

Category	Referral Triggers	Dynamic Questions on Portal App	Follow-up Questions/Additional Information	Underwriter Considerations	Authority for Sales Team	UW To Dos
<b>Note that these guidance below is subject to changes and that underwriters have the authority to ask additional questions on the account as they deemed necessary. This document is NOT the end all be all, but serves as a guide for the sales team to get ahead of these referral triggers as much as possible.</b>						
Prior cancellation / non-renewal	Submission referred for having non renewed or cancelled policy	<p>With regard to the coverage that you are applying for, in the last 12 months has your policy been cancelled or non-renewed?</p> <p>- If yes', the following question is asked on the application:</p> <p>Was the cancellation or non-renewal due to claim activity on the Company's policy?</p>	<p>If nonrenewed/cancelled due to claim(s):</p> <ul style="list-style-type: none"> <li>- Provide updated loss runs (for the past three years, if applicable, from the prior insurer that nonrenewed)</li> <li>- Provide details to the claim(s) noted on the loss run</li> <li>- Ask for any remedial measures put in place to prevent similar incidents from occurring in the future</li> </ul> <p>If carrier nonrenewed/cancelled, please provide details on why the carrier canceled or non-renewed the Company's policy</p>	<p>When UW review the claim details/loss runs, we will determine whether the claim is systemic or one time occurrence and if there were remediation to prevent the claim from happening again.</p> <p>If a carrier nonrenews/cancels - we need to dig deeper. If it is their entire portfolio of similar risks, UW need to look into whether current event can trigger a carrier to take that approach and determine if we need to address it.</p> <p>Refer <a href="#">here</a> for guidance.</p>	<p>Policy cancelled/nonrenewed by the insured, not by their insurer, where there is gap in coverage/lapse in coverage:</p> <p>Add Prior Acts Exclusion as it pertain to the coverage:</p> <p><a href="#">D&amp;O Prior Acts Exclusion</a>  <a href="#">EPL Prior Acts Exclusion</a>  <a href="#">Fiduciary Prior Acts Exclusion</a>  <a href="#">Technology E&amp;O Prior Acts Exclusion</a></p> <p>Authority resides to the following individuals on the Sale Team:</p> <p>Access - Sam Black / Marijana Mitrovic / Haley Roberson</p> <p>Individuals with Authority - please document in 'Chatter' on the Opportunity or the Account's Notes that you have approved in Salesforce.</p> <p>If consideration is needed to remove Prior Acts Exclusion, referred to UWs and provide the following information:</p> <ul style="list-style-type: none"> <li>- Why the insured allow the policy to lapse?</li> <li>- Full warranty need</li> </ul> <p>UW will perform unicorn/google search and claim search before making determination.</p>	<p>Check data on variation of responses for this question</p>
Area Of Focus	<p>Submission referred for having a specific area of focus (Gaming/Healthcare/Fintech/Insurance)</p> <p>[IF AND ONLY IF FUNDING &gt; \$10M OR REVENUE &gt; \$4M] - Effective 9/21/2023</p>	Dynamic questions in place for the majority of these AOF triggers.	<p><a href="https://embroker.atlassian.net/wiki/spaces/EM/pages/11131617379/ESP+Dynamic+Questions">https://embroker.atlassian.net/wiki/spaces/EM/pages/11131617379/ESP+Dynamic+Questions</a></p>	<p>For specifics, please see the google sheet below:</p> <p><a href="https://docs.google.com/spreadsheets/d/1ceCsg-WeSYN3U1TFUBX358qbcbFLkozcDCLNR4BxLOHA/edit#gid=0">https://docs.google.com/spreadsheets/d/1ceCsg-WeSYN3U1TFUBX358qbcbFLkozcDCLNR4BxLOHA/edit#gid=0</a></p>		<p>Reviewing all the Dynamic Questions and provide steps after it hit referral triggers - see google sheet in column E</p> <p>- If Play to earn exposures &amp; regulated by the SEC &gt; decline</p> <p>- If no play to earn exposures and not regulated by the SEC &gt; add the gambling exclusion</p>
Last Funding Round > 2 years	<p>Submission referred for having five years passed since funding</p> <p>Submission referred for not enough assets to maintain operations and debt obligations over the next 18 months</p>	<p>Given the cash burn rate of the past 6 months, does the Company have available balance sheet assets to maintain operations and debt obligations over the next 18 months?</p> <p>Does the Company anticipate any rounds of additional funding?</p> <p>If No, please provide details on what the go-forward strategy is to maintain operations.</p> <p>If Yes, provide 'Targeted Additional Capital Amounts' AND Anticipated Funding Date.</p> <p>If unknown, suggest answering "No" and typing in "TBD" into the go-forward strategy text box.</p>	<p>If Yes - refer if last funding round is over 60 months old; no action if the last funding round is between 24 and 60 months old</p> <p>If No, the question below is triggered</p> <p><b>Additional Question (if applicable):</b> Regarding the additional \$____M in funding anticipated for ____ - how confident are you that this will close? Is a term sheet in hand?</p> <p><b>Additional Info Need:</b> Provide Balance Sheet and Income Statement.</p> <ul style="list-style-type: none"> <li>- Recent year end financials (if we're in Q1 and Q2)</li> <li>- Interim current year to date financials (if we're in Q3 and Q4)</li> </ul>	N/A	N/A	N/A
