



American International Companies®

Name of Insurance Company to which Application is made
(herein called the "Insurer")

NOTICE: THE POLICY PROVIDES THAT THE LIMITS OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE. FURTHER NOTE THAT AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.

NOTICE: IF A POLICY IS ISSUED, IT WILL BE ON A CLAIMS-MADE BASIS.

**Application
COMMUNITY BANK INSURANCE POLICY**

The following information must accompany this application and will be considered part of the application:

- (i) Latest two annual reports and quarterly financial statements;
- (ii) Latest 10-K and 10-Q reports filed with the SEC;
- (iii) All promotional materials distributed in connection with each professional service;
- (iv) Specimen contracts applicable to each professional service.

GENERAL INFORMATION

- a. Applicant Name: _____
- b. Applicant Address: _____
- c. State of Incorporation: _____
- 2. Applicant has been in continuous operation since: _____
- 3. Category of financial institution:
 - Community Bank Mutual Savings Bank
 - S&L Association Credit Union
- 4. Total No. of Branch Offices: _____
- 5. Attach organizational chart showing the operating structure of the applicant.
- 6. Please provide details of the following insurance Coverages currently carried by the applicant:

<u>Insurance</u>	<u>Limit</u>	<u>Retention</u>	<u>Expiration Date</u>	<u>Carrier</u>	<u>Premium</u>
Directors & Officers					
Employment Practices					
Professional Liability					
Fiduciary Liability					
Lender Liability					
Fidelity Bond					

DIRECTORS & OFFICERS INFORMATION
(Complete this section if applying for Directors
& Officers Liability Insurance coverage.)

7. Attach a complete list of all Directors and Officers of applicant by name and address
8. a. Ownership (check one): Stock Mutual Other (specify)
If a mutual institution, does the institution have any plans to convert to a stock institution or have any offering of securities within the next 12 months? Yes No. If "Yes" attach details, including the proposed date of conversion and a copy of any prospectus or similar document.
- b. Total number of common shares outstanding (if applicable): _____
Total number of common stock shareholders (if applicable): _____
- d. Total number of common shares owned by the applicant's Directors and Officers (if applicable)
- e. Give names of any shareholder(s) holding directly or beneficially 5% or more of the applicant's common stock, the percent of stock owned by each such shareholder and their affiliation to the applicant. If none, indicate "None". _____

9. Provide the following information for all subsidiaries of the applicant (attach a separate sheet if needed)

<u>Name</u>	<u>Business or type of operations</u>	<u>Percent Ownership</u>	<u>Date acquired/created</u>	<u>Domestic/Foreign</u>
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10. Which regulatory agencies have examination authority over the applicant? _____

- b. Provide date of last two regulatory exams and indicate the agency that performed the exams.

Did either of the last two examination reports contain any recommendations or criticisms of the applicant?
 Yes No. If "Yes," provide details and indicate whether the applicant has complied with such recommendations.

- d. Has the applicant or any of its subsidiaries received a cease and desist order or entered into any other type of written agreement with any regulatory agency concerning the operations of the applicant in the past 3 years? Yes No. If "Yes", please attach complete details.

11. Has any financial institution been merged into or acquired by the applicant within the past 5 years?
 Yes No. If "Yes", attach details.

- b. Is the applicant considering or have any plans for merger, acquisition, consolidation or divestiture?
 Yes No. If "Yes", attach details including current status of such plans.

12. Have there been any changes in senior management (Board Chairman, President, Executive Vice President, Chief Financial Officer, etc.) of the applicant or any of its Subsidiaries in the past 12 months?
 Yes No. If "Yes", attach details.

13. a. There has not been nor is there now pending any claim(s) against any person proposed for insurance in his or her capacity of either Director or Officer of the applicant or any subsidiary thereof, except as follows: (Attach complete details. If no such claims, check here: "none" .)

- b. There has not been nor is there now pending any claim(s) against the applicant or any subsidiaries with regard to the securities of the applicant or any of its subsidiaries, except as follows: (Attach complete details. If no such claims, check here: "none" .)

14. a. No Director or Officer has knowledge or information of any act, error or omission which might give rise to a claim under the proposed policy except as follows: (Attach complete details. If no such knowledge, check here: "none" .)
- b. Neither the applicant nor any subsidiary thereof has knowledge or information of any act, error or omission which might give rise to a securities claim under the proposed policy except as follows: (Attach complete details. If no such knowledge, check here: "none" .)

