

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## DIRECTORS & OFFICERS LIABILITY APPLICATION

FDIC No. \_\_\_\_\_

**NOTE: THE LIABILITY POLICY WHICH MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDES CLAIMS MADE COVERAGE WRITTEN ON A NO DUTY TO DEFEND BASIS. DEFENSE COSTS ARE INCLUDED WITHIN THE LIMIT OF LIABILITY. AMOUNTS INCURRED AS DEFENSE COSTS WILL REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS. PLEASE READ YOUR POLICY CAREFULLY.**

Name of Applicant \_\_\_\_\_

*(List all entities applying for coverage)*

Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

P.O. Box \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

Website \_\_\_\_\_ E-mail Address of Representative \_\_\_\_\_

Name and title of the representative authorized to receive notices from the Insurer on behalf of all persons and entities proposed for this insurance: \_\_\_\_\_

### PART I – GENERAL INFORMATION

1. a. The Applicant is a:  Bank Holding Company  Financial Services Holding Company  
 Bank  Savings Bank  Savings & Loan/Thrift  
 Other (specify): \_\_\_\_\_  
*(If Holding Company, list subsidiary information under Question 3)*
- b. Number of: \_\_\_\_\_ Employees (full and part-time) \_\_\_\_\_ Full-Service Branches (including main office)  
\_\_\_\_\_ Limited Facilities (makes no loans) \_\_\_\_\_ Non-Banking Facilities (DP centers, etc.)
- c. Type of ownership:  Stock Company  Mutual Company  
 Mutual Holding Company & Stock Bank(s)  
 Other (specify) \_\_\_\_\_
2. If Stock Company:
- a. Corporate structure:  C Corporation  S Corporation
- b. Company stock is:  Publicly Traded / Ticker Symbol: \_\_\_\_\_ Exchange: \_\_\_\_\_  
 Privately Held
- c. Number of: \_\_\_\_\_ Shareholders \_\_\_\_\_ Shares outstanding  
\_\_\_\_\_ Shares owned directly or beneficially by directors/trustees and officers
- d. List all persons or entities that own: (i) more than 10% of common stock (directly or beneficially) and (ii) debentures convertible to common stock which, if exercised, would result in a controlling interest of 10% or more of common stock.  Not Applicable

<u>Name</u>	<u>Percentage Owned</u>	<u>Representation on Board of Directors</u>
_____	_____ %	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____ %	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____ %	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. List all subsidiaries:

Name	Nature of Business	Parent Owner	Percentage Owned	Date Established	Net Income *	Total Assets *

\* Most recent year-end figures

**IT IS UNDERSTOOD AND AGREED THAT COVERAGE WILL NOT BE PROVIDED FOR ANY SUBSIDIARY UNLESS LISTED ABOVE AND EXPRESSLY AGREED TO BY THE INSURER.**

4. Has the Applicant or any subsidiary completed any of the following during the past 3 years, or is such a transaction planned or under consideration during the next 12 months:

- a. Stock offering (public or private)?  Yes  No
- b. Merger, consolidation, acquisition, tender offer, divestment or sale of stock in excess of 10% of shares outstanding?  Yes  No
- c. Merger, consolidation or acquisition of assets of another entity?  Yes  No
- d. Conversion to Subchapter S Corporation?  Yes  No
- e. Conversion from mutual to stock ownership?  Yes  No
- f. Conversion from a Bank Holding Company to a Financial Services Holding Company?  Yes  No

**If any of the answers to Question 4 above are "Yes", provide details by attachment. For stock offerings, attach Prospectus or Placement Memorandum.**

5. Check all products, services or business activities that are currently offered, or that the Applicant or any subsidiary contemplates offering within the next 12 months:

- |  |  |
|--|--|
| <input type="checkbox"/> Brokerage/Investment Advisory Services via Bank Employees | <input type="checkbox"/> Loan Servicing (for a Fee)                |
| <input type="checkbox"/> Brokerage/Investment Advisory Services via Third Party    | <input type="checkbox"/> Merchant Banking/Private Equity Investing |
| <input type="checkbox"/> Data Processing for Others                                | <input type="checkbox"/> Merchant Services/Credit Card Processing  |
| <input type="checkbox"/> Insurance Sales   | <input type="checkbox"/> Mortgage Banking                          |
| <input type="checkbox"/> Internet/Application Service Provider                     | <input type="checkbox"/> Network Hosting Services                  |
| <input type="checkbox"/> Internet Banking  | <input type="checkbox"/> Real Estate Brokerage                     |
| <input type="checkbox"/> Investment Advisor/Counselor                              | <input type="checkbox"/> Securities Underwriting/Dealing           |
| <input type="checkbox"/> Investment Banking  | <input type="checkbox"/> Title Company                             |
| <input type="checkbox"/> Investment Company  | <input type="checkbox"/> Trust Services                            |
| <input type="checkbox"/> Other _____   |  |

