

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.

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

7. Computer Systems:

- a. Core processing will be: Performed internally by the Applicant
 Outsourced (entirely) Vendor: _____ Outsourced (partially) Vendor: _____
- b. Specify all computer systems to be covered under the Bond (other than the Applicant's proprietary systems):
- _____
- _____

AUDIT INFORMATION

1. External Audit:

- a. Type of external audit the Applicant will undergo: Full-scope Directors-scope Other _____
- b. The external audit will be performed: Annually Every other year Other _____

2. Internal Audit:

- a. The internal audit function will be performed by: Employee(s) External Firm Not Performed
- b. Internal audits will be conducted: Monthly Quarterly Annually Other _____
- c. Will the Audit Committee be comprised only of outside directors? Yes No
- d. Will audit reports be submitted directly to the board of directors or Audit Committee? Yes No

INTERNAL CONTROLS

1. Will a written loan application be required for every extension of credit? Yes No
2. For loans originated by the Applicant, will signatures on all notes and documents be obtained in the presence of a bank employee, attorney, closing agent, escrow agent or title company employee? Yes No
3. Prior to opening a corporate account, will the customer be required to provide a signed corporate resolution or letter designating certain individuals to sign on the account? Yes No
4. Will the Applicant prohibit the acceptance of checks made payable to corporate payees, but endorsed by individuals or endorsed over to individuals? Yes No
5. Will endorsements on negotiable instruments be verified upon presentment? Yes No
6. Will all loan proceeds be prepared and disbursed by someone other than the officer approving the loan? Yes No
7. Will the Applicant fund loans or leases originated by mortgage brokers or leasing companies? Yes No
 If Yes, signatures on all notes and documents will be obtained by the: Applicant Broker or Leasing Co.
 Other (specify) _____
8. Will all currency shipments be prepared, received and counted under dual control? Yes No
9. Will employees' accounts be segregated and reviewed for unusual activity at least monthly? Yes No
10. Will dormant accounts be flagged, segregated and maintained under dual control? Yes No
11. Will there be a formal program requiring the segregation of duties in every area, so that no single transaction can be fully controlled from origination to posting by one person? Yes No
 If No, will there be a formal program requiring the rotation of duties without prior notice thereof? Yes No
12. Will all employees be required to take vacations each year, and will they be prohibited from accessing their work stations during the vacation period? Yes No
 If Yes, vacations will be required for a period of: At least two consecutive weeks
 At least one consecutive week
13. Check kite suspect reports will be reviewed: Daily Weekly Other _____ Not Reviewed
14. Will all accounts (including suspense accounts) be reconciled at least monthly by individuals who have no authority to post transactions to the accounts? Yes No

If any of the answers in this section are No, provide details by attachment.

LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

1. Have there been or are there now any lawsuits, administrative charges, written or oral demands involving the Applicant, any Subsidiary, or any past or present director, officer or employee? 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

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

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:

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.
 5910 Landerbrook Drive, Suite 100 • Mayfield Heights, OH 44124
 Telephone (800) 274-5222 • Fax (800) 456-6590 • www.abais.com