

Target
Preliminary Due Diligence Document Request List
March 2000

The following is a preliminary due diligence information request list prepared in order to conduct our agreed-upon procedures with regard to financial and certain operational information of Target. (“Target” or the “Business”). The “historical period” referred to herein is defined as the years ended December 31, 1997, 1998 and 1999 and year to date (YTD) 2000. The “historical balance sheet dates” are defined as at December 31, 1998 and 1999 and the most current period.

Information requested should be prepared for historical period (monthly) and for historical balance sheet dates unless otherwise noted.

Please provide information separately for “Agency” and “Underwriting” activities.

General

1. Access to the general ledgers for the historical period.
2. Consent to read the independent accountants’ working papers for the year ended December 31, 1997, 1998 and 1999 access to representatives of the independent accountants for inquiry.
3. An organization chart.
4. Ownership structure (legal and operational).
5. Description of revenue/cash collection, purchases/cash disbursement, and payroll procedures.
6. Description of (i) significant and/or unusual accounting practices, (ii) accounts that involve a significant amount of management judgment (e.g., allowance for doubtful accounts, reserves for warranty costs and inventory reserves, etc.), (iii) any changes in accounting policies, procedures and practices, (iv) nature and extent of year-end closing adjustments, (v) unusual or non-recurring items of income or expense, (vi) transactions representing “soft” income/losses or income generated from outside normal operations, (vii) transactions with affiliates, (viii) acquisition or divestitures during the historical period, and (ix) changes in business strategies, policies, procedures or practices.
7. Description of differences in interim and year-end accounting procedures for the historical period and a summary/description of interim or year-end “out-of-period” closing adjustments made during the historical period.
8. Summary of and documentation in support of any proposed pro forma adjustments to the historical operating results.
9. Copies of any consulting studies or reports issued by outside consultants.

10. Schedule of information systems hardware and software, which includes date of acquisition and description of the equipment and software. Provide a listing of the systems strengths and weaknesses, as well as the Business's plan to address deficiencies.
11. Description of any Y2K related issues and their status.

Historical sales, cost of sales, and gross profit

Please provide monthly data.

1. A description, of the Business's sales and marketing strategies, including project pricing and promotional strategies, target markets for principal service areas and geographic concentrations; competitive positioning; and a description of credit terms and incentives.
2. Copies of recent Request for Proposals ("RFP").
3. An analysis of revenues for each service area by type of contract, where possible.
4. An analysis of commission income by customer type and respective gross margin for each customer.
5. A schedule of the elements of direct expenses by cost category for each period in the historical period. Provide a description of the nature of the expense account.
6. A schedule of indirect wages, and average headcount for each year in the historical period.
7. A copy of all current contracts with customers, categorized between recurring and nonrecurring projects, and for cancellation notices pending or anticipated.
8. Details of any proposals for recurring or non-recurring projects currently outstanding, with estimates of their potential impact on revenue, and for cancellation notices pending or anticipated.
9. An analysis of discounts given by customer.
10. Analysis of pricing by contract for the historical period.
11. Premiums - Claims Loss Ratio by wireless carrier.
12. Loss Run Report by wireless carrier.
13. Subscriber Enrollment History by wireless carrier and by insurance company.
14. Summary wireless carrier information

Operating expenses

Please provide monthly data.

1. Analysis of operating expenses for commissions, rebates and direct salaries for the period under review.

2. Provide a description of the reasons for certain fluctuations in operating expenses between periods and a description of the fixed/variable nature of each operating expense.
3. Description of staff salary and commission arrangements (includes commission rates and base compensation by person, timing of payment during the historical period).
4. A reconciliation of the total payroll costs as reported in Target's financial statements to the payroll records for the period under review.
5. An analysis of occupancy cost for the historical period.
6. A schedule of the salaries, bonuses and other compensation applicable to the ten highest compensated employees for each period during the historical period.
7. Copies of current employment and consulting agreements, if any.
8. Description of inter or intra-company pricing for projects (e.g. refurbishments).
9. An analysis and description of employee benefits.
10. An analysis of insurance expense for all types of coverage and premiums paid.

Other income/expense

Please provide monthly data.

1. A schedule of other income/expense for the historical period. Provide a description of the nature of the account. Provide supporting documentation for significant amounts.

Projected operating results

Please provide monthly data.

1. Description of the assumptions used by the Business in developing its 2000 and future years' projections.
2. Projection of revenues and cash flows through December 31, 2000.

