

INSURANCE SOLUTIONS

for Private Companies

Everything Has It's Risks

Managing a private company has its risks. Every decision has the potential for an upside and a downside. Even with a skilled and experienced management team at the helm, some managers encounter unanticipated threats or risks that, due to their complexity or nature, are better off mitigated through insurance protection.

To help manage these risks, InsureCast, a division of Gaston & Associates, Inc., offers private companies ForeFront PortfolioSM, a comprehensive insurance solution with up to eight optional coverage sections. With ForeFront PortfolioSM, private companies are afforded choice and flexibility, to help manage their individual and corporate exposures.

What Could Your Company Survive?

Is your company protected from these potentially catastrophic risks?

- A discrimination lawsuit from several employees?
- An embezzlement scheme carried out over a number of years?
- A lawsuit from a disgruntled investor?
- A sexual harassment claim from a vendor?
- An allegation of pension mismanagement from an employee?
- An invasion-of-privacy lawsuit from an Internet customer?
- An extortion threat to publicize proprietary information?
- A workplace violence incident?
- Any combination of the above?

These exposures can easily cost your company hundreds of thousands to millions of dollars. They can be surprisingly frequent, often catastrophic, and more complex than you might expect.

Friend or Foe?

Friend or foe? In today's litigious environment, no business relationship is free of risk, including your dealings with:

- Employees
- Investors
- Customers
- Suppliers
- Vendors
- Competitors
- Government agencies
- Creditors

Providing Business Insurance Since 1895

InsureCast is a division of Gaston & Associates, Inc., a fourth generation family held independent insurance agency with a history dating to 1895.

InsureCast's marketing territory is national in scope, and we hold property-casualty and life-health licenses in all states except Wyoming and Hawaii.

Our customers range from small start-ups to public companies. We serve about three thousand clients and we endeavor to maintain long-term customer relationships that are based on coverage and service.

InsureCast has become a world leader in technology insurance and professional liability insurance products for Information and Network Technology companies by proactively anticipating changing client needs in order to offer the most up-to-date solution.

We take great pride in continuing our 107 years of caring for our clients and providing value added service.

Mission Statement

The mission of Gaston & Associates is to provide professional insurance services to the clients we represent.

- We strive to develop a customer base that will appreciate our service orientation and value added approach.
- We provide our clients with competitive, high quality insurance oriented products.
- We endeavor to maintain long-term customer relationships that are based on coverage and service.
- We embrace automation as a means to enhance service and improve communication.





Friends or Foes... Read On

You probably don't like to think of this list of constituencies, as potentially harmful to your company or its managers. Yet, litigation or crimes by any one of them can have a negative financial impact on your company's bottom line.

- Expensive litigation
- A complicated fraud scheme or
- An unexpected extortion demand

Dynamic characteristics can impact the exposure profile of a private company. Factors such as a company's:

- Ownership structure: closely held, venture capital ownership, employee stock ownership
- Development phase: start-up, early growth, rapid expansion, or mature
- Key dependencies: products, employees, customers, suppliers
- Financing: private placements or bank debt

Your Company's Risk Tolerance

What are your company's exposures and vulnerabilities? What is your company's tolerance for risk? If something does go wrong, how adequate is your insurance protection? Could a catastrophe be lurking around the corner? As your private company changes and grows, how will your exposures and answers to these questions change over time?

For a small to medium-sized private company, every dollar counts. Investments and expenditures are carefully considered. The bottom line matters. The company's success and the return on investment has a direct impact on the personal wealth of its owners, employees and shareholders, who are sometimes one in the same.

When Chubb created ForeFront PortfolioSM presented by InsureCast, they considered the unique characteristics of private companies, and their specific exposures.

ForeFront PortfolioSM is a comprehensive insurance solution specifically designed to help private companies not only survive but thrive despite the most complex threats of litigation, extortion and other crimes that may expose their bottom line.

