



**BY COMPLETING THIS SUPPLEMENTAL ESOP APPLICATION THE APPLICANT IS APPLYING FOR COVERAGE WITH FEDERAL INSURANCE COMPANY (THE "COMPANY")**

**NOTICE: THIS LIABILITY COVERAGE PART PROVIDES CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD", OR ANY APPLICABLE EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY "DEFENSE COSTS", AND "DEFENSE COSTS" WILL BE APPLIED AGAINST THE RETENTION. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENSE COSTS" OR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY. READ THE ENTIRE SUPPLEMENTAL APPLICATION CAREFULLY BEFORE SIGNING.**

**SUPPLEMENTAL ESOP APPLICATION INSTRUCTIONS:**

1. Whenever used in this Supplemental ESOP Application, the term "**Applicant**" shall mean the Parent Corporation and all subsidiaries.
2. Please complete this Supplemental ESOP Application in addition to the ForeFront Portfolio 3.0<sup>SM</sup> New Line Application if the **Applicant** desires coverage for an ESOP.
3. Include all requested underwriting information and attachments. Provide a complete response to all questions and attach additional pages if necessary.
4. Please sign and date this Supplemental ESOP Application.

**I. NAME OF APPLICANT:** \_\_\_\_\_

**II. ESOP COVERAGE SPECIFIC INFORMATION:**

1. At the time the ESOP was established, did the **Applicant** terminate any employee benefit plan(s)?  Yes  No

If "Yes", please attach complete details.

2. What is the **Applicant's** total number of common shares outstanding (number of shares and value)?

\_\_\_\_\_

3. What percentage of the **Applicant** is owned by the ESOP (number of shares and value)?

\_\_\_\_\_

4. If the ESOP owns less than 100% of the **Applicant**, please provide a list of the other shareholders, together with the percentage (%) of voting shares owned by each, and include their titles if they are an officer or director of the **Applicant**.

5. What percentage of the **Applicant's** shares held in the ESOP trust are allocated to or owned by the participants? \_\_\_\_\_ %

6. Is the **Applicant's** ESOP leveraged?  Yes  No

If "Yes", please attach detailed information, including the structure of the loan, if seller financing was needed (via seller notes or other), amount borrowed, financing terms, covenant restrictions (including any current non compliance and waivers), balances due, loan defaults, lenders, etc.

7. (a) How and when can the **Applicant's** employees "cash out"?

\_\_\_\_\_  
 \_\_\_\_\_

(b) What are the repurchase/diversification obligations for the upcoming year and next?

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



(c) What impact will they have on the plan?

\_\_\_\_\_

8. Were the assets of the **Applicant's** plan valued by an independent third party?  Yes  No  
 If "Yes", please attach the most recent valuation report along with the prior valuation.

9. What was the value of the **Applicant's** stock at:

	Value	Date
a. The most recent valuation		
b. The prior valuation		
c. The effective date of the plan		

If there has been appreciation or depreciation of the **Applicant's** stock between valuations, please explain:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. Has the **Applicant** changed the formula for valuing its stock in the last 6 years or since it was established?  Yes  No  
 If "Yes", please explain and attach a copy of the amendment made to the plan.

\_\_\_\_\_

\_\_\_\_\_

11. Attachments

Please attach a copy of the following:

- (a) Most recent ESOP plan valuation and the prior valuation
- (b) Most recent copy of the plan document, including any amendments made to the formula for valuing the stock within the last 6 years
- (c) Please provide full description and details if the **Applicant** or any person proposed for coverage has been the subject of, or been involved in, any of the following during the past 5 years:
  - (i) antitrust, copyright, or patent litigation;
  - (ii) deceptive trade practices or consumer fraud;
  - (iii) civil, criminal or administrative proceeding alleging violation of any federal or state securities laws; or
  - (iv) any other criminal actions
- (d) Most recent audited financial statement of the **Applicant** and of the **ESOP** plan

**III. MATERIAL CHANGE:**

If there is any material change in the answers to the questions in this Supplemental ESOP Application before the policy inception date, the **Applicant** must immediately notify the Company in writing, and any outstanding quotation may be modified or withdrawn.

**IV. DECLARATIONS, FRAUD WARNINGS AND SIGNATURES:**

The **Applicant's** submission of this Supplemental ESOP Application does not obligate the Company to issue, or the **Applicant** to purchase, a policy. The **Applicant** will be advised if the Supplemental ESOP Application for coverage is



accepted. The **Applicant** hereby authorizes the Company to make any inquiry in connection with this Supplemental ESOP Application.

The undersigned authorized agents of the person(s) and entity(ies) proposed for this insurance declare that to the best of their knowledge and belief, after reasonable inquiry, the statements made in this Supplemental ESOP Application and in any attachments or other documents submitted with this Supplemental ESOP Application are true and complete. The undersigned agree that this Supplemental ESOP Application and such attachments and other documents shall be the basis of the insurance policy should a policy providing the requested coverage be issued; that all such materials shall be deemed to be attached to and shall form a part of any such policy; and that the Company will have relied on all such materials in issuing any such policy.

The information requested in this Supplemental ESOP Application is for underwriting purposes only and does not constitute notice to the Company under any policy of a Claim or potential Claim.

**Notice to Arkansas, New Mexico and Ohio Applicants:** 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, fraudulent or deceptive statement is, or may be found to be, guilty of insurance fraud, which is a crime, and may be subject to civil fines and criminal penalties.

**Notice 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 policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder 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.

**Notice 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.

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

**Notice 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.

**Notice to Louisiana and Rhode Island 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.

**Notice to Maine, 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 may include imprisonment, fines or a denial of insurance benefits.

**Notice to Alabama and Maryland Applicants:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Notice 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.

**Notice to Oklahoma Applicants:** Any person who, knowingly and with intent to injure, defraud or deceive any employer or employee, insurance company, or self-insured program, files a statement of claim containing any false or misleading information is guilty of a felony.

**Notice to Oregon and Texas Applicants:** Any person who makes an intentional misstatement that is material to the risk may be found guilty of insurance fraud by a court of law.



**Notice 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.

**Notice to Puerto Rico Applicants:** Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand (5,000) dollars and not more than ten thousand (10,000) dollars, or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances are present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

**Notice 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.

**SIGNATURE OF APPLICANT'S AUTHORIZED REPRESENTATIVE**

**Date**

**Signature\***

**Title**

\_\_\_\_\_

\*This Supplemental ESOP Application must be signed by the chief executive officer, president or chief financial officer of the Parent Organization acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

<u>Produced By:</u>		
Agent: _____		
Agency: _____		
Agency Taxpayer ID or SS No.: _____	Agent License No.: _____	
Address: _____		
City: _____	State: _____	Zip: _____
<u>Submitted By:</u>		
Agency: _____		
Agency Taxpayer ID or SS No.: _____		
Agent License No.: _____		
Address: _____		
City: _____	State: _____	Zip: _____