Segregation of Agency Business from Underwriting Business

Please provide monthly data.

1. An analysis showing the breakdown of all expenses and revenues by these two divisions and description of methodology used in allocating expenses including overhead, salaries, commissions, etc.

Carrier Worksheet

Please provide monthly data.

1. Please provide “carrier worksheets” for 1997, 1998, 1999 and year-to-date 2000. The schedule should at a minimum include:
 - a) retail pricing,
 - b) number of claims by carrier,
 - c) wholesale pricing,
 - d) average claims cost,
 - e) losses,
 - f) loss ratio,
 - g) claims filed, and
 - h) claims paid.

Captive

Please describe your policy for repairing or replacing phones (refurbished versus new).

Balance sheet

Please provide monthly data.

Accounts receivable/Gross premiums receivable

1. A description of the Business’s policies and procedures with respect to billing, credit and collection, revenue recognition and establishing reserves for bad debts, customer chargebacks and other allowances. Provide a listing of customers with non-standard payment terms.
2. Aged accounts receivable trial balances as of the historical balance sheet dates, including a reconciliation to the general ledger.
3. Monthly days’ sales in accounts receivable statistics for the historical period on a quarterly and 12-month basis. Provide an explanation for significant changes.
4. Roll-forward of the accounts receivable reserves for the historical period (beginning balance, write-offs, recoveries, provision, other, ending balance), including a list of major accounts written off. Provide management’s computation of the reserve for bad debts as of the historical balance sheet dates.
5. A summary analysis of vendor rebates if any.

Cash

1. Description of cash management policies and procedures.
2. A list of bank accounts, signatories, and purpose.
3. Access to monthly bank statements and bank reconciliations.

Investments

1. Details of investments for the historical period.

Prepaid Expenses

1. Detail analysis of prepaid expenses for the historical period.

Property and Equipment

1. Fixed assets detail at December 31, 1999.
2. Fixed assets and related depreciation roll forward (purchases, disposals) for the historical period.

Other Assets:

1. Details of other assets and descriptions for the historical balance sheet dates.

Accounts payable/Gross premiums payable and accrued liabilities

1. Description of accounts payable terms, payment practices and cut-off policies and procedures in use during the historical period.
2. Accounts payable trial balances (preferably aged) as of December 31, 1999 and the most current period reconciled to the general ledger.
3. A schedule and back-up documentation of accrued liability account balances as of the historical balance sheet dates. Provide a description of the nature of the accounts and reasons for fluctuations.
4. Description and amount of contingent liabilities or guarantees (either by or on behalf of the Business) not reflected on the Business's balance sheet as of December 31, 1999 and the most current period.

5. Description of the policy regarding deferred revenue. Analysis and calculation of deferred revenue at the historical balance sheet dates.

Unearned Income

1. Analysis of unearned income with support at historical balance sheet dates.

Equity

1. Provide a roll forward of equity by partner for the historical period.

Contracts, Commitments and Contingencies

1. Provide a summary of all asserted and unasserted claims and assessments.
2. Copies and summaries of all contracts and agreements with vendors, customers and other third parties, including but not limited to:
 - ⇒ Debt, capital lease and operating lease agreements.
 - ⇒ Employment contracts.
 - ⇒ Telecommunication contracts.
 - ⇒ Information system maintenance contracts.
 - ⇒ Assignment or change in control agreements.
 - ⇒ Profit sharing and participation agreements.
 - ⇒ Employee benefits.
 - ⇒ Other significant contracts and agreements

Related Party Transactions

1. Provide a summary financial analysis and description of all related party transactions for the historical period. This should include relationships with owners, parent, subsidiary or sister companies.

Working capital and seasonality

1. Monthly analysis of net sales, EBITDA and the components of working capital.
2. Details of planned capital expenditure for 2000.

Income Taxes

1. Copies of the federal, state, and other income tax returns as well as the sale and use tax returns for the last three tax years, and copies of any amended returns or carryback claims for the same period.
2. Any correspondence with federal, state and local tax authorities.

Payroll Taxes

1. Copies of representative federal and state payroll/unemployment tax filings for all open tax years, including federal Form 940.
2. Provide a list of individuals who are paid by Target as independent contractors rather than employees including the amount of compensation for the current year and past three (3) years and a description of the individual's duties.

