

# 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.

**EVEREST NATIONAL INSURANCE COMPANY**  
**TRUST COMPANY APPLICATION**

- TRUST COMPANY LIABILITY  
 EMPLOYMENT PRACTICES LIABILITY

- DIRECTORS & OFFICERS LIABILITY  
 FINANCIAL INSTITUTION BOND

**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. Date Established: \_\_\_\_\_ Number of Employees: \_\_\_\_\_ Number of locations: \_\_\_\_\_
2. Net Income: Current Year: \_\_\_\_\_ Last Year: \_\_\_\_\_ Previous Year: \_\_\_\_\_
3. a. Corporate structure:  C-Corporation  S-Corporation  Limited Liability Company  
b. Type of ownership:  Stock Company  Mutual Company  Other \_\_\_\_\_
4. If Stock Company:
  - a. Stock is:  Privately Held  Publicly Traded Ticker Symbol: \_\_\_\_\_ Exchange: \_\_\_\_\_
  - b. Number of: \_\_\_\_\_ Shareholders \_\_\_\_\_ Shares Outstanding \_\_\_\_\_ Shares owned directly/beneficially by D&Os
  - c. List all persons or entities that own more than 10% of common stock (directly or beneficially) or debentures convertible to common stock, which if exercised, would result in a controlling interest of 10% or more of common stock. Indicate name, percentage owned and if such individuals/entity is represented on the board.  
\_\_\_\_\_  
\_\_\_\_\_

5. List all Subsidiaries and most recent year-end 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.**

6. Has the Applicant or any Subsidiary completed any of the following during the past 3 years, or is such a transaction being transaction being contemplated during the next 12 months:
  - a. Stock offering, merger, consolidation, acquisition, divestment or sale of stock in excess of 10% of shares outstanding?  Yes  No
  - b. Conversion from mutual to stock ownership?  Yes  No
  - c. Going private transaction, conversion from C-Corporation to Subchapter S-Corporation, or any other transaction eliminating shareholders or listing of shares for sale on NASDAQ, NYSE or AMEX?  Yes  No

d. Merger, consolidation or acquisition with any other entity, Trust Department, or Trust Company during the past 3 years?  Yes  No

**If any of the answers to Question 6 are Yes, provide details by attachment. For stock offerings, attach Prospectus or Placement Memorandum.**

**7. MANAGEMENT:**

- a. Number of Trust Officers: \_\_\_\_\_ Average length of trust experience for all Trust Officers: \_\_\_\_\_
- b. Number of Trust Officers that hold the following Professional Designations:  
 Certified Trust & Financial Advisor (CTFA) \_\_\_\_\_ Certified Financial Planner (CFP) \_\_\_\_\_  
 Certified Employee Benefit Specialist (CEBS) \_\_\_\_\_ Certified Financial Advisor (CFA) \_\_\_\_\_
- c. Is there a full-time Trust Compliance Officer?  Yes  No
- d. 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 and attach resumes of new hires**):  
 No changes                       Chairman of the Board                       President and/or CEO  
 Internal Auditor                       Senior Trust Officer                       Senior Operations Officer
- e. List all board members who missed more other than 25% of board meetings within the past 12 months and reasons:
- f. During the past 3 years, has any past or present board member, officer or employee been charged with a crime or the subject of a criminal investigation or disciplinary proceeding by any regulatory agency or organization?  Yes  No

