



MEMBER OF GREAT AMERICAN INSURANCE GROUP

Community Bank Application

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

- Directors & Officers/Company Liability Employment Practices FI Bond/CSD

NOTICE: The liability policy which may be issued based upon this application provides claims made coverage and is written on a no duty to defend basis. Defense costs are included within the limit of liability and are subject to any applicable retention. Amounts incurred as defense costs will reduce the limit of liability available to pay judgments or settlements. Please read your policy carefully.

Applicant \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

P.O. Box \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

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

Website \_\_\_\_\_

Individual authorized to receive notices on behalf of all insureds:

Name \_\_\_\_\_

Title \_\_\_\_\_ E-mail \_\_\_\_\_

Current GL and Property Carrier \_\_\_\_\_ GL and Property Policy Expiration Dates \_\_\_\_\_

General Information

Yes No

- 1. a. Bank is: Privately held Mutual Publicly Traded: Ticker Symbol Exchange
b. Percentage owned by insiders (directors, officers and employees): %
c. List all persons or entities that own 10% or more of the Applicant's common stock (directly or beneficially):
2. Number of: Employees (full and part-time) Full Service Branches Safe Deposit Boxes
3. List all Subsidiaries and their most recent year-end net income/assets below or by attachment:

Table with 7 columns: Name, Nature of Business, Parent Owner, % Owned, Date Established, Net Income, Total Assets

It is understood and agreed that no coverage will be provided for any subsidiary or entity unless listed in the Application and expressly agreed by the Insurer.

- 4. Has the Applicant completed a stock offering, merger or acquisition during the past 3 years or does it plan one in the next 12 months?
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):

General Information *Continued*

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 Yes**, are any products other than Credit Life & Disability offered? \_\_\_\_\_
- Out-of-territory lending greater than 25% of total loans
- Subprime lending or Payday lending
- Loan Servicing (*third party*): Annual revenue: \$ \_\_\_\_\_
- Loan Participations originated by a third party
- Trust Services – **If offered, complete the Trust Liability Application**

**It is understood and agreed that coverage will not be provided for any service or activity unless checked 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  Annually
  - Date of Audit \_\_\_\_\_
- d. Was the most recent audit opinion unqualified (*favorable*)?  **N/A**  **Yes**  **No**
- 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**

- a. Total Plan Assets \_\_\_\_\_ Type of Plan:  401k  ESOP  Defined Benefit

9. **Employment Practices**

- a. Does the Applicant have a written manual of all personnel policies and procedures?  **Yes**  **No**
  - i. **If Yes**, does it include an employment-at-will statement?  **Yes**  **No**
  - ii. **If Yes**, does it include a Sexual Harassment Policy?  **Yes**  **No**
  - iii. **If Yes**, does it include a Discrimination Policy?  **Yes**  **No**
- b. Has employee turnover been under 25% in both of the past 2 years?  **Yes**  **No**
- c. Prior to terminating employees, does the Applicant seek legal counsel?  **Yes**  **No**

General Information *Continued*

	Yes	No
<b>10. Fraud Prevention Measures</b>		
<b>a. Internal Controls</b>		
i. Are signatures on all loan documents obtained in the presence of a bank employee, attorney, closing agent, escrow agent or title company employee?	<input type="checkbox"/>	<input type="checkbox"/>
ii. Are all loans prepared and disbursed by someone other than the officer approving the loan?	<input type="checkbox"/>	<input type="checkbox"/>
iii. Does the Applicant utilize any real time or end-to-end banking platforms? Please list:	<input type="checkbox"/>	<input type="checkbox"/>
iv. With respect to any real time or equivalent banking platform used by the Applicant, are duties sufficiently segregated such that one employee would be prevented from controlling a single transaction from origination to posting?	<input type="checkbox"/>	<input type="checkbox"/>
v. <b>If the answer to iv. is No</b> , what compensating controls exist to mitigate the risk of fraud? Please list:		
vi. With the exception of any real time or equivalent banking platforms, is there a formal program requiring the segregation of duties, so that no single transaction be fully controlled from origination to posting by one employee? <b>If No</b> , is there a formal program requiring the rotation of duties without prior notice thereof?	<input type="checkbox"/>	<input type="checkbox"/>
vii. Are all employees required to take at least one consecutive week of vacation each year and are they prohibited from accessing their work stations, either on premises or remotely, during the vacation period?	<input type="checkbox"/>	<input type="checkbox"/>
viii. Check kite suspect reports are reviewed: <input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Other _____ <input type="checkbox"/> Not Reviewed		
<b>If any of the answers to Questions 10(a) are no, provide details by attachment.</b>		
<b>b. Computer Systems</b>		
i. Core Processing is outsourced. List Vendor _____	<input type="checkbox"/>	<input type="checkbox"/>

Losses, Pending Litigation And Claims History

	Yes	No
<b>New Applicants Only</b>		
11. a. During the past 3 years, have there been or are there now any lawsuits, administrative charges or demands involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee?	<input type="checkbox"/>	<input type="checkbox"/>
b. During the past 3 years, have there been any FI Bond losses in excess of \$5,000, whether reimbursed or not?	<input type="checkbox"/>	<input type="checkbox"/>
12. a. Does any director or officer have 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 rise to claim?	<input type="checkbox"/>	<input type="checkbox"/>
b. Has any carrier declined, cancelled or non-renewed any policy similar to the coverage herein applied for? <i>(Do not answer 12b. if the applicant resides in Missouri.)</i>	<input type="checkbox"/>	<input type="checkbox"/>
13. During the past 3 years, have there been or are there now any lawsuits, administrative proceedings (EEOC, NLRB, etc.), employee grievances or negotiated settlements involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee?	<input type="checkbox"/>	<input type="checkbox"/>

**Losses, Pending Litigation And Claims History *Continued***

**Yes No**

- |  |                          |                          |
|--|--------------------------|--------------------------|
| 14. During the past 3 years, has the Applicant been made aware of any unauthorized access to information housed in the Applicant’s computer systems, website, internet service provider, website host or core processor? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. During the past 3 years, has the Applicant sustained a systems intrusion, tampering, hacking or similar incident that Resulted in damage to data, computer programs, a third party or other loss to the institution? | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>All Applicants</b>  |                          |                          |
| 16. During the past 3 years, have there been or are there now any lawsuits, administrative charges or demands involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee?    | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Is the Applicant, any subsidiary or any past or present director, officer or employee a defendant in any lawsuit which could materially affect the financial condition of the Applicant or any subsidiary?           | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Are there any claims or potential claims that have not been reported to the Insurer involving the Applicant, any Subsidiary, or any past or present director, trustee, officer or employee?                          | <input type="checkbox"/> | <input type="checkbox"/> |

**If any of the answers in this section are Yes, provide details 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 which could reasonably be expected to give rise to a claim exists, any claim or action subsequently arising therefrom shall be excluded from coverage.

**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.

**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, 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 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 includes 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 KANSAS Applicants:** Any person who commits an act, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent act.

**KENTUCKY 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 addition, the Insurer may deny insurance benefits if the applicant provides false information materially related to a claim. In Pennsylvania, 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.

**MARYLAND:** 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.

**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