

PROGRESSIVE CASUALTY INSURANCE COMPANY
TRUST ERRORS & OMISSIONS 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. Date the Applicant began offering trust services: _____
 2. Does the Applicant perform any of the following services:

a. Administer a lending securities program for trust or custodial clients?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Enter any repurchase/reverse repurchase agreements that involve trust assets?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Act as trustee for any debt underwritten by the Company?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Act as trustee for municipal, corporate or other debt securities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Act as trustee for any securities backed by loans sold to third parties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Act as trustee for any equipment trusts/leases?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Act as receiver, trustee in bankruptcy or assignee for the benefit of creditors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Act as trustee under bond indenture?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Act as Administrator of IRA/Keogh accounts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
j. Act as dividend disbursing agent, exchange agent, redemption or subscription agent, or warrant or scrip agent?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
k. Act as fiscal or paying agent, tax withholding agent, escrow agent, or registrar, transfer or clearing agent?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
 3. Does the Applicant plan on making any changes to the trust operating/accounting system within the next 12 months? Yes No
 4. Has the Applicant or any subsidiary been involved in any merger, consolidation or acquisition with any other entity or Trust Department during the past 3 years? Yes No
- If "Yes", provide details: _____

	<u>Current Year</u>	<u>Last Year</u>	<u>Previous Year</u>
5. Provide net income for the Trust Department:	_____	_____	_____

PART II – MANAGEMENT

- 1. Number of: _____ Trust Officers _____ Additional Employees _____ Locations offering Trust services
 - 2. Average length of trust experience for all Trust Officers: _____
 - 3. Number of Trust Officers that hold the following Professional Designations:
 - Certified Trust & Financial Advisor (CTFA) _____
 - Certified Financial Planner (CFP) _____
 - Certified Financial Advisor (CFA) _____
 - Certified Employee Benefit Specialist (CEBS) _____
 - 4. Has there been a change in the Senior Trust Officer during the past 12 months? Yes No
 - 5. Is there a full-time trust compliance officer? Yes No
- If no, provide details on implementation and maintenance of the trust compliance function. _____
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- 6. During the past 5 years, has any past or present director/trustee, officer or employee providing trust services been the subject of:
 - a. a criminal investigation or charged with a crime? Yes No
 - b. an investigation or disciplinary proceeding by any regulatory agency or organization? Yes No
- If any of the answers to Question 6 above are "Yes", provide details by attachment.**

PART III – REVIEW LEVELS

- 1. **External Audit:** If the Trust department undergoes an external audit, attach a copy of the most recent audit report, a list of criticisms and statement of corrective action, if applicable.
- 2. **Internal Audit:**
 - a. The internal audit function is performed: Internally Externally Not Applicable
 - b. Provide the auditor's name, scope and frequency of audits. _____
- 3. **Trust Committee:**
 - a. How often does the Trust Committee meet? _____
 - b. Is every account reviewed by the Trust Committee at least annually? Yes No
 - c. How often (monthly, quarterly, etc.) does the Trust Committee review:
 - New accounts? _____ Existing accounts? _____
 - Purchase and sale of trust assets? _____ Administration of accounts? _____
 - Discretionary distributions? _____ Investments in each account? _____
 - d. Is the Trust Committee comprised only of outside directors? Yes No
- 4. **Regulatory Information:**
 - a. Regulatory Agency: _____ Date of Last Exam: _____

b. If applicable, attach a list of all criticisms of or recommendations for the Trust Department and include a statement of corrective action.

c. In the Past 3 years, has the Applicant been fined by the IRS or cited by the SEC or any other regulator for any reason including but not limited to slow processing or transactions and failure to review accounts? Yes No

5. **Legal Counsel:** Are all trust agreements reviewed by legal counsel prior to being accepted? Yes No

6. **Investment Advisor/Management:**

a. The advisory function is performed by: In-house investment advisor Outsourced

b. If the advisory function is outsourced, provide details on how the Investment Advisor/Manager is selected and how often their performance is reviewed. _____

c. If the Investment Advisory Function is performed in-house:

1. How often are trades executed? _____

2. Average number of trades a month _____

PART IV – POLICIES AND PROCEDURES

1. Does the Trust Department have written operating guidelines? Yes No

2. When the Trust Department succeeds another entity or another party as trustee, is a hold-harmless agreement executed by the predecessor trustee? Yes No

3. a. Is there an "approved list" of securities to be recommended to clients? Yes No

b. Are exceptions to the "approved list" approved and documented? Yes No

4. Are deviations from individual trust agreements approved and documented? Yes No

5. Are financial reports rendered to all accounts, other than custodial accounts, at least annually? Yes No

6. Are procedures in effect to ensure that client employee benefit plans comply with ERISA? Yes No

PART V – INVESTMENTS AND ASSET MANAGEMENT

1. Provide composition of Trust assets (include all subsidiaries):

Type of Account (Total Number)	No. of Accts.	Assets (000's) Book Value	Assets (000's) Market Value	Managed & Discretionary	Advisory & Non- Discretionary	Custodial
Individual Accounts, Trusts, Estates				%	%	%
ERISA Accounts				%	%	%
Corporate Trust (except Mutual Funds)				%	%	%
TOTAL				%	%	%

If applicable, indicate the total amount of Trust Assets above that are held in Common Trust Funds \$ _____

MUTUAL FUNDS AND NON- AFFILIATED COMMON TRUSTS	No. of Accts.	Assets (000's) Book Value	Assets (000's) Market Value
Custodian			
Transfer Agent			
Registrar			
Dividend Disbursing Agent			
All Other			
TOTAL			

2. Provide the total assets of the largest account in each of the following categories:
- a. Individual _____
 - b. ERISA _____
 - c. Corporate _____
3. Are Trust Department assets invested in:
- a. 5% or more of any stock of any corporation (including Company stock)? Yes No
 - b. Covered call options or any other type of option contracts? Yes No
 - c. Any specialty investments (other than commonly traded securities) such as precious metals, commodity or other futures, restricted securities, oil and gas leases, cattle trusts, or limited partnerships? Yes No
 - d. Derivatives or funds that include derivative investments? Yes No
4. Is the Trust Department acting in the capacity as trustee, manager or advisor in the management of client corporations or in the actual operation of farms, ranches, other real estate, oil, gas, or other mineral leases, or timber interests? Yes No
5. Does the Applicant or any subsidiary:
- a. Provide actuarial services for clients? Yes No
 - b. Provide trust services to any other banking company? Yes No

If any of the answers to Questions 3-5 above are "Yes", provide details: _____

PART VI - 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 the administration of trust services? 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. Has any insurance carrier declined, refused to renew or cancelled insurance similar to the coverage herein applied for? (Missouri applicants are not required to answer this question.) Yes No
2. 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

3. Does the undersigned or any director/trustee or officer have 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

If any of the answers in Part VI are "Yes", provide details here or by attachment. _____

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.

PART VII - 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 Senior Trust Officer
(or other Senior Officer if the Senior Trust 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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dba: Executive Perils Insurance Services