

Application for Financial Institution Directors And Officers Liability and Reimbursement Insurance



PLEASE NOTE:

- **Directors and Officers Liability and Reimbursement Insurance is written on a claims-made basis and covers only Claims first made against the Insured Persons during the Policy Period or the Extended Reporting Period, if exercised. The Limit of Liability available to pay judgments or settlements shall be reduced by amounts incurred as Defense Costs.**
- **This application and all exhibits attached shall form a part of this proposal and shall be held in strictest confidence.**

The following material must be attached to this application (if applicable):

1. The notice to stockholders and proxy statement for the most recent meeting of stockholders.
2. The latest annual report to stockholders.
3. Any Form 13D, 10-K, 10-Q, 8-K, or S-1 filed with the Securities and Exchange Commission within the last 12 months.
4. A list of all litigation (closed or pending) against the Individuals and the Organization proposed for coverage for the past five years.
5. Every prospectus for any securities offering completed in the last 12 months or currently planned or expected within one year.
6. The Parent Company's indemnification provision or by-laws.
7. The latest CPA letter to management relating to internal controls and any written response thereto.
8. A list of all subsidiaries proposed for coverage, including the following information: nature of business, name of owner(s), percent owned by each owner, and the date created or acquired.
9. **For each Company that is an Insurance Company:**
 - the latest available quarterly and annual Convention Statements for each Company and consolidated, if available;
 - the latest Insurance Department financial examination report and any written response thereto; and
 - the latest actuarial loss reserve evaluation and audit report and any written response thereto.
10. **For each Company that is a banking institution:**
 - the latest quarterly and annual Call Reports;
 - the latest UBPR; and
 - the latest FFIEC report, including Year 2000 information.

Please indicate if any of the materials requested above are not attached to this application and the reason why.

This application is submitted by:

Insurance Agency/Agent: _____

Address: _____

Please submit this completed proposal Application with all attachments to:

Zurich-American Specialties
Diversified Financial Institutions
One Liberty Plaza, 30th Floor
New York, New York 10006

PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS AND INDICATE IF A QUESTION IS NOT APPLICABLE:

1. GENERAL INFORMATION

- a. Name of Financial Institution (Applicant should be Parent Company) _____
- b. Address _____
- c. State of Incorporation _____
- d. Date Established _____
- e. Policy Period Requested: From _____ To _____
- f. Nature of business _____
- g. Ownership: Stock _____; Mutual _____; Other _____
Specify _____
- h. Primary SIC Code _____

2. EQUITY SECURITIES

- a. Are any equity securities publicly traded? _____
If yes, answer the remainder of Section 2 and then skip to Section 4.
If no, skip to Section 3.
- b. On which exchange are the securities traded? _____
- c. Is the Company aware that any person or entity has made a Schedule 13D filing with the Securities and Exchange Commission with respect to the securities of the Parent Company or any of its subsidiaries? _____ If yes, please attach details.

3. OWNERSHIP

- a. Number of common equity shares outstanding _____
- b. Number of common equity shareholders _____
- c. Percentage of common equity shares owned directly or beneficially by officers who are not directors _____
- d. Percentage of common equity shares owned directly or beneficially by all officers and directors as a group _____
- e. Is there any shareholder(s) or group of affiliated shareholders who own 5% or more of the common equity shares directly or beneficially? _____ If yes, please attach the name, percentage holding, and a description of the shareholder(s).
- f. Are there any securities convertible to common stock? _____ If yes, please attach a complete description of the securities and a list of the owners of such securities.
- g. Please attach a list of the directors of the Parent Company, including their principal business affiliations and the number of years they have been a director of the Parent Company.

4. ANNOUNCED CHANGES

- a. Has the Parent Company publicly disclosed that it now has under consideration any acquisition, tender offer, merger, or divestiture? _____ If yes, attach details.
- b. Has the Parent Company publicly disclosed or made any new public offering of securities pursuant to the Securities Act of 1933 or exempt from registration under Regulation A within the last year? _____ If yes, attach details including the prospectus.

5. PAST ACTIVITIES

Has the Parent Company, a subsidiary, a director or officer, or other proposed Insured Person been involved in any of the following within the past five years:

- a. Anti-trust, copyright, or patent litigation? _____
- b. Civil or criminal action or administrative proceeding charging violation of a federal or state securities law or regulation? _____
- c. Any other criminal action or investigation? _____
- d. Representative actions, class actions, or derivative suits? _____
- e. A formal administrative or regulatory action by any regulatory agency? _____

If yes to any of these past activities, attach details.

