be insured under this Policy and their involvement in the business or asset to be sold:

Individual/entity

Involvement in the business/asset to be sold:

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5.2 Please confirm whether the seller has prepared any diligence in respect of the transaction: Yes No

*If "yes", please provide details*

5.3 Please confirm whether the seller is using legal counsel to assist in the negotiation of the transaction: Yes No

*If "yes", please provide details of legal counsel:*

Name:

Address:

.....  
.....

5.4 Please confirm whether the business has engaged tax advisers to assist in filing tax returns and meetings its tax obligations: Yes No

If "yes", please provide the name and address of the business' tax adviser:

Name: Address:

5.5 Please confirm whether the business has ever been subject to a tax audit, involved in litigation, investigated by a government agency or in dispute with a third party or employee: Yes No

If "yes", please provide details:

5.6 Please state whether the business prepares financial accounts: Yes No

If "yes", please confirm:

a. the applicable audit standards used in the preparation of the business's financial accounts:

GAAP IFRS Cash

b. whether the business has ever been subject to a qualified audit opinion: Yes No

If "yes", please provide details:

c. the name and address of the business' auditors:

Name: Address:

5.7 Please state whether all tax returns have been duly filed: Yes No

5.8 Please confirm whether the business owns any intellectual property which will be sold to the buyer in connection with the transaction:

Yes No

If "Yes", please confirm whether the intellectual property is registered: Yes No

Please describe the intellectual property to be sold:

5.9 Please confirm whether the business has any employees? Yes No

If "yes", please confirm:

a. the total number of employees in the business for the last financial year:

b. the business' total wage cost for the last financial year:

5.10 Please confirm whether the business uses any contractors: Yes No

If "yes", please confirm:

a. how many contractors are used by the business:

b. the total cost of all contractors used by the business in the last financial year:

5.11 Please confirm if there is any recurring revenue in the business: Yes No  
If "yes", please describe the type and source of recurring revenue in the business:

5.12 Please confirm whether the business requires any licenses or permits to carry on its business: Yes No  
If "yes", please provide details:

5.13 Please describe the insurance coverage(s) of the business including the insurance coverage, limit, insurer and expiry date:

5.14 Please confirm whether the business has made a claim under an insurance policy in the past 3 years: Yes No  
If "yes", please provide details:

5.15 Please confirm whether the business owns any real estate which will be sold in connection with the transaction: Yes No  
If "yes", please confirm the value of the real estate:

5.16 Please confirm whether the business leases any real estate or property, plants or equipment: Yes No  
If "yes", please state the annual cost of all leases:

5.17 Please describe the cyber security protections used by the business:

.....  
Please confirm whether the business has ever been subject to a cyber attack (whether attempted or successful): Yes No

If "yes", please provide details:

5.18 Please state whether all tax returns have been duly filed: Yes No

5.19 Please confirm whether the business has ever been requested to provide any information or attend any meeting with a government regulator (including a tax authority): Yes No

If "yes", please provide details, including the name and address of the regulator:

## Section 6: Claims Experience

6.7 Please state whether you are aware of any fact, matter or circumstance, which could result in a breach of any representation or warranty in the contract for the sale of the business or asset:

If "yes", please provide details:

6.2 Please provide details of anything else we should know about the business/asset or the transaction for the purposes of the insurance coverage:

6.3 Please ensure that the following materials are provided to us:

Contract for the sale of business / asset (including disclosure schedules)

Index of Virtual Data Room

Please note that we do not need a copy of the contents of the virtual data room (VDR), just a list of all documents and materials available in the VDR.

Q&A between the seller and the buyer

Financial accounts of the business

### Important Notice

By signing this form you agree that the information provided is both accurate and complete and that you have made all reasonable attempts to ensure this is the case by asking the appropriate people within your business. CFC Underwriting will use this information solely for the purposes of providing insurance services and may share your data with third parties in order to do this. We may also use anonymized elements of your data for the analysis of industry trends and to provide benchmarking data. For full details on our privacy policy please visit [www.cfcunderwriting.com/privacy](http://www.cfcunderwriting.com/privacy)

Contact Name:

Position:

Signature:

Date (MM/DD/YYYY):