Company

Comprehensive Due Diligence Request List

Due Diligence Request List

CONFIDENTIAL

	Requested By	Date Requested	Date Received
I Corporate Basics			
a) Documents			
1. A list of any subsidiaries of the Company, indicating the jurisdiction of incorporation of each such subsidiary, the percentage ownership by the Company and the names and percentage ownership interests by other shareholders of such subsidiary			
2. The Company's charter documents, as amended since the Company's formation			
3. The by-laws of the Company, as currently in effect			
4. Minutes of all meetings of (i) the Board of Directors, (ii) all committees of the Board of Directors, and (iii) shareholders of the Company			
5. Minutes of all meetings of (i) the Board of Directors, (ii) all committees of the Board of Directors, and (iii) shareholders of the Company			
6. A schedule of the holders of options to purchase securities of the Company			
7. All contracts relating to securities of the Company, including stock option plans, forms of stock option agreements, convertible securities, warrants and warrant agreements and agreements pursuant to which the Company has issued, registered or agreed to issue or register securities under the Securities Act of 1933, as amended			
8. All contracts relating to securities of the Company, including stock option plans, forms of stock option agreements, convertible securities, warrants and warrant agreements and agreements pursuant to which the Company has issued, registered or agreed to issue or register securities under the Securities Act of 1933, as amended			
9. All loan, shareholder and repurchase agreements made for the benefit of any officer, director, nominee for director, shareholder or employee of the Company			
10. Management's reports to the Board of Directors of the Company for the past three years			
11. Material correspondence with applicable federal, state or foreign securities commissions			

Due Diligence Request List

		Requested By	Date Requested	Date Received
II	Finance/Accounting			
	a) Financial and other information			
	1. Provide in electronic format annual budget, budget vs. actual, and audited financial statements for each of the last five years under GAAP and, if available, statutory accounting			
	2. Provide GAAP and Statutory trial balance for most recent FYE and latest closed monthly balances			
	3. Provide income statements, balance sheets, and cash flow statements for each month of the last 12 months in common electronic format			
	4. Provide detail and explanations for all significant non-recurring items booked in last 5 years, including the YTD period			
	5. Provide a list of each builder, product(s) selected, contract begin and end date, number of homes, revenue and self insurance limit (include contracts that have been signed but not yet started) see example attached			
	6. Provide detail end of period builder audit results for the last two years			
	7. Provide detail of all related-party transactions for prior year and YTD period			
	8. Provide detail support and explanation of all contingent liabilities			
	9. Provide explanation and support for all transfer pricing if applicable, example:			
	<ul style="list-style-type: none"> • Overhead cost allocated 			
	<ul style="list-style-type: none"> • Transfer pricing policy for central services and how do these impact operating results 			
	10. Provide current FY budget and any longer-term plan (e.g., a five-year plan), including all related assumptions and supporting documentation, including:			
	<ul style="list-style-type: none"> • Hiring plans 			
	<ul style="list-style-type: none"> • Significant capital expenditures and minimum working capital requirements 			
	11. Provide detailed profit and loss breakdown to major product lines			
	12. Provide analysis of run-rate impact of recent customer wins/losses			

Due Diligence Request List

	Requested By	Date Requested	Date Received
13. Separate costs influenced by changes in the level of activity (variable costs) from those which are not influenced by level of activity (fixed costs)			
14. Provide management letter for most recent FY audit (if available)			
15. Provide a detailed reconciliation of statutory financial statements to the audited/reviewed financial statements for the past three fiscal years, as well as the YTD period. In addition, provide detailed explanations of all reconciling items			
b) Cash accounts			
1. Provide reconciliations of all cash accounts			
2. Provide aging of all reconciling items greater than 30 days			
c) Leases			
1. Provide detailed summarized lease schedule of all significant lease criteria as of most recent FY end or more current; include any termination costs in the summary schedule if applicable			
2. All deeds relating to real property owned by the Company			
3. All agreements encumbering real or personal property, including mortgages, deeds of trust and security agreements			
4. All title insurance policies for material properties owned or leased by the Company.			
5. All leases of real property and all leases of any substantial amount of personal property to which the Company is a party, either as lessor or lessee			
6. Forms of all rental, warranty and service agreements to which the Company is a party			
d) Policies and procedures			
1. Provide all written accounting policies and procedures, income and expense recognition, asset and liability valuation, [loss reserve assumptions]			
2. Provide all internal audit reports issued in most recent fiscal year and for the last three years			
3. Provide current year internal audit plan			

