

**EVEREST NATIONAL INSURANCE COMPANY
COMMUNITY BANK APPLICATION**

- DIRECTORS & OFFICERS / COMPANY LIABILITY EMPLOYMENT PRACTICES LIABILITY
 FINANCIAL INSTITUTION BOND/CSD FDIC No. _____

THE LIABILITY POLICIES WHICH MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDE 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 JUDGEMENTS OR SETTLEMENTS. PLEASE READ YOUR POLICIES CAREFULLY.

Applicant _____

(List all entities applying for coverage including all Subsidiaries)

Address _____ City _____ State _____ Zip Code _____
P.O. Box _____ City _____ State _____ Zip Code _____
Telephone _____ Fax _____ Website _____

Representative authorized to receive notices on behalf of all persons and entities:

Name _____ Title _____ E-mail _____

GENERAL INFORMATION

1. a. Bank is: Privately held Mutual Publicly Traded: Ticker Symbol _____ Exchange _____
- b. Percentage owned by insiders (i.e., directors, officers and employees) _____ %
- c. List all persons or entities that own 10% or more of the Applicant's common stock (directly or beneficially):
_____ % Board representation? Yes No
_____ % Board representation? Yes No
2. Number of: _____ Employees (full and part-time) _____ Full Service Branches (including Main Office)
3. List all Subsidiaries and their most recent year-end net income/assets below or by attachment:

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

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 completed a stock offering, merger or acquisition during the past 12 months? Yes No
If the answer to Question 4 is Yes, provide details by attachment.
5. Indicate if there have been changes in any of the following positions during the past 3 years for reasons other than internal promotion, retirement or death (**provide details by attachment and attach resumes of any new hires**):
 No changes Chairman of the Board President and/or CEO
 Senior Operations Officer Senior Loan Officer Internal Auditor
6. Indicate if the following activities are now offered, or if the Applicant contemplates offering them within the next 12 months:
 Brokerage/Investment Advisory Services: Services are offered by: Applicant's own Employees (or) Dual Employees
 Insurance Services If so, are any products other than Credit Life & Disability offered? Yes No
 Out-of-territory lending greater than 25% of total loans: Yes No
 Subprime lending or Payday lending: Yes No
 Loan Servicing (third party): Annual revenue: _____
 Loan Participations originated by a third party: Yes No
 Trust Services **If offered, complete the Trust Liability Application**

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

7. **LEVELS OF REVIEW:**

- a. Internal audits are performed: Monthly Quarterly Annually Other _____
- b. Loan reviews are performed: Monthly Quarterly Annually Other _____
- c. External audits are: Full-scope Directors-scope Not Performed Date of Audit _____
- d. Was the most recent audit opinion unqualified (favorable)? Yes No Not Applicable
- e. Date of the most recent regulatory exam: _____ Regulatory Agency: _____
- f. During the past 3 years, has the Applicant been placed under, or to the best of your knowledge, does management anticipate:
 - i. any type of formal enforcement actions, orders or agreements; or Yes No
 - ii. any memorandums of understanding requiring public disclosure as dictated by securities law? Yes No
- g. Current level of internally classified assets: Substandard \$ _____ Doubtful \$ _____ Loss \$ _____

If the answers to Question 7(d) is No or 7(f) is Yes, provide details by attachment.

8. **FIDUCIARY LIABILITY:** Complete this section only if the Applicant desires Fiduciary Liability coverage.

- a. Total Assets: _____ Type of Plan: 401k ESOP Defined Benefits

9. **FRAUD PREVENTION MEASURES:**

a. **INTERNAL CONTROLS**

- i. Are signatures on all notes and documents obtained in the presence of a bank employee, attorney, closing agent, escrow agent or title company employee? Yes No
- ii. Are all loans prepared and disbursed by someone other than the officer approving the loan? Yes No
- iii. Is there a formal program requiring the segregation of duties, so that no single transaction can be fully controlled from origination to posting by one person? Yes No
If No, is there a formal program requiring the rotation of duties without prior notice thereof? Yes No
- iv. Are all employees required to take at least one consecutive week of vacation each year, and are they prohibited from accessing their work stations during the vacation period? Yes No
- v. Check kite suspect reports are reviewed: Daily Weekly Other _____ Not Reviewed