EMPLOYMENT PRACTICES INFORMATION
 (Complete this section if applying for Employment Practices Liability Insurance coverage.)

15. **EMPLOYEES**

- a. Total Number of Full Time Employees
- b. Total Number of Part Time Employees
- c. For each of the past three years, what has been the applicant's annual percentage rate of employee turnover?
 199__ __% 199__ __% 199__ __%
- d. Percentage of employees with salaries greater than \$ 100,000 _____%
16. a. Does the applicant have a Human Resources or Personnel Department?
 Yes No. If "No", please provide details regarding how this function is handled.
- b. How many employees are in this department? _____
- c. Does the applicant have an out-placement program which assists terminated or laid off employees?
 Yes No. If "Yes", provide details.
- d. Has the applicant had any layoffs within the last 12 months? Yes No. Does the applicant anticipate any layoffs within the next 12 months? Yes No. If "Yes" to either question, please provide full details including date of layoff, number of employees involved, job category, the manner in which the layoffs were/will be conducted and the terms of severance.
- e. Please provide details of any employees that have been terminated in the past two years.
 Terminated with Cause: Employees . _____ Officers . _____
 Terminated without Cause: Employees _____ Officers _____
- f. Is an application used for all of applicants for hire?
 Yes No. If "Yes", attach a copy of such application.
- g. Is an employee handbook published? Yes No. If "Yes", is the handbook distributed to all employees? Yes No. Please attach a copy.
- h. Has the applicant implemented and adopted anti-sexual harassment policies? Yes No. If "Yes", are such policies distributed to all employees? Yes No. Please attach a copy.
- Does the applicant have written procedures for handling employee complaints of discrimination or sexual harassment? Yes No.
 If "Yes", are the procedures distributed to all employees?
 Yes No. Please attach a copy.
- Does the applicant have an affirmative action plan? Yes No.

- k. Does the applicant have a policy on accommodating the disabled as required by the Americans With Disabilities Act? Yes No. Please attach a copy.

Does the applicant comply with the Family Medical Leave Act? Yes No.

During the past five years, have any wrongful termination, discrimination or sexual harassment claims been made against the applicant or any of its employees, including any legal proceedings in state or federal court or any administrative proceedings? Yes No. If "Yes", provide full details including date of claims, claimant's name, nature of claim, defense costs incurred, loss paid and the current status of the claim.

18. Are you aware of any facts, incidents or circumstances which may result in a wrongful termination, discrimination or sexual harassment claim being made against the applicant or any of its employees? Yes No. If "Yes", provide full details.

PROFESSIONAL SERVICES INFORMATION
(Complete this section if applying for Professional
Liability Insurance coverage.)

Please respond to questions 6 and 10 above, if not already completed.

19. Provide a complete list of Professional Services the applicant provides to its customers and clients. For each Professional Service, provide, if applicable, the number of accounts, type of accounts, assets, revenues, years of experience, daily volume of transactions and whether services are rendered under a contract.

20. Does the applicant have a trust department? Yes No. If "Yes", give details.

21. Does the applicant contemplate or anticipate rendering any new or different professional services within the next 12 months? Yes No.

If "Yes," please attach details of such new or different professional services, including a description of the services to be rendered and the anticipated revenues from such professional services.

Does the applicant contemplate or anticipate terminating any professional services within the next 12 months? Yes No.

If "Yes," please attach details of the professional services to be terminated, including a description of the services to be terminated, the reason for such termination and the approximate date of such termination.

23. Has the applicant terminated any professional services in the past 12 months? Yes No.

If "Yes," please attach details of the professional services that were terminated including the approximate date of such termination.

24. With respect to the designated professional services, please indicate:

- a. Has similar insurance coverage been declined, canceled or renewal refused in the last five years? Yes No. If "Yes", attach full particulars.

- b. Have any claims with respect to the rendering of such professional services been made against any proposed insured during the past five years? Yes No. If "Yes", attach full particulars and current status.

After inquiry, do any of the Principals, Partners, Officers, Employees, Directors, or any other persons to be covered under this insurance, have knowledge of any act, error, omission or circumstance which may give rise to a claim against any proposed insured? Yes No. If "Yes", attach full particulars.

LENDING ACT INFORMATION
 (Complete this section if applying for
 Lender Liability Insurance coverage.)