Due Diligence Request List

	Requested By	Date Requested	Date Received
e) Receivables			
1. Provide summary of receivables and compare ratios to previous periods			
2. Provide an aged summary of receivables			
3. Provide detailed support for bad debt provisioning and adequacy of allowance as of most recent fiscal year end and most recent			
4. Provide turnover ratios			
f) Deferred Acquisition Costs			
1. Provide DAC policy			
2. Provide detail explanation of the nature of costs deferred			
3. Provide support and explanation of any recent changes to DAC policy			
4. Provide amortization schedules for DAC and explain why appropriate			
g) Suspense Accounts			
1. Provide reconciliations and detail listing of all suspense accounts			
2. Provide balances for each of the last twelve months			
h) Unearned Revenue			
1. Provide support and reconciliation for unearned revenue balances by builder			
2. Provide unearned revenue policy			
3. Quantify the amount of unearned revenue accelerated and recognized into income during the three most recent fiscal years, and the YTD period, if any			
i) Accounts payable and accrued liabilities			
1. Provide a summary of trade payables			

Due Diligence Request List

	Requested By	Date Requested	Date Received
2. Provide a schedule of any fees to be paid in the event of a transaction			
j) Other liabilities			
1. Provide a summary of other liabilities for the past two years, explain any significant movements			
k) Debt arrangements, if any			
1. Provide list of all debt arrangements and list banks and lenders the company is associated with			
2. Provide summary of debt breakage costs on refinancing / change-of-control			
3. Provide debt covenant calculations and support for last year (monthly or quarterly support as available)			
l) Auditor Reports			
1. All letters, written during the last three years, from the Company to the Company's independent public accountants regarding those representations requested by such independent public accountants in connection with an audit of the Company			
2. All letters, written during the last three years, from the Company to the Company's attorneys requesting such attorneys to send a letter to the Company's independent public accountants summarizing the Company's pending or threatened litigation			
3. All letters, written during the last five years, from the Company's attorneys to the Company's independent public accountants			
4. All audit reports, review reports, "comfort letters," reports on internal control structure and other management reports written during the last five years, from the Company's auditors to the Company and the Company's responses to such reports			
5. Reserve working papers (i.e. accident year analyses, line of business, program, state, paid dollars, pending dollars, paid counts, pending counts)			
6. Access to auditor and actuary working papers			
7. Rate filings			
8. Rating manuals/guidelines			

Due Diligence Request List

	Requested By	Date Requested	Date Received
9. Rate monitoring programs/ guidelines			
III Management Reports			
a) Provide a list and copy of all management reports used to monitor/manage the business. E.g. loss ratio, loss performance; new contracts; starts by builder			
1. List the frequency the report is generated			
2. Provide a description of how each report is interpreted and used			
IV Sales			
a) Provide a sales pipeline report			
b) Describe the lead generation process			
c) Provide a description of the process for working with agencies			
V Products			
a) Provide a product description of each of the company's products including a breakdown of the sales channel for each			
VI Competition			
a) Provide an overview of the competitive market			
b) Provide description of market size			
c) Provide a comparison/contrast with major competitors			
d) Detail market share of top competitors			
VII Risk Management			
a) Insurance			
1. A schedule of each form of insurance contract used or approved for use by the Company since inception, including limits that are currently offered on aggregate			

Due Diligence Request List

	Requested By	Date Requested	Date Received
basis. For each form of contract, the schedule should identify the type of contract, the contract's form number, the form number of any applications and/or riders used with the contract, the approximate gross premium written for that contract in the past year, and the approximate expected gross premium for the current year for that contract			
2. A client retention report to understand the turnover of business on an annual basis			
3. A sample of, and sales and marketing materials used in connection with, each contract listed above			
4. All agency, management, claims processing, underwriting services, consulting, investment advisory or investment management, expense allocation, tax allocation and insolvency agreements to which the Company or any of its affiliates is a party			
5. All material agreements with affiliates, including all service and cost allocation agreements			
6. All agreements with insurance agents, brokers, reinsurance intermediaries or managing general agents, including without limitation those which permit the placement of reinsurance with the Company			
7. All agreements related to premium financing operations, including without limitation customer agreements, bank financing and/or line of credit agreements and intercompany agreements			
8. List of all insurance agents, solicitors, service representatives, adjustors and claims investigators employed by or acting on behalf of the Company			
9. All insurance licenses and any material correspondence relating thereto in the last five years			
10. All material letters, orders, stipulations and other correspondence from insurance regulators in the last five years			
11. All business plans filed with any insurance regulatory agency in the last five years.			
b) Underwriting			
1. Provide underwriting process by business line			
2. Procedure, policies, underwriting guidelines			