Choice

A private company can select the coverages it needs from an extensive portfolio of protection:

- Directors and Officers Liability Insurance
- Employment Practices Liability Insurance
- Fiduciary Liability Insurance
- Miscellaneous Professional Liability Insurance
- Internet Liability Insurance
- Crime Insurance
- Kidnap, Ransom and Extortion Insurance
- Workplace Violence Expense Insurance

Flexibility

Customers can also select their level of protection, by either selecting a combined aggregate limit of liability for all their liability coverage sections, or separate aggregate limits of liability for each individual liability coverage section.

ForeFront PortfolioSM is the affordable insurance solution. It just makes sense. Too much is at stake: your company's assets, its bottom line and even its survival; not to mention the personal wealth of your management team.

Directors and Officers Liability Insurance

Yes, as leaders of a private company, directors and officers can be held personally liable for the decisions they make. Is your company's board of directors comfortable with their level of personal risk?

Being private does not mean that the decisions of your board are immune from public scrutiny. Shareholders, employees, customers, suppliers, competitors and even the government may bring an action against your private company and its board. A corporate shield and broad by-laws offer board members and employees some protection. Unfortunately, in many cases, it is not adequate. Typical lawsuits against directors and officers include allegations of:

- Mismanagement of operations or company assets
- Self-dealing and conflicts of interest
- Misrepresentation during the sale of company assets
- Misrepresentation in a private placement prospectus
- Acts beyond authority granted in by-laws
- Violation of certain state and federal laws
- Breach of fiduciary duties

Each of these types of litigation can last several years, becoming a financial burden and a continuous drain to a private company's profit margin. Indemnification from the company is a protection for its directors, officers and employees, but, sometimes it's not enough. If a company cannot indemnify its directors, officers or employees, either because of the allegations of a lawsuit or as a result of the company's insolvency, then this financial burden can become the personal responsibility of the company's directors, officers or employees.

To help protect the directors, officers and employees of private companies, Chubb offers ForeFront PortfolioSM Directors & Officers Liability Insurance coverage. An optional entity liability coverage is also available, offering additional protection for the company itself, should it be named with its board or on a stand alone basis.

Coverage features include:

- An optional additional dedicated limit of liability for executives for non-indemnifiable claims
- A broad definition of insured persons including executives and employees, as well as their spouses, if they are named as co-defendants
- Optional entity coverage
- Loss payments made to insured persons before the corporation
- Private placement securities coverage
- A sublimit for investigative costs associated with a securityholder derivative demand
- Automatic not-for-profit outside directorship liability coverage
- A guarantee to provide an initial public offering quotation, subject to the reporting requirements

DIRECTION

Your company's directors and officers are the prime decision makers for your future. As they help navigate your company to its desired goals, it is important that they aren't putting their personal assets at risk. ForeFront PortfolioSM helps insure them even through the toughest



Employment Practices Liability Insurance

It's no longer off the radar screen. It's front page material. More and more private companies are finding out the hard way just how complex the employment relationship has become. Private employers face a growing multitude of serious employment practices liability (EPL) exposures in their day-to-day interactions with employees.

Companies and their managers are subject to a widening collection of federal, state, and local employment laws, such as the Americans with Disabilities Act, the Civil Rights Act of 1991, the Age Discrimination in Employment Act, and Title VII of the Civil Rights Act of 1964, just to name a few.

The Equal Employment Opportunity Commission (EEOC) is taking a much more aggressive stance in investigating EPL claims and filing lawsuits for sexual harassment, discrimination, wrongful termination, retaliatory treatment, unfair hiring practices, and other types of workplace torts.

The average number of charges filed with the EEOC from 1996 to 1999 was nearly 80,000 annually. Monetary awards increased 275% between 1994 and 1999, when the total amount awarded topped \$100 million. The average verdict in EPL cases now exceeds \$450,000, and employment issues now make up 30% of all civil litigation in the U.S.

The truth is, the courts have decided, the employee is almost always right. According to the Department of Labor, employees and other plaintiffs won 41% of all jury trials and 26% of all non-jury trials in 1999, and punitive damages were assessed in 19% of all cases.