25. Breakdown of loans issued by applicant for the last three years:

19__	19_	19_
Residential \$ _____	Residential \$ _____	Residential \$ _____
Commercial \$ _____	Commercial \$ _____	Commercial \$ _____

26. List the five largest loans in the applicant's residential loan portfolio:

Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____

27. List the five largest loans in the applicant's commercial loan portfolio:

Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____
Borrower _____	Loan Amount \$ _____

28. Does the applicant have written procedures or guidelines regarding the rendering of lending services?
 Yes No. If "Yes", are these procedures or guidelines distributed to all employees who provide lending services? Yes No. Identify the person(s) responsible for ensuring that all employees comply with such procedures or guidelines: _____. Please attach a copy of such guidelines or procedures.

If the applicant does not have any such written guidelines or procedures, provide a detailed description of the guidelines or procedures that employees are required to follow in rendering lending services.

Identify all individuals responsible for rendering lending services to the applicant's customers or clients and indicate the lending authority of each individual by dollar amount.

Are loan documents drafted by counsel or reviewed by counsel before the loan commitment is communicated to the borrower? Yes No.

- 29. Describe training which loan officers receive in lender liability issues.
- 30. Describe the procedures utilized by the applicant with respect to handling delinquent loans and foreclosures.
- 31. Describe the applicant's procedures for disclosing credit information regarding borrowers.

FIDUCIARY LIABILITY
 (Complete this section if applying
 for Fiduciary Liability Insurance coverage)

32. a. Sponsor Organization _____
 b. Total assets of the Sponsor Organization _____
 c. Total Assets of all plans _____
 d. List all plans for which coverage is requested:

Full Name of Plan	Total Assets (Market value)	Number of Participants	Qualified Plan (Y/N)	Type of Plan		Does the plan invest in or provide options to invest in employer securities (Y/N)	Are all assets managed by a non-employee investment mgr. as defined by ERISA
				W-welfare benefit	DB-defined benefit		

33. Is any plan a multiemployer or multiple employer plan?
 Yes No. (If "Yes", list such plan(s) on an attachment).
34. Does any plan(s) hold any contract with a guaranteed return (including Guaranteed Investment Contracts (GICs), Guaranteed Annuity Contracts (GACs) or Bank Investment Contracts (BICs))?
 Yes No. (If "Yes", please attach complete details for such plan(s) on an attachment).
35. Has any plan requested or contemplated filing a request for termination of any plan or has there been (in the past two years) or are there any plans to make amendment(s) to any plan(s), that have or will result in any change or reduction of benefits, including but not limited to an increase in the participants' share of costs?
 Yes No. (If "Yes", please attach complete details for such plan(s) on an attachment).
36. Are all defined benefit plans adequately funded in accordance with ERISA or any applicable similar common or statutory law of the United States, Canada or any state or other jurisdiction anywhere in the world, as attested to by an actuary? Yes No. (If "No", attach complete details).

ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE INSURER IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS APPLICATION AND MADE A PART HEREOF.

NOTICE TO ARKANSAS FIRMS: 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 AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

NOTICE TO COLORADO APPLICANTS: IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OF 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.

NOTICE TO FLORIDA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE.

NOTICE TO KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY 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.

NOTICE TO MINNESOTA APPLICANTS: A PERSON WHO SUBMITS AN APPLICATION OR FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO NEW YORK APPLICANTS: 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 ANY 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, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

NOTICE TO PENNSYLVANIA APPLICANTS: 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 ANY 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 AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

Signed: _____

Date: _____

Title: _____

(Must be signed by the president if a corporation, a general partner if a partnership).

Broker: _____

Address: _____

IF A POLICY IS ISSUED, THIS APPLICATION AND ALL SUPPLEMENTAL APPLICATIONS ARE ATTACHED TO AND MADE A PART OF THE POLICY SO IT IS NECESSARY THAT ALL QUESTIONS BE ANSWERED IN DETAIL.

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY AND SIGN BELOW WHERE INDICATED. IF A POLICY IS ISSUED, THIS SIGNED STATEMENT WILL BE ATTACHED TO THE POLICY.

The Insured hereby acknowledges that he/she/it is aware that the limit of liability contained in this policy shall be reduced, and may be completely exhausted, by the costs of legal defense and, in such event, the Company shall not be liable for the costs of legal defense or for the amount of any judgment or settlement to the extent that such exceeds the limit of liability of this policy.

The Insured hereby further acknowledges that he/she/it is aware that legal defense costs that are insured shall be applied against the deductible amount.

Signed: _____

(Must be signed by the president if a corporation, a general partner if a partnership).