

# EVEREST NATIONAL INSURANCE COMPANY

## APPLICATION AND DECLARATIONS PAGE ADDENDUM NEW YORK DISCLOSURE NOTICE

**CLAIMS-MADE POLICY:** The Policy is written on a claims-made basis with Defense Costs included in the Limit of Liability. The Limit of Liability available to pay judgments or settlements shall be reduced and may be completely exhausted by the payment of Defense Costs and Defense Costs shall be applied against the Retention. PLEASE READ THE ENTIRE POLICY CAREFULLY.

**CLAIMS-MADE DURING POLICY PERIOD:** The Policy covers only Claims actually made against the Insured while the Policy remains in effect. All Coverage under this Policy ceases upon the effective date of Policy termination except for the Automatic Discovery Period or the Optional Discovery Period (if purchased).

**CLAIMS-MADE POLICY MATURITY:** During the first several years of a claims-made relationship, claims-made rates are comparatively lower than occurrence rates, and the Company can expect substantial annual premium increases, independent of overall rate increases, until the claims-made relationship reaches maturity.

**DISCOVERY PERIOD:** The Policy provides an Automatic Discovery Period of sixty (60) days at no charge. A one (1) year Optional Discovery Period may be purchased for Directors and Officers Liability, Fiduciary Liability or Employment Practices Liability Insurance (if the respective coverage is purchased). For any other coverage purchased, a three (3) year Optional Discovery Period may be purchased. Potential coverage gaps may arise upon expiration of the Automatic Discovery Period and the Optional Discovery Period if prior acts coverage is not subsequently provided by another insurer. The premium for the Optional Discovery Period is based on the rates in effect on the date the Policy was last issued or renewed.

**RETROACTIVE DATE:** If the Policy contains a retroactive date, the Policy provides no coverage for Claims based upon, arising out of, or attributable to any wrongful act (as defined within the Policy) that took place prior to the retroactive date.

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

THE LIABILITY POLICY WHICH MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDES CLAIMS MADE COVERAGE WRITTEN ON A DUTY TO DEFEND BASIS. THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED AND MAY BE COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS AND DEFENSE COSTS SHALL BE APPLIED AGAINST THE RETENTION. PLEASE READ YOUR POLICY 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. Provide the home page address and date established of all websites proposed for coverage:

**Home Page Address** \_\_\_\_\_ **Date Established** \_\_\_\_\_

2. The Applicant offers:  PC/Home Banking  Internet Banking  Voice/Telephone Banking  
 Wireless Banking  Other \_\_\_\_\_

3. **VENDOR MANAGEMENT:**

a. Indicate whether the function is outsourced, performed in-house or both. Provide the vendor's name if a third party is used.

	Outsourced	In-House	Both	Vendor/Provider Name
Core Processing				
Internet Service Provider*				
Website Host				
Website Design and Maintenance				
Internet Banking Vendor				

\*An ISP (Internet Service Provider) is a business that offers access to the Internet. They provide Internet connection, domain name registration, and dial-up or DSL access.

b. If applicable, do all vendor contracts:

- i. indemnify/hold the Applicant harmless for vendor misconduct, errors, omissions or negligence?  Yes  No
- ii. outline the vendor's responsibility for safeguarding customer and confidential information and stipulate what security measures are provided by the vendor?  Yes  No

4. **SECURITY MEASURES:**

- a. Are exception reports generated and reviewed on a daily basis which would reveal: (1) restricted transactions; (2) correcting and reversing entries; and (3) unsuccessful attempts to access the system or restricted information?  Yes, reviewed by the bank  Yes, reviewed by the vendor  Not reviewed
- b. Are formal procedures in place to report and respond to unauthorized attempts to access the Applicant's Internet banking system?  Yes  No
- c. Are back-up and recovery procedures in place for the web infrastructure (including web, application development, and database servers)?  Yes  No

- i. Are back-up tapes stored off-site?  Yes  No
- ii. If Yes, how often is restore testing performed? \_\_\_\_\_

## LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

### New Applicants Only

1. During the past 3 years, has the Applicant:
  - a. been made aware of any unauthorized access to information of the Applicant or its customers through the Applicant's computer system, Website, Internet Service Provider or Website host; or  Yes  No
  - b. sustained a systems intrusion, tampering, hacking or similar incident that resulted in:
    - 1) damage to or destruction of data or computer programs;
    - 2) damages to a third party; or
    - 3) other loss to the institution?  Yes  No
2. Does the undersigned or 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 claim?  Yes  No
3. 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

**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 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, that they are material and that the Policy is issued in reliance upon the truth of such representations. No misrepresentation by the Applicant shall be deemed material unless knowledge by the Insurer of the facts misrepresented would have led to the refusal by the Insurer to issue or renew the Policy/Bond for the premium charged and with the same terms and conditions as offered.

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 WARNING

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. 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.

**Chief Executive Officer, President or Chairman of the Board:**

Print Name:	Signature:
Title:	Date:

**Information Technology Officer or comparable title:**

Print Name:	Signature:
Title:	Date:

**A 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 • Shakers Heights, OH 44122  
Telephone: (800) 274-5222 • Fax: (800) 456-6590 • www.abais.com