Due Diligence Request List

	Requested By	Date Requested	Date Received
3. Authority levels			
c) Reinsurance			
1. Distribution by company			
2. Summary of all reinsurance policies and key provisions			
3. Provide an overview of reinsurance programs in place			
VIII Regulatory, Legal & Tax			
a) Intellectual Property			
1. Documentation regarding patents, trademarks, logos, trade names and other intellectual property rights owned or used by the Company, as well as of pending procedures related to registration of any intellectual property rights			
2. Documentation regarding Internet domain names owned or used by the Company			
3. Documentation regarding copyrights owned or used by the Company			
4. Copies of all software licenses and documentation regarding registry of software			
b) List of any current disputes with regulators or government agencies			
c) Schedule of any material litigation currently involving the Company, and the likelihood of potential financial impact			
d) Copies of articles of incorporation and by-laws, including amendments thereto			
e) Tax			
1. Provide information describing any carry-forwards			
2. Copy of tax sharing agreements (federal and state)			
3. Provide forward tax depreciation waterfall			

Due Diligence Request List

	Requested By	Date Requested	Date Received
4. Schedule of any unrecognized deferred inter-company transactions (DITs)			
5. For the past 5 years, copies of (federal and state):			
• All revenue agent reports			
• Inventory of outstanding waivers and open tax years			
• Protest letters			
• Closing agreements			
• Correspondence regarding current or pending tax litigation			
• Private letter rulings			
• Federal disclosure statements			
• Changes in accounting method			
• Tax opinion letters from outside sources (accountants or legal counsel)			
5. Description of any recurring tax issues (federal and state)			
6. Copy of statutory and GAAP tax accrual computation and its supporting workpapers for the two most recent fiscal year ends, including current tax calculation, effective tax rate reconciliation, deferred income taxes, and component analysis of current tax payable (federal and state)			
7. Provision to return analysis for the most recent three tax return filings, with an explanation of significant variances			
8. Tax-basis balance sheet and outside tax basis and supporting workpapers			
9. Supporting tax return workpapers for prior two fiscal years			
10. Summary of any previous acquisitions, reorganizations or restructurings			

Due Diligence Request List

	Requested By	Date Requested	Date Received
11. Identify any reinsurance transactions which failed FAS 113 and explain the tax accounting treatment reflected in the tax returns and tax provision			
12. Identify any tax shelters			
13. Please provide tax returns for international operations, if any			
IX Operations			
a) Claims			
1. Historical claim vision, strategy and management philosophy			
2. Program, product and claim mix-distribution of claims by size and type			
3. Manuals-technical, administrative, legal, measurements, operations, systems			
4. Office locations with organizational charts			
5. Management controls			
6. ECO claims			
7. Serious claim criteria and list of claims			
8. Coverage and potential coverage issues			
9. Reinsurance reporting and collections status/issues			
10. Current year and prior reinsurance structure			
11. Organizational structure-staff, duties, experience			
12. Monitoring reports, including			
13. Audits			

Due Diligence Request List

	Requested By	Date Requested	Date Received
14. Workload reports			
15. Cycle time			
16. Performance measurement reports			
17. Litigation management programs			
18. Reserving			
19. Subrogation			
20. Transaction (new, closed, pending, comparisons)			
21. Technical/administrative audits/reports			
22. Backlogs			
23. Serious claim oversight/involvement			
24. Reinsurance collection reporting, collection, disputes, issues			
25. Distribution of claims by size and type			
b) Run Off			
1. Number and list of programs			
2. Termination date for new/renewal			
3. Number of claims, new and pending by program and total trends			
4. Number in litigation			
5. Reinsurance collection issues			

Due Diligence Request List

	Requested By	Date Requested	Date Received
6. Coverage or potential coverage issues			
7. ECO			
8. TPA solvency			
c) Infrastructure			
1. Processing platform – system capabilities and procedures (policy administration system detailed transaction process, policy issuance, rating, etc... Please include process flow charts), data control, integration with program managers and capabilities, website capabilities, functionality (underwriting, claims, marketing, accounting, management information)			
2. Service standards			
3. Accounting - terms and conditions process			
X Human Resources			
a) Provide copies of any term and/or permanent employment agreements in force, including and amendments and/or addenda			
b) Resumes for all top management personal			
c) Provide copies of all option, pension and benefit plans			
d) Summary Plan Descriptions (SPDs) for all plans			
e) Most recent Forms 5500 for pension, 401(k), and health & welfare plans			
f) Provide organizational chart			
g) Pension Plan			
1. Recent actuarial valuation report			
2. List of affected participants and their pension liability under the Plan			