PE/VC Investors	Investors besides Private Equity and Venture Capital with more or equal to 50% (Effective 9/21/2023)	None	Do any shareholders hold 10% or more of the voting shares and are not represented on the board of directors?	<p><b>Yes:</b> Attach a percentage shareholder exclusion at 10%</p> <p><b>No:</b> no changes</p> <p>Underwriters will take this opportunity to check the class of business accuracy and loosely follows this referral trigger - 'Submission referred for having only Private Equity funding'</p>	No authority. Must referred to Underwriters	
Sole Source of Funding - Private Equity	Submission referred for having only Private Equity funding	None	<p><b>Additional questions:</b></p> <ul style="list-style-type: none"> <li>- Has the applicant experienced within the past 24 months, or does the applicant anticipate in the next 12 months, any of the following events: <ul style="list-style-type: none"> <li>- Merger, acquisition, sale of any assets, or other similar transactions?</li> </ul> </li> <li>- If yes, please provide details regarding the transaction and transaction date.</li> <li>- If acquiring another entity, please provide the entities nature of operations and revenue/employees count.</li> <li>- Any financial restructuring, reorganization, or filing for bankruptcy?</li> <li>- If yes, please provide details regarding the event including any change in ownership, the event date, as well as the reasoning for the event.</li> <li>- Any downsizing, layoffs, reduction in force, or plant or office closings?</li> <li>- If yes, please provide % of employees impacted and when it occurred.</li> </ul> <p>Please also confirm whether or not all impacted employees were offered severance in exchange for signed waivers, and what the percentage of impacted employees who agreed to sign.</p> <p><b>Applicable to only D&amp;O Coverage:</b></p> <ul style="list-style-type: none"> <li>- Do any shareholders hold 10% or more of the voting shares and are not represented on the board of directors? (This information can be found with ownership breakdown and identify who serves as directors and/or officers of the organization)</li> <li>- Does any entity own or control the applicant business or does the applicant business own or control any entity? (This information can be found via an org chart of insured's entities)</li> <li>- Current balance sheet and income statement.</li> <li>- Recent year end financials (if we're in Q1 and Q2)</li> <li>- Interim current year to date financials (if we're in Q3 and Q4)</li> </ul>	<p>Private equity firms invest for control, acquiring a majority stake or 100% of portfolio companies. Private equity firms do not maintain ownership for the long term, but rather prepare an exit strategy after several years. Basically, they seek to improve upon an acquired business and then sell it for a profit.</p> <p>We want to underwrite to make sure that these changes (e.g. sold, reorg, filing for bankruptcy, downsizing, layoffs), as laid out on the questions, are less likely to happen during our policy terms. These situations will happen if Private Equity firms are making changes to their control of their investment, the insured.</p> <p>We are taking the time to also look into their business to make sure it is eligible because we have seen claims stemming from PE investment only and their class of business is not eligible - so this allow us the opportunity to look into their class of business.</p> <p>Regarding their financial statement requirement, the more months in a year we can get, the truer the picture of their financial position we can analyze and the better picture of their cash burn ratio we can calculate with high degree of confidence.</p>	<p>If the insured answered 'no' to all the additional questions (except for D&amp;O) and that you've looked over their class of business and within appetite - please proceed to quote.</p> <p><b>D&amp;O Coverage:</b></p> <p>No authority. Please refer to underwriters.</p>	Get a list of Private Equity that is most commonly used in our applications and start to look through the common PE firms and start to understand their investing behaviors etc.