**If the answers to Questions 7 (c), 7(e) or 7(f) are Yes, provide details by attachment.**

**8. LEVELS OF REVIEW:**

- a. The internal audit function is performed by:  Employee(s)     External Firm     Not Performed
- b. Internal audits are performed:  Monthly     Quarterly     Annually     Other
- c. Is the Audit Committee comprised only of outside directors?  Yes  No
- d. Summarize auditor's qualifications (**or attach resumes**) \_\_\_\_\_
- e. Audit reports are submitted directly to the:  Board of Directors    (or)     Audit Committee
- f. **Attach a copy of the most recent Audit report, Management Letter and Applicant's response.**
- g. Regulatory Agency: \_\_\_\_\_ Date of Exam: \_\_\_\_\_
- h. Have all criticisms in the exam report been addressed by the board of directors?  Yes  No
- i. In the past 3 years, has the Applicant been fined by the IRS or cited by the SEC or any other regulator for any reason, including but not limited to slow processing of transactions and failure to review accounts?  Yes  No
- j. During the past 3 years has the Applicant or any Subsidiary been placed under or, to the best of your knowledge, does management anticipate any:
  - i. type of formal enforcement action, order or agreement; or  Yes  No
  - ii. memorandum of understanding requiring public disclosure as set forth by securities law?  Yes  No

**If any of the answers to Question 8(h) through 8(j) are Yes, provide details by attachment.**

**9. INSURANCE INFORMATION (New Applicants only):**

Current Coverage	Carrier	Policy Limit	Retention	Annual Premium	Policy Period
Trust Company Liability					
Directors & Officers Liability					
Financial Institution Bond					
Employment Practices Liability					

**TRUST COMPANY LIABILITY**

Complete this section only if coverage is desired.

**1. TRUST COMMITTEE & INVESTMENT ADVISORY FUNCTION:**

- a. The Trust Committee meets:  Weekly     Monthly     Other \_\_\_\_\_
- b. Is every account reviewed by the Trust Committee at least annually?  Yes  No
- c. How often (monthly, quarterly, etc.) does the Trust Committee review:
 

New accounts	Existing accounts
Purchase and sale of trust assets	Administration of accounts

Discretionary distributions \_\_\_\_\_ Investments in each account \_\_\_\_\_

- d. Is the Trust Committee comprised only of outside directors?  Yes  No
- e. The investment advisory function is performed:  In-house  Outsourced  Both
- f. If the investment advisory function is performed in-house indicate:  
 How often are trades executed? \_\_\_\_\_ Average number of trades a month: \_\_\_\_\_
- g. **If the advisory function is outsourced, attach details on how the Investment Advisor/Manager is selected and how often their performance is reviewed.**

**2. POLICIES AND PROCEDURES:**

- a. Does the Applicant have written operating guidelines?  Yes  No
- b. Are all trust agreements reviewed by legal counsel prior to being accepted?  Yes  No
- c. When the Applicant succeeds another entity or another party as trustee, is a hold-harmless agreement executed by the predecessor trustee?  Yes  No
- d. Is there an "approved list" of securities to be recommended to clients?  Yes  No
- e. Are deviations from individual trust agreements approved and documented?  Yes  No
- f. Are financial reports rendered to all accounts, other than custodial accounts, at least annually?  Yes  No
- g. Are procedures in effect to ensure that client employee benefit plans comply with ERISA?  Yes  No
- h. Does the Applicant plan on making any changes to the trust operating/accounting system within the next 12 months?  Yes  No

**3. INVESTMENTS AND ASSET MANAGEMENT:**

- a. Provide the dollar amount of Trust Assets in each category administered by the Applicant under a Trust Agreement (including all Trust Subsidiaries):

Type of Account	No. of Accts.	Total Assets of Largest Account	Custodial	Non-Discretionary	Managed/Discretionary	Total Assets Under Management
Individual Accounts, Trusts, Estates		\$	\$	\$	\$	\$
ERISA Accounts		\$	\$	\$	\$	\$
Corporate Trust (except Mutual Funds)		\$	\$	\$	\$	\$
<b>TOTAL</b>		\$	\$	\$	\$	\$

- b. Total assets above held in Common Trust Funds \$ \_\_\_\_\_  Not Applicable
- c. Provide mutual funds and non-affiliated Common Trust Assets (include all Subsidiaries):

Mutual Funds and Non-Affiliated Common Trusts	Number of Accounts	Total Assets Under Management
Custodial		\$
Fiscal, Escrow or Transfer Agent		\$
Registrar		\$
Dividend Disbursing Agent		\$
All Other		\$
<b>TOTAL</b>		\$

