



Application for a Financial Institution Bond, Extended Professional Liability Policy and/or Kidnap and Ransom Policy

THE EXTENDED PROFESSIONAL LIABILITY POLICY IS A CLAIMS MADE POLICY. COVERAGE IS LIMITED TO LOSS, INCLUDING DEFENSE EXPENSES RESULTING FROM CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THERE IS NO COVERAGE UNDER THIS POLICY FOR CLAIMS THAT HAVE BEEN MADE PRIOR TO THE EFFECTIVE DATE LISTED IN ITEM 2. PLEASE READ THE POLICY CAREFULLY.

For the purposes of this application, the term applicant means the parent company and all subsidiaries being proposed for coverage.

| | | | | |
|--|--------------------------|-----------------------------|---------------------|-----------------------|
| Parent Company: | | | | |
| Street: | | City & State: | | Zip Code: |
| 1. Officer designated as agent of the applicant and of all Directors & Officers to receive any and all notices from the insurer or its authorized representative: | | | | |
| 2. Common stock: <input type="checkbox"/> Yes <input type="checkbox"/> No Number of shareholders: | | | | |
| 3. Total shares outstanding: | | | | |
| 4. Number of shares owned directly or beneficially by Directors and Officers: | | | | |
| 5. If publicly traded, symbol & exchange: | | | | |
| 6. Provide the names of any shareholders owning directly or beneficially 10% or more of the shares of the applicant and indicate the % owned by each. Check if none <input type="checkbox"/> : | | | | |
| Name | | % Owned | | |
| 7. Provide the following information for all subsidiaries, including subsidiaries of subsidiaries, of the applicant: | | | | |
| Name | | -- Date acquired/created -- | % Owned | -- Nature of business |
| | | -- | % -- | |
| | | -- | % -- | |
| It is agreed that coverage will not be provided for any subsidiary unless listed above or listed in an attachment to this application. | | | | |
| 8. If the applicant offers or plans to offer any of the following services, indicate such and if they are, or will be, performed by employees of the applicant or by an outside vendor along with the annual revenue derived from the service. | | | | |
| | Does now | Plans to | Employee vs. Vendor | Annual Revenue |
| Closing Attorney Services | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Data Processing for others | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Discount Brokerage/Securities Brokerage | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Insurance Agency/Sales | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| International banking including financing import/export letters of credit | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Investment Counseling/Financial Planning (other than via the Trust Department) | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Investment Banking Services | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Loan Servicing for others | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Notary Public Services for the general public | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Real Estate Agency | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |
| Real Estate Appraisal Services | <input type="checkbox"/> | <input type="checkbox"/> | | \$ |

| | Does now | Plans to | Employee vs. Vendor | Annual Revenue | |
|--|--------------------------|--------------------------|---------------------|--------------------------|--------------------------|
| Real Estate Investment Trust | <input type="checkbox"/> | <input type="checkbox"/> | | \$ | |
| Small Loan Company | <input type="checkbox"/> | <input type="checkbox"/> | | \$ | |
| Sub-prime Lending, including loans to persons declined by main stream financial institutions, low documentation loans and loans to persons with low credit scores for high interest rates. If yes, please provide details including the size of your sub-prime portfolio or investments, the type of sub-prime loans and the amount of such loans which are past due. | <input type="checkbox"/> | <input type="checkbox"/> | | \$ | |
| Travel Agency | <input type="checkbox"/> | <input type="checkbox"/> | | \$ | |
| Please list other non-bank operations. | <input type="checkbox"/> | <input type="checkbox"/> | | \$ | |
| | | | | Yes | No |
| 9. Are specific errors and omissions insurance policies, written by a company other than BancInsure, maintained for each of the listed services offered? If no, please attach a list of those not so insured. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. If discount and/or security brokerage services are offered, are there clear disclaimers that such investments are not insured and that their value may decrease? | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Has there been a change in controlling ownership (10% or more) in the past 5 years? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Are there any negotiations pending for the sale of stock of this applicant in excess of 10%? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Has this applicant been involved in any actual or proposed merger, acquisition or divestment in the past 5 years? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Has any regulatory agency denied or indicated they would deny any contemplated merger, acquisition or divestment in the past 5 years? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Have there been any changes in Chairman of the Board, President, Executive Vice President, Chief Financial Officer, Chief Operation Officer, Chief Lending Officer or other senior management in the past 5 years? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Have there been during the past 5 years or are there now pending, any oral or written demands for monetary damages or non-monetary relief, civil or criminal proceedings, formal civil administrative or regulatory proceedings against the applicant, or any director, officer, employee or other persons proposed for this insurance? If yes, please attach details, including the damages sought and current status. It is agreed that any claim arising therefrom, is excluded from coverage. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Has any Director or Officer been charged with or convicted of any criminal act or been the subject of a criminal investigation within the past 5 years? If yes, please provide full details. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Has the applicant sustained any loss in excess of the deductible under its Financial Institution Bond within the past 5 years? If yes, please provide details including the total amount of loss, the amount recovered from insurance and the corrective actions taken. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Does the applicant's lending to any one insider, as defined by FDIC Regulation O, exceed 10% of the applicant's equity capital? If yes, please attach full details, including the insider involved, the amount and type of loan. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |

| | Yes | No |
|--|--------------------------|--------------------------|
| 20. Are any insider loans past due or classified? If yes, please attach full details, including the insider involved, the amount and type of loan, the reason for classification and the number of days past due. | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Is the applicant operating under a Cease and Desist Order, Memorandum of Understanding or similar agreement with any regulatory agency? If yes, please attach full details on the nature of the order or agreement and plans to comply. | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Were total adversely classified assets from the most recent regulatory exam in excess of 50% of capital? If yes, please attach an action plan for reducing the amount of adversely classified assets. | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. Were there any violations of law cited as a result of the most recent regulatory exam? If yes, please attach full details including the corrective actions taken. | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Have all criticisms from the most recent regulatory exam been reviewed by the Board of Directors and have appropriate corrective actions been taken? If no, please explain why. | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. During the past 3 years, has the applicant been alerted to any concentration of credit that warranted a reduction or correction? If yes, please attach full details. | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. During the past 3 years, has the applicant been alerted to any extension of credit that exceeds the Legal Lending Limit? If yes, please attach full details. | <input type="checkbox"/> | <input type="checkbox"/> |
| 27. Does the applicant participate on loans originated by other financial institutions? If yes, please attach full details including the percentage of the loan portfolio that are participations, the originating institutions, the steps taken to underwrite the participations and the steps taken to verify the collateral. | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. Does the applicant require all officers and employees to be away from work at least 9 consecutive days (one week vacation and adjoining weekends)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. Does the applicant have a continuous internal audit by an internal auditor who reports directly to the Board of Directors? | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. In the past 12 months, have there been any branch or office closings, layoffs, terminations or reorganizations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. Are there any branch or office closings, layoffs, terminations or reorganizations contemplated in the next 12 months? | <input type="checkbox"/> | <input type="checkbox"/> |
| 32. Does the applicant have written human resources policies, including policies against sexual harassment, and have such policies been reviewed by an attorney? | <input type="checkbox"/> | <input type="checkbox"/> |
| 33. Does the applicant use written employment applications that include employment at will statements? | <input type="checkbox"/> | <input type="checkbox"/> |
| 34. Do any Directors, Officers or employees of the applicant travel outside the US on business for the applicant? If yes, please attach a list of the countries visited including the frequency of the visits. | <input type="checkbox"/> | <input type="checkbox"/> |
| 35. Does any Director or Officer of the applicant have knowledge of or know information about any act, error, omission which might give rise to a claim under Directors and Officers Liability Coverage, Professional Liability Coverage, Employment Practices Liability Coverage, Lender Liability Coverage, Fiduciary Liability Coverage, a Financial Institution Bond or a Kidnap and Ransom Policy? If yes, please attach full details. It is agreed that if such knowledge or information exists, any resulting claims are excluded from coverage. | <input type="checkbox"/> | <input type="checkbox"/> |
| 36. Attach a copy of the following: a. A list of all directors and senior officers of the applicant including their principal business affiliations. It is agreed that coverage will not be provided for any business affiliations other than those that are with the applicant. b. The most recent CPA audit or directors' exam and/or internal audit. | | |

- c. The CPA's management letter on internal controls along with responses to any recommendations made. Check, if none was issued:
- d. The Declaration Pages from the current Financial Institution Bond, D&O and/or Professional Liability Policy, Employment Practices Liability Policy and Kidnap & Ransom Policy, if such bond and policies were not written by BancaInsure and/or the attached Limits Requests forms.

FRAUD STATEMENT:

NOTICE: IN SOME STATES, 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.

FRAUD STATEMENT TO ARKANSAS, LOUISIANA, AND WEST VIRGINIA APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

FRAUD STATEMENT TO COLORADO APPLICANTS: 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 SETTLEMENT OR AWARD PAYABLE FOR INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.

FRAUD STATEMENT TO DISTRICT OF COLUMBIA APPLICANTS: WARNING: IT IS A CRIME TO PROVIDE FALSE, OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

FRAUD STATEMENT TO HAWAII APPLICANTS: FOR YOUR PROTECTION, HAWAII LAW REQUIRES YOU TO BE INFORMED THAT ANY PERSON WHO PRESENTS A FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT IS GUILTY OF A CRIME PUNISHABLE BY FINES OR IMPRISONMENT, OR BOTH.

FRAUD STATEMENT TO KENTUCKY APPLICANTS: 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.

FRAUD STATEMENT TO MAINE APPLICANTS: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, OR A DENIAL OF INSURANCE BENEFITS.

FRAUD STATEMENT TO MARYLAND AND OREGON APPLICANTS: ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

FRAUD STATEMENT TO MINNESOTA APPLICANTS: ANY PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

FRAUD STATEMENT TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

FRAUD STATEMENT TO NEW MEXICO APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

FRAUD STATEMENT TO NEW YORK APPLICANTS: 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 FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

FRAUD STATEMENT TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE 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.

FRAUD STATEMENT TO OKLAHOMA APPLICANTS: 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.

FRAUD STATEMENT TO OREGON APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS MATERIALLY FALSE INFORMATION IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

FRAUD STATEMENT TO PENNSYLVANIA APPLICANTS: 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 PERSON TO CRIMINAL AND CIVIL PENALTIES.

FRAUD STATEMENT TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

THE UNDERSIGNED DECLARES THAT THE STATEMENTS SET FORTH HEREIN ARE TRUE. THE UNDERSIGNED AGREES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE EFFECTIVE DATE OF THE INSURANCE, HE/SHE (UNDERSIGNED) WILL IMMEDIATELY NOTIFY THE INSURANCE COMPANY OF SUCH CHANGES, AND THE COMPANY MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATION OR AGREEMENT TO BIND INSURANCE.

Applicant: _____

By: _____
Signature and Title

Date