**IT IS UNDERSTOOD AND AGREED THAT COVERAGE WILL NOT BE PROVIDED FOR ANY PRODUCT, SERVICE OR BUSINESS ACTIVITY UNLESS LISTED ABOVE AND EXPRESSLY AGREED TO BY THE INSURER.**

6. The Applicant's website is:

- Information/Advertising Only (includes non-sensitive e-mail)
- Communicative (includes e-mail, account inquiry, or static file updates)
- Transactional (enables customers to direct or execute financial transactions)
- Not Applicable



- d. Are audit reports submitted directly to the board of directors/trustees or the audit committee?  Yes  No
- e. If there is an internal auditor on staff, does s/he have operational responsibilities?  Yes  No

#### PART IV – REGULATORY INFORMATION

1. Regulatory Agency: \_\_\_\_\_ Date of Last Exam: \_\_\_\_\_
2. Have all criticisms noted in the last regulatory exam report been addressed by the board of directors/trustees? If "No", provide details by attachment.  Yes  No

3. Provide the total dollar amount of classified assets and number of loans in each category as of the latest regulatory exam:

Substandard \$ \_\_\_\_\_ Doubtful \$ \_\_\_\_\_ Loss \$ \_\_\_\_\_  
 Number of Loans: \_\_\_\_\_ Number of Loans: \_\_\_\_\_ Number of Loans: \_\_\_\_\_

4. During the past 3 years, has the Applicant or any subsidiary been placed under, or does management anticipate that the Applicant or any subsidiary will be placed under, any type of regulatory order, agreement or action such as a Memorandum of Understanding, Cease and Desist Order, Letter of Agreement, etc.?  Yes  No

**If the Applicant is under any type of regulatory order, agreement or action, provide details by attachment, including the current status of such order, agreement or action.**

5. During the past 3 years, has any director/trustee or officer been alerted to any of the following conditions:
- a. Concentrations of credit which warrant reduction or correction?  Yes  No
  - b. Extensions of credit which exceed the legal lending limit?  Yes  No
  - c. Substandard, doubtful or loss classifications exceeding 40% of capital?  Yes  No
  - d. Problems involving extensions of credit to directors/trustees, officers or corporations controlled by directors/trustees or officers?  Yes  No
  - e. Significant violations of law or regulations?  Yes  No
  - f. Conflict of interest transactions?  Yes  No

**If any of the answers to Question 5 above are "Yes", provide details by attachment.**

#### PART V – LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

##### Renewal Applicants Only

1. Are there any claims or potential claims that have not been reported to Progressive involving the Insured, any subsidiary, or any past or present director/trustee, officer or employee resulting from their activities as such?  Yes  No
2. Is the Insured or any subsidiary a defendant in any lawsuit which, if the allegations are proven, could materially affect the financial condition of the Insured or any subsidiary?  Yes  No

**RENEWAL APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT IF THE UNDERSIGNED OR ANY DIRECTOR/TRUSTEE OR OFFICER HAS KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION INVOLVING THE COMPANY OR ANY INSURED PERSONS WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A FUTURE CLAIM, THAT ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY CLAIM ARISING FROM OR IN ANY WAY INVOLVING SUCH FACTS, CIRCUMSTANCES OR SITUATIONS. IN ADDITION, ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY FACTS, CIRCUMSTANCES OR SITUATIONS OF WHICH THE INSURER HAS ALREADY RECEIVED NOTICE FROM THE COMPANY OR INSURED PERSONS OR TO ANY CLAIM ALREADY REPORTED TO THE INSURER.**

**New Applicants Only**

1. During the past 3 years, have there been or are there now:
  - a. any lawsuits, or written or oral demands involving any past or present director/trustee, officer or employee resulting from their activities as such?  Yes  No
  - b. any lawsuits, or written or oral demands involving the Applicant or any subsidiary?  Yes  No
2. Does the undersigned or any director/trustee or officer have any knowledge of any fact, circumstance or situation involving the Applicant, its subsidiaries, or any past or present director/trustee, officer or employee, which could reasonably be expected to give rise to a future claim?  Yes  No