Sole Source of Funding - Crowdfunding	Submission referred for having only Crowdfunding	None	None	<p>D&amp;O will automatically be ineligible on the platform.</p> <p>EPL and Tech E&amp;O is ok to proceed.</p>	Platform handles the D&O automatically. Ok to continue with EPL and Tech E&O/Cyber	

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EPL	Submission referred for having more than 500 Employees (EPLI)	<ul style="list-style-type: none"> <li>- Is an employee handbook maintained with a minimum of anti-discrimination and anti-harassment policies? (Most competitor applications should have a question referencing this.)</li> <li>- How many locations does the Company have? (A review of the company website or a quick Google search will often provide the answer.)</li> <li>- Are all locations part of the named insured and/or its subsidiaries? (This is only asked if there is more than one location. A review of the company website will often provide the answer (often within the "Contact Us" section of the website). If an org chart is available, it may provide the answer as well. Acceptable to be quoted subject to this answer.)</li> <li>- Are human resource (HR) functions centralized and consistent across all locations? (This is only asked if there is more than one location. Some competitor applications ask this question as well. Acceptable to be quoted subject to this answer.)</li> </ul>	Additional Info: - Provide the total number of independent contractors and how many of them are in CA - What is the % of employees are high wage earners (making over \$150K annually)	Due to the high number of employee count, UW are to analyze the appropriate policies in place and pricing/retention adequacies.  If there is no handbook, account will be decline.	No authority. Must referred to Underwriters	
EPL	Company has had too many layoffs (ESP)	In the last 12 months has the company had (or is the company currently contemplating) a one-time mass layoff or reduction in workforce?  If no, no action  If yes, what was the (or is the contemplated) percentage of employees laid off (or to be laid off)? Less than 5%, 5%-10%, 11%-15%, 16%-20%, 21%-30%, Greater than 30%  If it is greater than 30%, platform will make EPL as ineligible.	If percentage of employees dropped by 20% or greater - the following questions will be asked:  With regard to the drop in headcount, can you confirm if this was layoff/RIF related and if so, was severance offered in exchange for signed waivers/are any additional layoffs/RIF being anticipated? Did any employees refuse to sign? Additionally, did you consult with outside counsel prior to the RIF?	<b>Yes:</b> Add Amended Retention Layoff if greater than 20% threshold  <b>No:</b> If any unfavorable responses consider declining new business. Use underwriting discretion for renewal business accounts.  If severance and waivers signed by all, then no endorsement is needed as claims cannot be filed	No authority. Must referred to Underwriters	
Tech E&O/Cyber	Submission referred for company not storing data on regular basis Submission referred for company not backing up data	<ul style="list-style-type: none"> <li>- Does the company store data critical to its business operations via a cloud service such as AWS, Google Cloud, or Azure?</li> <li>If yes, no further question</li> <li>If no, do you back up business critical information?</li> <li>- If yes, how often do you back up business critical information? Daily, Weekly, Monthly, Other? If other, please explain.</li> <li>- If no, no further question</li> </ul>	If no detailed explanation provided, ask for details on why the company does not store data on a regular basis	Underwriters are looking to see if the insured's critical data for their business operations is backed up. If they do not, there is potential for business disruption and the cost associate with it.  If the insured does not have their critical data backed up, underwriters may consider not offer higher limits and possibly declinations.	No authority. Must referred to Underwriters	Need to look into claims data to see frequency and severity of claims on Tech E&O/Cyber accounts that have no data back ups. Maybe if they do not have data backed-up, capped their limit at \$3M if they happen to secure quote through the portal.
