

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## APPLICATION FOR:

- FINANCIAL INSTITUTION BOND (FORM 24)
- EXCESS EMPLOYEE DISHONESTY BOND (FORM 28)
- COMBINATION SAFE DEPOSITORY COVERAGE

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

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

**COMPLETE THIS SECTION ONLY IF THE APPLICANT DOES NOT CURRENTLY CARRY D&O COVERAGE WITH PROGRESSIVE. D&O CUSTOMERS MAY PROCEED TO SECTION II.**

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)                            \_\_\_\_\_ 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 \_\_\_\_\_
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

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 IDENTIFIED ON THE BOND/POLICY DECLARATIONS PAGE.**

4. During the past 3 years, has the Applicant or any subsidiary been involved in any merger, acquisition, consolidation, tender offer, divestment or sale of its stock in excess of 10% of the total stock outstanding or is such a transaction planned or under consideration during the next 12 months?  
**If "Yes", provide details by attachment.**  Yes  No
5. 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

**PART II - FINANCIAL INSTITUTION BOND (FORM 24)**

Indicate the coverages desired by providing limits and deductibles desired. **New Applicants:** If no limit is specified, a quote for coverage will not be provided. **Renewal Applicants:** If no limit is specified, coverage will be quoted as expiring.

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>
1. <b>Fidelity (Insuring Agreement A), On-Premises (Insuring Agreement B), In-Transit (Insuring Agreement C) and Counterfeit Currency (Insuring Agreement F)</b>	\$ _____	\$ _____
a. Is fidelity coverage desired for businesses engaged in the data processing of checks or other accounting records (data processing coverage)?		<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Provide name of Data Processor(s): _____		

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

2. <b>Forgery or Alteration (Insuring Agreement D)</b>	\$ _____	\$ _____
3. <b>Unauthorized Signature</b>	\$ _____	\$ _____
4. <b>Computer Systems Fraud</b>	\$ _____	\$ _____
a. Indicate systems for which coverage is desired: <input type="checkbox"/> NACHA <input type="checkbox"/> Fed Wire <input type="checkbox"/> CHIPS <input type="checkbox"/> SWIFT <input type="checkbox"/> Your Proprietary System <input type="checkbox"/> Other		

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

- b. Number of independent software contractors or service bureaus authorized to design, develop, prepare, supply, service, write or implement programs for your Proprietary System: \_\_\_\_\_
- c. Are logical access controls (user IDs and passwords) in place to allow only authorized employees to access the Applicant's computer network, and are user IDs, passwords and supervisory override passwords changed at least once every 120 days?  Yes  No
- d. Is anti-virus software used on all desktops and mission-critical servers?  Yes  No
- e. Are customers provided with login IDs (PINs) and passwords to access their accounts through the website?  Yes  No
- f. Are firewalls used to protect the network and prevent hacker attacks from being launched both internally and externally?  Yes  No
- g. Does the Applicant use intrusion detection software?  Yes  No
- h. Is vulnerability or penetration testing performed periodically?  Yes  No
- i. Is system stress testing performed to ensure system capacity?  Yes  No
- j. Encryption technology is used to:  Secure Transactions  Authenticate Transactions  Not Applicable

- k. Are back-up and recovery procedures in place for the web infrastructure (including web, application development, and database servers)?  Yes  No
- l. Are back-up tapes stored off-site?  Yes  No
- m. How often is restore testing performed? \_\_\_\_\_

- 5. **Securities (Insuring Agreement E)** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Do you desire coverage under Insuring Agreement E to extend to loan participations?  Yes  No
- 6. **Trading Loss** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 7. **Extortion – Persons** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 8. **Extortion – Property** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 9. **Extortion – Persons & Property (combined limit)** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 10. **Fraudulent Real Property Mortgage** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 11. **Automated Teller Machine (ATM)** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Number of: \_\_\_\_\_ On-Premise ATMs \_\_\_\_\_ Off-Premise ATMs
- 12. **Service Contractors (Services Real Property/Mortgages)** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Provide name of Service Contractor(s): \_\_\_\_\_