There's no question that EPL claims can have a serious financial impact on small to mid-sized companies. To help protect private companies and their employees, ForeFront PortfolioSM offers Employment Practices Liability Insurance coverage.

Coverage features include:

- Broad coverage for allegations of discrimination, workplace and sexual harassment, workplace torts, retaliatory treatment or other wrongful employment decisions
- Broad definition of "insured" includes the company and its executives and employees
- Broad definition of employee includes part-time, leased, temporary and seasonal employees, and volunteers
- Optional third-party coverage for allegations of sexual harassment and discrimination
- Access to comprehensive EPL loss prevention services
- Coverage for punitive and exemplary damages (where insurable by law)
- 100% of defense costs within the available limit are paid for covered claims and defense costs are advanced
- Chubb has the duty to defend claims, which provides insureds access to a panel of expert attorneys

RISK MITIGATION

It seemed like just a blip on the screen at the time, but even the smallest employee dispute can turn into an expensive litigation. Let us help you make a safe landing with a comprehensive EPL Policy to help protect your company and its employees against the threats of employment-related litigation

Fiduciary Liability Insurance

Under the Employee Retirement Income Security Act of 1974 (ERISA), fiduciaries can be held personally liable for losses to a benefit plan incurred as a result of their alleged errors, omissions, or breach of their fiduciary duties. Any employee who has discretionary authority over a plan or who assists in its administration can be exposed to liability. This list of individuals might include an appointed fiduciary, a plan administrator, a human resources employee, or anyone who helps to administer a plan.

ERISA also broadly defines the types of employee benefit plans for which fiduciaries are responsible. This extensive list can include pension plans, profit-sharing plans, employee stock ownership plans (ESOPs), and even health and welfare plans.

Moreover, designated fiduciaries aren't the only targets of such lawsuits; targets can also include the employer and even the plan itself. Claims can be brought by plan participants, participants' legal estates, the Department of Labor, and the Pension Benefit Guaranty Corporation. Such claims may include allegations of:

- Improper advice or disclosure
- Inappropriate selection of advisors or service providers
- Imprudent investments
- Breach of responsibilities or fiduciary duties imposed by ERISA
- Conflict of interest with regard to investments
- Lack of investment diversity
- Negligence in the administration of a plan

A private company can help mitigate the personal liability of its fiduciaries by following the advice of outside experts and by selecting diverse, financially sound investments. But, it cannot entirely eliminate their personal liability. In order to help protect private companies, their fiduciaries and the benefit plans they manage, against fiduciary liability claims, InsureCast offers ForeFront PortfolioSM.

Coverage features include:

- Broad definition of insured including the company, its benefit plans and its fiduciaries
- Optional coverage for defense outside the limits of liability
- Optional \$100,000 sublimit for qualifying voluntary settlement fees
- Coverage for 502(i) and 502(l) civil penalties
- Broad employee benefit plan language including plans outside the United States of America and any excess benefit plans
- Broad wrongful acts definition includes allegations of breach of fiduciary duty and errors and omissions
- No deductible will apply for most risks

PROTECTION

Risk versus reward, being a fiduciary shouldn't be a high-stakes game. So don't gamble with your fiduciary liability protection. Choose ForeFront PortfolioSM, from Chubb in partnership with InsureCast a company that has been protecting fiduciaries' assets for over 20 years.



Miscellaneous Professional Liability

It's a competitive business environment. Your service standards and reputation are what set you apart from the competition. Customers demand more and expect more. They are not easily pleased and when their expectations are not met; a dispute may arise. They may seek their remedy in court, believing your company's assets are an available source of relief. Professional service providers operate in a perilous business climate characterized by:

- Higher service expectations
- A societal belief that there's always a "deep pocket", and
- Ever escalating awards and settlements

When you are faced with a lawsuit from a customer, win or lose, the financial ramifications are serious. Every company wants to mount and fund the best defense possible. But sometimes even the best efforts aren't enough and a company may face costly damages, in addition to legal fees.