Tech E&O/Cyber (Higher Limits and/or unfunded Tech E&O)	Submission referred for company not using written contracts	None	Please advise how expected engagement work is scoped, detailed, and reviewed if the insured does not use written contracts/service agreements	<b>Yes:</b> Insured has plans to implement or they have some sort of written contract/service agreement in place OK to move forward.  <b>No:</b> Use underwriting discretion; decline to offer higher limits	No authority. Must referred to Underwriters	
Tech E&O/Cyber	Submission referred for not being protected with Multifactor Authentication (Old) Submission referred for not being protected with Multifactor Authentication and revenue is more than 5M (New)	None	Ask for details and if the insured has plans to implement this in the near future and when	<b>Yes:</b> Insured has plans to implement within the next 3 months ok to move forward with offering terms  <b>No:</b> decline  Do <b>NOT</b> offer higher limits on accounts with no MPAs in place currently	No authority. Must referred to Underwriters	Make sure we set the account as "Referred" on the platform and document Salesforce, so that come next renewal, we ensure that this gets followed through.
Tech E&O/Cyber	Submission referred for having SecurityScorecard Grade D or F	None	Ask for their input on the concerns and if they have plans to implement any recommendations to improve the score.	Generate full report on the security scorecard website and send to the insured.  If non-favorable responses decline	No authority. Must referred to Underwriters	
Tech E&O/Cyber	Submission referred for number of PII records 3M or more	Portal app has the following question regardless of PII records count: Do you ensure that all sensitive and personally identifiable records are encrypted when stored?		If they answer no to the question, it is a decline.  Underwriters will review for adequate pricing/retention	No authority. Must referred to Underwriters	Pull all the accounts that has this trigger and look through it to determine the pricing, retention, losses, and bind rate.
Account Status	Submission referred for having policy in referred status	None	None	Underwriters would look into the account to determine why the account is set to "Referred" status	No authority. Must referred to Underwriters	
	Force ESP not eligible flag set (ESP)	None	None	Underwriters would look into the account to determine why the account is set to "Force ESP not eligible" e.g. claims or treaty exclusion	No authority. Must referred to Underwriters	
Industry	Submission referred for having policy in referred industry	None	Varies - Depending on the Specific Industries. More to come... <a href="#">NAICS eligibility</a> - Orange color code notated being referred		No authority. Must referred to Underwriters	Top 5 industries: 511210 (Software Publishers) 524210 (Insurance Agencies and Brokerages) 541110 (Offices of Lawyers) 541990 (All Other Professional, Scientific, and Technical Services) 522291 (Consumer Lending)  UW will work on these 5 referral industries to provide further guidance
Prior Claims	Company has been involved in breach of privacy in past three years (Technology ENO/Cyber)	Portal App will only provide "Please Explain" free-type box			No authority. Must referred to Underwriters	
	Submission referred due to company legal issues in the past 3 years				No authority. Must referred to Underwriters	
	Submission referred due to client being aware of possible claim raising circumstances				No authority. Must referred to Underwriters	
	Submission referred for having one or more claim(s) - Directors and Officers, Employment Practices, Fiduciary, Technology E&O/Cyber				No authority. Must referred to Underwriters	
Funding/Revenue	Submission referred for having revenue between \$25m and \$300m (TechEO unfunded)	None			No authority. Must referred to Underwriters	
	Submission referred for having more than \$100m in revenue	None			No authority. Must referred to Underwriters	
	Submission referred for having more than \$250m in funding	None			No authority. Must referred to Underwriters	
Organization	Submission referred for organization type (base on website) (Examples: '.org'; '.gov')	None		We cannot entertain government entities and not in the market for non-profits.	No authority. Must referred to Underwriters	



