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

- 13. **Money Order / Outside Check Issuers** Number of Issuers: \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 14. **Check Kiting** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Indicate how often a check kite suspect report is reviewed (daily, weekly, etc.): \_\_\_\_\_
- 15. **Stop Payment Liability** \$ \_\_\_\_\_ \$ \_\_\_\_\_
- 16. **Transit Cash Letter** \$ \_\_\_\_\_ **None**
- 17. **Counterfeit Check** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Do tellers have authority to cash checks for non-customers?  Yes  No
  - b. If "Yes", does the Applicant have a procedure in place to verify funds availability and authenticity of checks presented by non-customers?  Yes  No
  - c. Is verification limited to checks over a certain amount? If yes, specify amount: \$ \_\_\_\_\_
- 18. **Debit Card** \$ \_\_\_\_\_ \$ \_\_\_\_\_
  - a. Number of: \_\_\_\_\_ Debit Cards (Visa Checkcards, MasterCard Money Cards, etc.)  
\_\_\_\_\_ ATM Cards (PIN only)
  - b. Is Card Activation required for all newly issued and reissued debit cards?  Yes  No
  - c. Are all debit cards issued with a Card Verification Value (CVV) or Card Validation Code (CVC)?  Yes  No
  - d. Are exception reports monitored on a daily basis?  Yes  No
  - e. When ATM cards are issued, is the PIN sent separately from the card?  Yes  No
  - f. Does the Applicant utilize the services of a Neural Network (CRIS, Falcon, etc.)?  Yes  No
  - g. What is the debit single purchase transaction limit? \$ \_\_\_\_\_
  - h. What limit does the ATM system impose on daily cash withdrawals? \$ \_\_\_\_\_

**PART III – AUDIT INFORMATION**

1. **External Audit:** Provide the following information regarding the external audit function
- a. Type of external audit:  Full-scope  Directors-scope  Compilation  Other \_\_\_\_\_
  - b. The external audit is performed:  Annually  Semi-Annually  Other \_\_\_\_\_
  - c. If the Applicant undergoes a full-scope audit, was the most recent opinion unqualified (favorable)?  
 Not Applicable  Yes  No
  - d. If a "Management Letter" was issued, were any material weaknesses noted on the most recent report?  
 Not Applicable  Yes  No
  - e. **If applicable, attach a copy of the most recent audit report (or annual report) and include a copy of the most recent Management Letter and Applicant's response.**
2. **Internal Audit:**
- a. The internal audit function is performed:  Employee(s)  Externally  Not Applicable
  - b. Provide the auditor's name and frequency of audits. If performed internally, also include scope of audit and provide a brief summary of the auditor's qualifications (or attach resumes). \_\_\_\_\_
  - c. Is the audit committee comprised only of outside directors/trustees?  Yes  No
  - d. Are audit reports submitted directly to the board of directors/trustees or the audit committee?  Yes  No
  - e. If you have an internal auditor on staff, does s/he have operational responsibilities?  Yes  No
3. **Regulatory Information:** Provide the following information from the most recent regulatory exam:
- a. Regulatory Agency: \_\_\_\_\_ Date of Last Exam: \_\_\_\_\_
  - b. Have all criticisms in the last regulatory exam report been addressed by the board of directors/trustees?  
**If "No", provide details by attachment.**  Yes  No
  - c. Provide the total dollar amount of classified assets and number of loans in each category:  
Substandard \$ \_\_\_\_\_ Doubtful \$ \_\_\_\_\_ Loss \$ \_\_\_\_\_  
Number of Loans: \_\_\_\_\_ Number of Loans: \_\_\_\_\_ Number of Loans: \_\_\_\_\_
  - d. Since the last application, has the Insured or any subsidiary been placed under, or does management anticipate that the Insured or any subsidiary will be placed under, any type of regulatory order, agreement, or action?  Yes  No
  - e. During the past 3 years, has any director/trustee or officer been alerted to any of the following conditions:
    - i. Concentrations of credit which warrant reduction or correction?  Yes  No
    - ii. Extensions of credit which exceed the legal lending limit?  Yes  No
    - iii. Substandard, doubtful or loss classifications exceeding 40% of capital?  Yes  No
    - iv. Problems involving extensions of credit to directors/trustees, officers, or corporations controlled by directors/trustees or officers?  Yes  No
    - v. Significant violations of law or regulations?  Yes  No
    - vi. Conflict of interest transactions?  Yes  No

**If any of the answers to Question 3 b-e are "Yes", provide details by attachment. If the Insured is under any type of regulatory order, agreement or action, provide details by attachment, including the current status of such order, agreement or action.**