6. FINANCIAL INSTITUTIONS OPERATIONS

a. Is the Parent Company or any subsidiary currently offering or planning to offer any of the following services:

- 1. Actuarial Services _____ Yes _____ No
- 2. Appraisal Services _____ Yes _____ No
- 3. Data Processing Services _____ Yes _____ No
- 4. Discount Brokerage Services _____ Yes _____ No
- 5. Insurance Agent/Agency _____ Yes _____ No
- 6. Investment Advisor/Counselor _____ Yes _____ No
- 7. Mutual Funds _____ Yes _____ No
- 8. Real Estate Agent/Agency _____ Yes _____ No
- 9. Real Estate Investment Trust Advisory Services _____ Yes _____ No
- 10. Security Broker/Dealer _____ Yes _____ No
- 11. Travel Agent/Agency _____ Yes _____ No
- 12. Trust Department Services _____ Yes _____ No
- 13. Underwriting of Securities _____ Yes _____ No

b. Is the Parent Company and all subsidiaries now in compliance with all recommendations and criticisms in each of the last three regulatory examinations? _____

If not, please attach details.

c. Has the Parent Company, a subsidiary, a director or officer, or other proposed insured person been subject to a cease and desist order or a memorandum of understanding or similar written agreement with a regulatory agency? _____

If yes, please attach details.

d. Did the Parent Company or any subsidiary receive at its most recent regulatory examination a CAMEL rating other than 1 or 2? _____ If yes, please attach details.

e. Are any loans to directors or officers of the Parent Company or any subsidiary over 90 days past due or classified by a regulatory agency? _____ If yes, please attach details.

f. If the Parent Company or any subsidiary is a mutual association/company, has a conversion of mutual ownership to stock ownership been considered in the past or is such a conversion within the next 12 months being considered? _____ If yes, please attach details.

7. PRIOR INSURANCE

Does the Parent Company or any subsidiary currently have directors and officers liability coverage? If no, skip to Section 8 and answer the prior knowledge statement. If yes, answer the following:

- a. Insurer _____
- b. Limit of Liability _____
- c. Deductible _____
- d. Policy Period: From _____ To _____
- e. Number of years of uninterrupted coverage with current insurer _____
- f. First year of directors and officers liability coverage _____
- g. Has the Parent Company, a subsidiary, or any proposed Insured Person given written notice under the provisions of any prior or current directors and officers liability policy of specific facts or circumstances which might give rise to a claim being made against any proposed Insured Person? _____ If yes, please attach details.
- h. Have any loss payments been made on behalf of any proposed Insured under any directors and officers liability policy or similar insurance? _____ If yes, please attach details.

8. CONTINUITY WITH PRIOR COVERAGE

If the Parent Company has directors and officers liability coverage and is requesting continuity of coverage for an existing layer of coverage, please complete this Section and skip Section 9. If the Parent Company does not currently have directors and officers liability coverage or this application is being submitted for a new excess limit of liability or the request for continuity of coverage for an existing layer has been declined, please skip this Section and complete Section 9.

Continuity date requested _____

Attach a copy of the prior application with which continuity of coverage is to be maintained. The Underwriter will be relying upon the declarations and representations contained in such prior application and those declarations and representations shall be considered to be incorporated in and form a part of the proposed policy.

9. PRIOR KNOWLEDGE

Please complete the following paragraph:

No person proposed for coverage is aware of any fact or circumstance or any actual or alleged act, error, or omission which he or she has reason to suppose might give rise to a future claim that would fall within the scope of the proposed coverage, except (if no exceptions, please state) _____

It is agreed that if such fact or circumstance or actual or alleged act, error, or omission exists, whether or not disclosed, any claim arising therefrom is excluded from this proposed coverage.

10. FALSE INFORMATION

Arkansas: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in any application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Colorado: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the department of regulatory agencies.

Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer submits an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Kentucky: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

New Jersey: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed \$5,000 and the stated value of the claim for each such violation.

Ohio: Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Oklahoma: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such persons to criminal and civil penalties.

All Other States: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime in certain jurisdictions.

11. DECLARATION AND SIGNATURE

The undersigned declares that to the best of his or her knowledge and belief the statements set forth herein are true. The signing of this application does not bind the Underwriter, the Parent Company, or its proposed Insured Persons to effect insurance. The undersigned agrees that this application and its attachments shall be the basis of the contract should a policy be issued and shall be deemed attached to and shall form part of the policy. The Underwriter is hereby authorized to make any investigation and inquiry in connection with this application that it deems necessary.

The undersigned, on behalf of all proposed Insured Persons, agrees that if the information in the declarations and representations contained in this application and its attachments materially changes between the date of this application and the inception of the proposed coverage, the undersigned will immediately report in writing to the Underwriter such change, and the Underwriter may withdraw or modify any outstanding quotations or agreements to bind coverage. The undersigned acknowledges and agrees that the Underwriter's receipt of such written report, prior to inception of the proposed coverage, is a condition precedent to coverage.

Must be signed by the Chairman of the Board or President of the Parent Company.

Signature: _____ Title: _____ Date: _____



NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

If you want to learn more about the compensation Zurich pays agents and brokers visit:

<http://www.zurichnaproducercompensation.com>

or call the following toll-free number: (866) 903-1192.

This Notice is provided on behalf of Zurich American Insurance Company and its underwriting subsidiaries.