**NEW APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT ANY CLAIM ARISING FROM ANY PRIOR OR PENDING LITIGATION OR WRITTEN OR ORAL DEMAND SHALL BE EXCLUDED FROM COVERAGE. IT IS FURTHER UNDERSTOOD AND AGREED THAT IF KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION EXISTS, ANY CLAIM OR ACTION SUBSEQUENTLY ARISING THEREFROM SHALL BE EXCLUDED FROM COVERAGE.**

3. Have there been any Financial Institution Bond losses in excess of \$50,000 during the past 3 years?  Yes  No
4. Is the Applicant or any subsidiary a defendant in any lawsuit which, if the allegations are proven, could materially affect the financial condition of the Applicant or any subsidiary?  Yes  No
5. Provide details on current insurance policies:

<b>Current Coverage</b>	<b>Carrier</b>	<b>Policy Limit</b>	<b>Retention (Deductible)</b>	<b>Annual Premium</b>	<b>Policy Period</b>
D&O Liability					
Entity E&O or Banker's Professional Liability					
Securities (SEC) Liability					
Lender Liability					
Fiduciary Liability					
IRA / Keogh Liability					
Agent Errors & Omissions					
Employment Practices					
Trust Errors & Omissions					
Financial Institution Bond					

6. Has any carrier refused coverage for, cancelled or non-renewed any of the above policies?  Yes  No  
(Missouri applicants are not required to respond to this question.)

**If any of the answers in Part V are "Yes", provide details here or by attachment.** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## PART VI - REPRESENTATION STATEMENT

The undersigned declare that, to the best of their knowledge and belief, the statements in this Application, and any additional material submitted, are true and complete, and that reasonable efforts have been made to obtain sufficient information from each and every individual or entity proposed for this insurance to facilitate the proper and accurate completion of this Application.

It is further agreed by the Applicant that the particulars and statements contained in this Application (a copy of which will be attached to the Policy), any prior Applications upon which a Policy was issued, and any material submitted in connection with any such current or prior Application (which shall be on file with the Insurer and be deemed attached to the Policy as if physically attached) are the basis of the Policy and are to be considered as incorporated in and constituting a part of the Policy. It is further agreed by the Applicant that the statements in this Application or any material submitted therewith are their representations, and they are material and that the Policy is issued in reliance upon the truth of such representations.

The signing of this Application does not bind the undersigned to purchase the insurance and accepting this Application does not bind the Underwriter to complete the insurance or to issue any particular Policy. If a Policy is issued, it is understood and agreed that the Underwriter relied upon this Application, any previous Applications, and any additional material submitted in issuing each such Policy and any Endorsements thereto. The undersigned further agrees that if the statements in this Application or any other materials submitted change before the effective date of any proposed Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Underwriter immediately.

### FRAUD WARNINGS

**ARKANSAS, LOUISIANA, NEW JERSEY, NEW MEXICO, and VIRGINIA:** 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. In **Arkansas** and **Louisiana**, that person may be subject to fines, imprisonment or both. In **New Mexico**, that person may be subject to civil fines and criminal penalties. In **Virginia**, penalties may include imprisonment, fines and denial of insurance benefits.

**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.

**DISTRICT OF COLUMBIA, KENTUCKY, NEW YORK and 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 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. In **District of Columbia**, penalties include imprisonment and/or fines. In addition, the Insurer may deny insurance benefits if the applicant provides false information materially related to a claim. In **New York**, the person may also be subject to a civil penalty not to exceed five thousand dollars (\$5,000) and the stated value of the claim for each such violation. In **Pennsylvania**, the person may also be subject to criminal and civil penalties.

**FLORIDA:** Any person who knowingly and with intent to injure, defraud or deceive the 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.

**MAINE and TENNESSEE:** 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 and/or denial of insurance benefits.

**OHIO:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against the 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 the Insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

By \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_  
**Signature of the Chief Executive Officer**  
**(or other Senior Officer if the Chief Executive Officer is also the Chairman of the Board)**

By \_\_\_\_\_ Date \_\_\_\_\_  
**Signature of the Chairman of the Board**

**A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS SIGNED AND DATED BY TWO INDIVIDUALS.**

Agent Name \_\_\_\_\_ License Number \_\_\_\_\_

Submit Application to:

## **ExecutivePerils**

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