**PART IV – INTERNAL CONTROLS**

1. **Lending controls:**

- a. Are loan proceeds issued by someone other than the approving loan officer?  Yes  No
- b. Are signatures on all notes and documents obtained in the presence of an officer?  Yes  No
- c. Is the identity of all signatories verified on loan documents?  Yes  No
- d. Is negotiable collateral maintained under dual control?  Yes  No
- e. Is all collateral verified before loans are made and physically verified at least annually by individuals not involved in the lending relationship?  Yes  No
- 2. Cash controls:**
- a. Are all currency shipments prepared, received, and counted under dual control?  Yes  No
- b. Are the main and reserve cash vaults maintained under dual control, and are the opening, closing and setting of the main and reserve cash vaults logged?  Yes  No
- c. Do the main and reserve cash vaults employ a timing device which delays entry to the vault area?  Yes  No
- d. Are cash disbursements from corporate accounts (other than for petty cash) prohibited?  Yes  No
- 3. Forgery controls:**
- a. Prior to opening a corporate account, is the customer required to provide a signed corporate resolution or letter designating certain individuals to sign on the account?  Yes  No
- b. Does the Applicant prohibit the acceptance of checks made payable to corporate payees, but endorsed by individuals or endorsed over to individuals?  Yes  No
- c. Are account statements sent out on a monthly basis?  Yes  No
- d. When the Applicant holds statements for customer pick-up, does the Applicant obtain the customer's written authorization and record the customer's receipt of statement?  Yes  No
- e. Are makers' signatures verified on checks in excess of \$5,000 drawn on the Applicant?  Yes  No
- f. Are endorsements on negotiable instruments verified upon presentment?  Yes  No
- g. Does the Applicant prohibit the issuance of blank counter checks?  Yes  No
- h. Prior to honoring a written or faxed funds transfer request, is the authenticity of the request verified by signature verification and a call-back or similar security procedure?  Yes  No
- 4. Employee account monitoring controls:**
- a. Are employees' accounts (checking, money market, savings, etc.) segregated and reviewed for unusual activity at least monthly?  Yes  No
- b. Are employees' immediate family members' and household members' accounts randomly reviewed for unusual activity at least quarterly?  Yes  No
- c. Does the Applicant disclose to its employees the fact that these accounts will be reviewed?  Yes  No
- 5. Other controls:**
- a. Are dormant accounts flagged, segregated and maintained under dual control?  Yes  No
- b. Is there a person designated at all locations to open and inspect the premises for unauthorized persons and signal that the premises are safe to enter?  Yes  No
- c. Is there a formal program requiring segregation of duties, so that no single transaction can be fully controlled from origination to posting by one person?  Yes  No
- d. Does management require annual vacations of at least two consecutive weeks for all officers and employees and prohibit access to work stations during the vacation period?  Yes  No

- e. Are official checks and drafts preprinted, sequentially numbered and maintained under dual control?  Yes  No
- f. Are reconciliations of official checks prepared by individuals other than those authorized to issue them?  Yes  No

If any of the answers in Part IV are "No", provide details here or by attachment: \_\_\_\_\_

**PART V – COMBINATION SAFE DEPOSITORY POLICY**

1. Indicate coverage desired by providing the limit. **New Applicants:** If no limit is specified, a quote for coverage will not be provided. **Renewal Applicants:** If no limit is specified, coverage will be quoted as expiring.

Coverage	Limit with Money Coverage	Limit without Money Coverage
Option I – Agreement A – Liability Coverage Only		
Option II – Agreement B – Property Coverage Only		
Option III – Agreements A & B – Combined Limit		

2. Number of: \_\_\_\_\_ Locations with safe deposit boxes \_\_\_\_\_ Safe deposit boxes at all locations

**PART VI – EXCESS EMPLOYEE DISHONESTY BOND (FORM 28)**

The Excess Employee Dishonesty Bond is a separate Bond providing \$1,000,000 in excess fidelity coverage over and above Insuring Agreement A on the Financial Institution Bond, Form 24.

- Is Excess Employee Dishonesty Bond coverage desired?  Yes  No

**PART VII – LOSSES, PENDING LITIGATION AND CLAIMS HISTORY**

Renewal Applicants Only

1. Are there any Financial Institution Bond losses or potential losses involving the Insured or any subsidiary that have not been reported to Progressive?  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. List all Financial Institution Bond losses, potential losses, claims or potential claims sustained during the past 3 years,

whether reimbursed or not:

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered (other than Insurance)	Amount of Loss Pending

2. 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
3. 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

**NEW APPLICANTS: IT IS 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.**

If any of the answers in Part VII are "Yes", provide details here or by attachment: \_\_\_\_\_

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**PART VIII – 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 Bond/Policy), any prior Applications upon which a Bond/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 Bond/Policy as if physically attached) are the basis of the Bond/Policy and are to be considered as incorporated in and constituting a part of the Bond/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 Bond/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 Bond/Policy. If a Bond/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 Bond/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 Bond/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 Bond/Policyholder or claimant for the purpose of defrauding or attempting to defraud the Bond/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 Bond/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 BOND/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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