Chubb crafted ForeFront PortfolioSM Miscellaneous Professional Liability Insurance coverage for the unique exposures of service providers. We specialize in offering liability insurance protection for commercial businesses offering consulting services in areas such as:

- Marketing
- Corporate communications
- Executive coaching
- Organizational development
- Training
- Customer service
- Strategic development
- Compensation
- Human resources
- Public relations

Coverage features include:

- Broad coverage for allegations of discrimination, workplace and sexual harassment, workplace torts, retaliatory treatment or other wrongful employment decisions
- Broad entity and individual protection
- Customized coverage based on an insured's services
- Broad definition of claim

REPUTATION

Your reputation is on the line every time you provide work for a customer. If a customer's expectations aren't met, they may seek their remedy in court. If one of your customers does bring a claim, we stand behind our reputation of fair and prompt

Internet Liability Insurance

Pushing this button shouldn't involve risk. Creating a web site is simple. The exposures that come with it are not. The Internet—that technological wonder of worldwide communication—is spinning a whole new “web” of liability exposures. Private companies that venture onto the World Wide Web face liability exposures that are emerging, evolving and complex.

By disseminating information to the public via a web site, commercial businesses now have some of the same exposures as publishers. These include conventional publishing exposures such as copyright infringement, defamation and invasion of privacy, as well as emerging exposures related to operating on the Web. Traditional insurance policies may not be enough. Think of the potential for trouble:

- A copyrighted image is displayed on your company's web site without the image owner's permission
- You find out too late, that your company web site's domain name has already been claimed by someone else
- The metatags used on your company's web site are trademark names owned by another company
- Your company's new web site accidentally includes unfavorable remarks about your competitors
- An outside third party is able to access your customer's propriety information through your site

The universe of potential plaintiffs is staggering, given the number of people and organizations that are currently surfing the Net, a potential legal action from just one of them could be costly. In a 1999 case, a company improperly used a sports celebrity's name and photograph on its web site, and the celebrity sued for the “fair market value” of his name, plus additional damages of \$750,000. Clearly, the potential liability associated with web site content is already great, still growing, and rapidly evolving.

ForeFront PortfolioSM Internet Liability Insurance coverage offers cutting edge protection for exposures arising out of Internet communications. It also helps

Coverage features include:

- Broad wrongful acts coverage for allegations, such as:
 - Copyright infringement
 - Defamation
 - Invasion of privacy
 - Trademark infringement
- Broad definition of Internet activities
- 100% of defense costs within the available limit are paid for covered claims and defense costs are advanced

POWER

There is a new user of the World Wide Web every seven seconds. The power button on a computer may be all that stands between your company and a cyber liability. ForeFront Portfolio helps protect against the myriad of emerging risks associated with e-business.



Crime Insurance

Crime is a creative “industry.” From “trusted” employees to cunning criminals, a company’s assets are exposed to threats of embezzlement, fraudulent electronic funds transfer, forgery, robbery, safe burglary or credit card forgery.

These schemes involve every possible angle, taking advantage of any potential weakness in your company’s financial controls. From fictitious employees, dummy accounts payable, non-existent suppliers to outright theft of money, securities and property—these frauds can go on for years, and when discovered

the ultimate impact can be enormous. Smaller companies are especially vulnerable to such crimes.

Fraud and embezzlement in the workplace is on the rise, occurring in even the best work environments. According to a leading international accounting firm:

- 80% of workplace crime is carried out by employees
- One in four employees has either committed or witnessed workplace fraud and abuse
- One in four employees committing fraud against their employer has been with the company for more than 10 years
- Only one in three of those who have witnessed a workplace crime bother to report it

The Association of Certified Fraud Examiners has found that:

- Fraud and abuse costs U.S. businesses more than \$400 billion annually
- Fraud and abuse costs employers an average of \$9 a day per employee
- The average organization loses 6% of its total annual revenue to fraud and abuse committed by its own employees

White collar crime can have serious financial consequences, even threatening a private company’s survival. Chubb offers a solution to handling crime losses committed by employees and others through our distinctive ForeFront PortfolioSM Crime Insurance coverage.