4. Does the Applicant perform services as Investment Manger or Investment Advisor (outside the scope of a Trust Agreement with the customer)? If Yes, provide the total value of such assets. \_\_\_\_\_  Yes  No
5. Indicate if the Applicant or any Subsidiary invests in:
- 5% or more of any stock of any corporation (including Applicant's stock)
  - Covered call options or any other option contracts
  - Derivatives or funds that include derivative investments
  - Any specialty investments (other than commonly traded securities) such as precious metals, commodity or other futures, restricted securities, oil and gas leases, cattle trusts, or limited partnerships
6. Indicate if the Applicant or any Subsidiary offers any of the following (check all that apply):
- Brokerage/Advisory Services outside the scope of the Trust Department (complete Brokerage/Advisor Services application)
  - Trust services to another banking company
  - Actuarial services for clients

- Lending securities program for trust or custodial clients
- Receiver, trustee in bankruptcy or assignee for the benefit of creditors
- Trustee for any:
  - Debt underwritten by the Applicant
  - Municipal, corporate or other debt securities
  - Bond indenture
  - Equipment trusts/leases
  - Securities backed by loans sold to third parties
  - Repurchase/reverse repurchase agreements

### FINANCIAL INSTITUTION BOND

**Complete this section only if coverage is desired.**

1. Are signatures on all notes and documents obtained in the presence of a bank employee, attorney, closing agent, escrow agent or title company employee (including loans originated by third parties)?  Yes  No
2. Does the Applicant prohibit the acceptance of checks made payable to corporate payees, but endorsed by individuals or endorsed over to individuals?  Yes  No
3. Are account statements sent out on a monthly basis?  Yes  No
4. If statements are held for customer pick-up, does the Applicant obtain the customer's written authorization and record the customer's receipt of statement?  Not Applicable  Yes  No
5. 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
6. Is there a formal program requiring segregation of duties in every area, so that no single transaction can be fully controlled from start to finish by one person?  Yes  No  
If no, is there a formal program requiring the rotation of duties of key positions without prior notice thereof?  Yes  No
7. Does Management require annual vacations for all employees and restrict access to work areas during the vacation period of at least: (check one)  One Week (or)  Two Weeks
8. Are official checks reconciled by individuals other than those authorized to issue them?  Yes  No
9. Are official checks/drafts preprinted, sequentially numbered and maintained under dual control?  Yes  No

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

### FIDUCIARY LIABILITY

**Complete this section only if coverage is desired.**

Fiduciary Liability coverage pertains to retirement and welfare benefit plans for the benefit of the Applicant's employees.

1. Complete the following for all Plans.

Plan Name	Asset Value	Year Established	Number of Participants

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

2. Is any Plan an Employee Stock Ownership Plan (ESOP)?  Yes  No  
If Yes, percentage of Company stock owned: \_\_\_\_\_%
3. Is any Plan currently under examination or is any issue related to a Plan currently pending before the Internal Revenue Service, Department of Labor, the Pension Benefit Guaranty Corporation or any court?  Yes  No

**If any of the answers to Questions 2 or 3 are Yes, provide details by attachment.**

### EMPLOYMENT PRACTICES LIABILITY

**Complete this section only if coverage is desired.**

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

office closings, layoffs, or reorganizations?

Yes  No

**5. Attach a copy of the Applicant's Employment Application used for all applicants for hire.**

**If there are exceptions to Questions 2 through 5, provide details by attachment.**

6. 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/trustee, officer or employee resulting from their activities as such?  
b. the Applicant or any Subsidiary?

Yes  No

Yes  No

**LOSSES, PENDING LITIGATION AND CLAIMS HISTORY**

**All Applicants**

1. 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 Only**

2. Have there been any Financial Institution Bond losses in excess of \$5,000 during the past 3 years, whether reimbursed or not?

Yes  No

3. 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

4. Has any carrier declined, cancelled or non-renewed any policy similar to the coverage herein applied for? (Missouri applicants are not required to respond to this question)

Yes  No

5. During the past 3 years, 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

**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.

**Senior Trust Officer:**

Print Name:	Signature:
Title:	Date:

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

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 \_\_\_\_\_