Due Diligence Request List

	Requested By	Date Requested	Date Received
h) Health & Welfare Plans			
1. Description of coverage options under each plan			
2. Cost per employee for each of last five years			
3. Detail on benefit cost broken down by cost to company and to the employee			
4. Description of any retiree medical and life benefits			
i) Non-qualified Plans			
1. Description of any non-qualified plans, including funding status or any unfunded liability			
j) Executive Perquisites			
1. Description of all perquisites (car allowance, cell phone, financial planning, etc.) including cost or allowance. Include a list of employees receiving them.			
2. Documentation relating to any indemnification agreements with officers or directors			
k) Employment/Legal Issues			
1. Information related to any EEOC or other agency charges received in the last two years related to current or past employment issues			
2. Any DOL investigations regarding FLSA issues (Exempt vs. Nonexempt)			
3. List of current employees and service dates			
4. Annual employee turnover rate in prior year by function or department			
5. Copy of employee handbook or other document describing time off benefits, sick leave and standard severance policy			

Due Diligence Request List

		Requested By	Date Requested	Date Received
XI	Information Technology / Systems			
	a) Management information			
	1. Provide a copy of the IT Strategic Plan			
	2. Provide a copy of major IT systems projects approved/planned over the next 2 years			
	3. Provide an IT organizational chart with roles and responsibilities			
	b) Application Portfolio			
	1. Provide a list of the major software applications with their functional description, including whether custom developed or purchased software			
	2. For each custom developed application, identify current staff members who worked on development. For each individual, provide: (a) job title, (b) responsibilities, and (c) length of time with company			
	3. For each software application, provide high level system diagrams/flow charts, narratives, system interfaces (internal and external) and data flow diagrams			
	4. Provide an overview of the current software development life cycle (SDLC) used for custom development			
	c) Technology Infrastructure			
	1. Provide list of critical systems' hardware OS, middleware, development environment, programming language, database environment and original implementation date			
	2. Provide a list of current technical hardware and network assets			
	3. Provide a copy of the current network diagram			
	d) Operations Management			
	1. If you monitor system and network availability, provide copy of reports showing system availability and downtime			
	2. Provide index to standard Operations procedure manual			

Due Diligence Request List

	Requested By	Date Requested	Date Received
3. Provide disaster recovery plans and documentation of executed tests of the plan			
4. Provide list of any outside service organizations used for significant transaction processing			
5. Provide documentation of overall IT security plan			
6. Map of the information system			
e) Provide documentation on ownership of machines and licenses			
f) Copies of IT services / outsourcing agreements			
g) Current and planned technology projects, including project description, ROI projections, workplan and budgets:			
h) Technology operating budgets by category and capital expenditure Technology operating budgets by category and capital expenditure plans, including:			
i) Technology organization characteristics including:			
1. Staffing by functional area			
2. Employee skills and experience profiles			
3. Compensation			
j) Technology inventory including:			
1. Applications (e.g., proprietary, third-party); please provide a high-level description of each proprietary application and the following for any purchased application: (i) which modules have been implemented; (ii) degree implementation has been completed; and, (iii) inventory of modifications			
2. Hardware (e.g., PCs, business systems platforms)			
3. Network (LAN, WAN, Internet, Intranet) infrastructure			

Due Diligence Request List

	Requested By	Date Requested	Date Received
4. Capacity or stress testing programs/results			
5. Email capabilities and software			
6. Company Internet access description (for employee usage)			
7. Telephony infrastructure			
8. User support approach			
9. Help desk approach			
k) Risk management			
1. Disaster recovery plans			
2. Security policies and procedures			
XII Documents			
a) Governmental Regulations and Filings			
1. All filings and correspondence with, reports to and transcripts of any proceedings before any federal, state, provincial or local regulatory bodies or agencies which regulate the Company (e.g., Insurance Departments)			
2. All material governmental permits, licenses (insurance-related or otherwise), etc.			
3. Reports of examination or review, and any related correspondence, of the operations of the Company by federal, state, local or foreign authorities.			
4. Any regulatory agreements, arrangements or decrees to which the Company or any of its officers or directors is a party			
b) Pending or Threatening Litigation			
1. A docket, schedule, description and status report of all significant suits, actions, litigations, disputes, arbitrations, administrative proceedings or other governmental investigations or inquiries, pending or threatened, affecting the businesses or operations of the Company			