Coverage features include:

- Comprehensive coverage for:
 - Employee theft
 - Money and securities while on premises or in transit
 - Forgery
 - Funds transfer fraud
 - Computer fraud
 - Money order and counterfeit currency fraud
 - Credit card fraud
- Optional client coverage
- Coverage for investigative costs for covered losses
- A loss discovery or loss sustained option

SECURITY

Keeping your assets under lock and key helps.

Unfortunately, even good controls are not enough.

For the right criminal stealing your company’s assets may be as simple as picking a lock. Should your security measures fail, and you experience a crime loss. Chubb has the financial security to back up its claim-paying promises.

Kidnap/Ransom and Extortion Insurance

Extortionists don't discriminate. Any company of any size can be a target for extortion threats against the company and its employees. People tend to associate business extortion and kidnapping with global companies. The fact is, radical groups and criminals exist everywhere.

Managing the costs associated with an extortion threat against your products, proprietary information, computer system or your people can be enough to push a small to medium-sized company to its financial limits.

These risks may not feel like everyday exposures, but too often they are. And when they happen, you may need financial assistance to meet extortion demands and the extensive costs associated with negotiation and recovery.

In addition, Chubb offers its customers automatic access to the outside crisis management expertise of The Ackerman Group, Inc., which also produces RISKNET™, an Internet-based service that analyzes terrorism, criminal, and political stability risks around the world and is an essential information resource for any business traveler. After all, who but an expert has experience dealing with extortionists.

More companies are realizing the importance of managing these unexpected and diverse risks through ForeFront PortfolioSM, Kidnap/Ransom and Extortion Insurance coverage. It can help mitigate the catastrophic costs of the ransom or extortion payment and the related costs associated with managing through these types of crises.

Coverage features include:

- Broad coverage for extortion threats against the company's merchandise, property, proprietary information, computer systems or its employees
- Broad expense coverage for hijackings, wrongful detentions or political threats
- Reimbursement for ransom or extortion payments
- Broad expense coverage such as:
 - Access to a public relations firm
 - Medical, cosmetic, psychiatric, and dental services
 - Rest and rehabilitation costs
 - Reward payments to informants
 - Salaries of employees and temporary replacement employees
- Accidental death or dismemberment coverage
- Optional emergency political repatriation expense coverage
- Access to the crisis management expertise of The Ackerman Group, Inc., or another expert of the insured's choice

COMMUNICATION

No matter how strong your communication skills may be, some phone calls can ruin your day, your week, your year. Nothing can prepare you for negotiating with an extortionist. We can provide you access to the crisis management expertise of The Ackerman Group, Inc., who are just a phone call away in an emergency situation.



Workplace Violence Insurance

As employees try to beat the clock, meeting pressurized deadlines, how much stress in the workplace goes undetected? This stress might come from their work environment or their personal life. Sooner or later, employees or customers need to let off steam. You hope it doesn't result in violent behavior in your workplace.

One of the newest and most frightening exposures facing employers is workplace violence. In fact, workplace violence is the second leading cause of work site deaths in the United States. Every week, nearly 20 workers are murdered at their place of work, according to the National Institute for Occupational Safety and Health.

At special risk are companies that:

- Deal with the public
- Exchange money
- Deliver goods and services
- Operate late at night

Even companies that do their best to provide a positive, fulfilling work environment face exposure to threats caused by:

- Criminals
- Disgruntled employees
- Angry customers
- Stalkers
- Other violence-prone individuals

Workplace violence incidents can be devastating, to a company. Let us help you get your business environment back together after a workplace violence incident.