If any of the answers to Questions 9(a) are No, provide details by attachment.

b. **COMPUTER SYSTEMS:**

- i. Core Processing is: Performed internally by the Applicant
 Outsourced (entirely) Vendor: _____ Outsourced (partially) Vendor: _____

10. Which insurance carrier currently provides Property and General Liability coverage? _____

- a. What are the policy expiration dates? _____

LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

All Applicants

- 1. Is the Applicant or any subsidiary a defendant in any lawsuit which, if allegations are proven, could materially affect the financial condition of the Applicant or any Subsidiary? Yes No

New Applicants Only

- 2. During the past 3 years, have there been or are there now any lawsuits, written or oral demands, employee grievances, negotiated settlements or administrative proceedings (EEOC, NLRB, etc) involving:
 - a. any past or present director, officer or employee resulting from their activities as such? Yes No
 - b. the Applicant or any Subsidiary? Yes No
- 3. Have there been any Financial Institution Bond losses in excess of \$5,000 during the past 3 years, whether reimbursed or not? Yes No
- 4. Does the undersigned or any director or officer have any knowledge of any fact, circumstance or situation involving the Applicant, its Subsidiaries, or any past or present director, officer or employee, which could reasonably be expected to give rise to a future liability claim or Bond loss? Yes No

If any of the answers in this section are Yes, provide details by attachment.

RENEWAL APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT IF THE UNDERSIGNED OR ANY INSURED HAS KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A FUTURE CLAIM, THEN 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 CLAIM, FACTS, CIRCUMSTANCES OR SITUATIONS FOR WHICH THE INSURER HAS ALREADY RECEIVED NOTICE.

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 WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A CLAIM EXISTS, ANY CLAIM OR ACTION SUBSEQUENTLY ARISING THEREFROM SHALL BE EXCLUDED FROM COVERAGE.

REPRESENTATION STATEMENT

The undersigned declare that, to the best of their knowledge and belief, the statements in this application, any prior applications, any additional material submitted, and any publicly available information published or filed by or with a recognized source, agency or institution regarding business information for the Applicant for the 3 years preceding the Bond/Policy's inception, and any amendments thereto [hereinafter called "Application"] are true, accurate and complete, and that reasonable efforts have been made to obtain sufficient information from each and every individual or entity proposed for this insurance. It is further agreed by the Applicant that the statements in this Application are their representations, 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 Insurer to complete the insurance or to issue any particular Bond/Policy. If a Bond/Policy is issued, it is understood and agreed that the Insurer relied upon this Application in issuing each such Bond/Policy and any Endorsements thereto. The undersigned further agrees that if the statements in this Application 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 Insurer immediately.

FRAUD WARNINGS

ARKANSAS, LOUISIANA, MARYLAND, 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, Louisiana and Maryland, 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, PENNSYLVANIA and OREGON: 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 Pennsylvania and Oregon, the person may also be subject to criminal and civil penalties.

FLORIDA and OKLAHOMA: 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. In Florida it is a felony to the third degree.

MAINE, TENNESSEE and WASHINGTON: 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.

OREGON: Any person who knowingly and with intent to defraud any insurance company or another 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, may be committing a fraudulent insurance act, which may be a crime and may subject the person to criminal and civil penalties.

Chief Executive Officer, President or Chairman of the Board:

Print Name:	Signature:
Title:	Date:

Chief Financial Officer or Equivalent Officer:

Print Name:	Signature:
Title:	Date:

A BOND/POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS SIGNED/DATED BY TWO INDIVIDUALS.

Agent Name _____ License Number _____

Agent Signature _____

Submit Application to:
ABA Insurance Services, Inc.
3401 Tuttle Road, Suite 300 • Shaker Heights, OH 44122
Telephone: (800) 274-5222 • Fax: (800) 456-6590 • www.abais.com

ABA Insurance Services Inc., dba Cabins Insurance Services in CA; ABA Insurance Services of Kentucky Inc. in KY; and ABA Insurance Agency Inc. in MI