Due Diligence Request List

	Requested By	Date Requested	Date Received
2. All filings with any type of adjudicative body concerning a pending or threatened material action, and all consent decrees, judgments, other decrees or orders, settlement agreements and other agreements to which the Company or any of its officers, directors, nominees for director, key employees or controlling shareholders is a party or is bound, which require or prohibit any future activities			
3. All reports, notices, correspondence and papers concerning (x) any violation or infringement of government regulation by the Company, (y) administrative proceedings or (z) governmental investigations, including, but not limited to, the areas of securities regulation, equal employment opportunity, immigration and naturalization, occupational safety and health, tax, environmental protection, antitrust and RICO, and copies of any other material correspondence with federal, state, local or foreign regulatory agencies			
4. All assessment by counsel of all pending, threatened and settled litigation			
5. Description of settled litigation, including financial and operational impact			
c) Environmental			
1. Notices to and from environmental regulatory authorities, including notices of violation, regarding activities of the Company.			
2. Correspondence of the Company with environmental regulatory authorities			
3. Schedules, if available, of sites the Company (or any previous owner of any business of the Company) has previously used or is currently using for waste disposal or recycling			
4. Environment-related audit and inspection reports of the Company (whether performed by the Company or by third parties			
5. Environment-related permits issued to, and permit applications requested by, the Company and all related memoranda and correspondence thereto			
6. Consultants' reports and correspondence regarding environmental activities of the Company			
7. Documents relating to the presence of asbestos at any of the Company's facilities			
8. Documents relating to hazardous waste management by the Company			

Due Diligence Request List

	Requested By	Date Requested	Date Received
9. Documents relating to environmental liabilities arising from the Company's acquisition or sale of assets or businesses			
d) Other Material Agreements			
1. All joint venture and partnership agreements to which the Company is a party			
2. All royalty and licensing agreements, and franchise and conditional sales contracts to which the Company is a party			
3. A schedule of all confidentiality agreements			
4. All material marketing, sales, franchise and distribution agreements to which the Company is a party			
5. All contracts or agreements with or pertaining to the Company to which any director, nominee for director, officer or owner of more than five percent of the stock of the Company is a party; and all other documents relating to any transaction between the Company and such persons, including all documents pertaining to any receivables from or payables to any such persons			
6. Any agreements which contain restrictions on the activities of the Company			
7. Forms of warranties (non-insurance related), if any, given by the Company			
8. All other material contracts and agreements involving the Company not otherwise covered by the foregoing, including, but not limited to, agency or commission agreements, and agreements with suppliers or customers			
9. A schedule of all memberships held by or on behalf of the Company in any trade, merchants', marketing or other professional or industry-related organization or association			
10. All press releases, articles and brochures issued by the Company or others concerning the Company or any of its products, services or any material events involving the foregoing			
11. Any other documents or information which, in your judgment, are significant with respect to any portion of the business of the Company or which should be considered and reviewed in order adequately to disclose the Company's business, assets, liabilities, prospects, financial condition or results of operations			

Due Diligence Request List

	Requested By	Date Requested	Date Received
XIII Corporate Insurance			
a) Exhibit that details the business liability insurance coverages with dollar limits and deductibles for the Company, including all Property and Casualty (P&C) and Financial Professional (FinPro) coverages			
1. P&C: Difference in Conditions, Real and Personal Property, Workers Comp, Employers' Liability, Auto Liability, GL, Umbrella and Excess Liability			
2. FinPro: D&O, E&O, EPLI, fiduciary, fidelity, outside directors, kidnap and ransom			
b) Name of the Company's business liability insurance broker and a copy of the client services agreement			
c) Copies of all business liability insurance policies, both P&C and FinPro			
d) List of the primary insurance carrier on every business liability insurance policy (P&C and FinPro) as well as a list of the excess carriers			
e) Amounts paid for each line of business insurance coverage (P&C and FinPro) for the past three policy years as well as the past three calendar years			
f) All contracts with surety bond companies, including guarantees by any third parties to which the Company is a party			