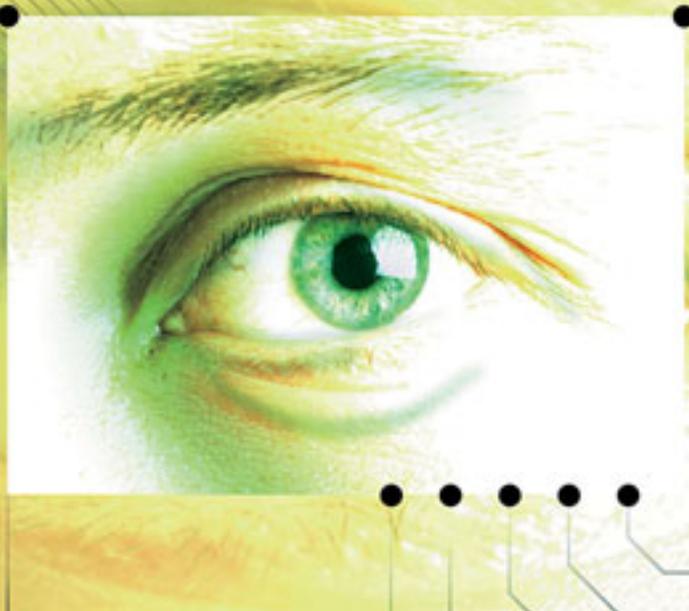
Chubb developed its ForeFront PortfolioSM Workplace Violence Insurance coverage to help private companies offset the expenses incurred as a result of these potentially devastating exposures.

Coverage features include:

- Broad coverage for:
 - Expenses related to an event occurring on the workplace premises involving the use of a lethal weapon and a clear threat of deadly force
 - Expense coverage for stalking threats against employees by individuals who are the subject of a restraining order
- Broad workplace violence expense coverage, for:
 - Access to a public relations firm
 - Security consultants
 - Employee Seminars
 - Medical, cosmetic, psychiatric, and dental services
 - Rehabilitation costs
 - Independent security guards
 - Salaries of employee and temporary replacement employees

TIMELY ASSISTANCE

You pride yourself on having a relaxed and positive work environment. But with the next tick of the clock, someone in your company may become the next victim in the rising trend of workplace violence. If an incident does occur, we respond by helping you with the costs to restore your work environment.



Executive Protection-Leader and Partner

Chubb and InsureCast have earned their leadership position in the private company executive protection market by consistently providing private companies with innovative specialty insurance products, superior service, unparalleled underwriting expertise, and an unflinching commitment to fair and prompt claims handling. In particular, we stand apart from other insurers in a number of key areas:

Financial strength—Chubb has earned ratings of “AAA (Extremely Strong)” for claims-paying ability from Standard and Poor’s, and “A++ (Superior)” for financial stability from A.M. Best Company—the highest possible ratings from these rating agencies.

Underwriting expertise —We have more than 30 years of experience in developing and underwriting executive protection insurance coverages. With more than 132 offices in some 31 countries our goal is to be the insurer of choice. Local expertise is what enables our underwriters to understand your unique exposures, to appreciate the markets in which you conduct your business and to customize insurance solutions to meet your specific needs.

Superior claims management —The true measure of a carrier is in how they respond to and manage your claims. The philosophy that guides Chubb, in each and every claim settlement, was established with the company’s founding in 1882: Treat each customer the way we would like to be treated if we experienced the same loss—with integrity, empathy, promptness, expertise and fairness.

Commitment — Chubb and InsureCast understands the complex exposures of crime, fraud, extortion and litigation that can threaten the stability of privately owned companies. Our goal is to build lasting relationships with our customers through unparalleled coverages, and superior claims handling.

ForeFront PortfolioSM

ForeFront PortfolioSM is a comprehensive insurance solution specifically designed to help private companies not only survive but thrive despite the most complex threats of litigation, extortion and other white collar crimes that may expose their bottom line. With up to eight optional coverage sections, private companies are afforded choice and flexibility to help manage their individual and corporate exposures.

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