



State National Insurance Company, Inc.
Administered by Hiscox Inc.

**NOT-FOR-PROFIT DIRECTORS AND OFFICERS
LIABILITY PROGRAM**

**APPLICATION
FORM**

If coverage is issued, it will be on a claims-made basis.

Notice: Unless the claim expenses outside the limit option is required to be included by relevant state regulation or is selected by the applicant, this insurance coverage provides that the limit of liability available to pay judgements or settlements shall be reduced by amounts incurred for claims expenses. Further note that amounts incurred for claims expenses shall be applied against the retention amount.

Before any question is answered read carefully the declaration at the end of this proposal which you are required to sign. Answer all questions in full. Check Yes/No boxes.

1. Name of applicant:

Address:

Executive officer authorized to receive notices and information regarding the proposed policy:

Name:

Title:

Email:

Phone:

Fax:

2. Coverage sections requested:

| Coverage requested | Limit of liability requested | Retention |
|--------------------------------|------------------------------|-----------|
| Directors & Officers Liability | | |
| Employment Practices Liability | | |

3. Please describe in detail the organization's legal structure, purpose(s), activities and nature of operation(s):

4. a. For each of the following, please provide the number proposed for this insurance:

Directors/Trustees

Officers

Employees

b. Please provide the following information for the organization's current fiscal year:

Total assets

\$

Revenues

\$

Net worth or fund balance

\$

Net income

\$



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**NOT-FOR-PROFIT DIRECTORS AND OFFICERS
LIABILITY PROGRAM**

5. Please provide on a separate sheet the following information on all subsidiaries (including subsidiaries of subsidiaries) for which cover is requested:
- | | |
|--------------------------------------|--------------------------------|
| a. Name | f. Name of parent organization |
| b. Date of acquisition | g. Net worth or fund balance |
| c. Percentage of ownership | h. Total assets |
| d. Nature of operation | i. Net income |
| e. Operated for-profit or non-profit | |
- If none, please indicate:

6. Is the organization either a Trust or Foundation? YES NO

7. For Trusts and Foundations, please list the total assets of the organization for the last two years, as of the relevant reporting date. In addition please list the estimated total assets as at the date of this application:

| | | Total Assets |
|----|------------------------------|--------------|
| a. | Estimate for current year | \$ |
| b. | Actual for prior year | \$ |
| c. | Actual for second prior year | \$ |

Please attach most recent audited financial statements (or recent tax returns), copy of by-laws, schedule of directors and officers and descriptive or promotional materials.

8. For organizations other than Trusts and Foundations, please list the total gross revenues of the organization for the last two years, as of the relevant reporting date. In addition please list the projected revenues for the current year.

| | Total gross revenue | Projected revenue |
|---------------------------------|---------------------|-------------------|
| a. Estimate for current year | \$ | \$ |
| b. Actual for prior year | \$ | \$ |
| c. Actual for second prior year | \$ | \$ |

Please attach most recent audited financial statements (or recent tax returns), copy of by-laws, schedule of directors and officers and descriptive or promotional materials.

9. Is the applicant organization controlled, owned or associated with any other organization, firm, corporation or company? YES NO
If YES, please attach an explanation.

10. Does the organization or any applicant perform any of the following:

provide a referral service, legal aid service, or computer service to its members or the public? YES NO

promote or sponsor any type of group travel, conventions, parades or other similar events, or assume any liability in connection therewith? YES NO

promote, sponsor or provide any form of insurance to its members or non members? YES NO

engage in any form of research, development, experimentation or testing? YES NO

act as or participate in a peer review group or committee for assessing the qualifications and performance of others or the quality of products manufactured, sold, handled or distributed by others? YES NO



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NOT-FOR-PROFIT DIRECTORS AND OFFICERS
LIABILITY PROGRAM

- take any disciplinary action or recommend disciplinary action as a result of peer review group activities? YES [] NO []
develop standards used to evaluate the quality of goods or products manufactured or services rendered? YES [] NO []
engage in such activities as lobbying or labor negotiations? YES [] NO []
render any other professional services for others for a fee? YES [] NO []
promote any specific product to its members which will produce a profit for the organization or the applicant? YES [] NO []
publish any magazines, periodicals or newsletters? YES [] NO []
publish a technical manual? YES [] NO []

If YES to any of the above, please attach an explanation.

- 11. a. Does the organization now have a tax-exempt status under the US Internal Revenue Code? YES [] NO []
b. Has there been or is there now pending any dispute as to the organization's tax-exempt status? YES [] NO []
12. During the past five years, or in the next 12 months, has the organization been involved in, or is contemplating, any bankruptcy proceedings? YES [] NO []

If YES, please provide details:

[Empty text box for providing details]

- 13. In the next 12 months (or during the past 18 months) is the applicant contemplating, or has the applicant completed or been in the process of completing:
any actual or proposed merger, acquisition, or divestment? YES [] NO []
any change in outside auditors? YES [] NO []
any reorganization or arrangement with creditors under federal or state law? YES [] NO []
any branch, location, facility or office closings, consolidations or layoffs? YES [] NO []

If YES to any of the above, please attach an explanation.

- 14. Has the applicant or any person proposed for coverage been the subject of, or involved in, any of the following the past five years:
anti-trust, copyright or patent litigation? YES [] NO []
any criminal actions? YES [] NO []
any litigation or other proceedings involving any allegation of discrimination? YES [] NO []
any action or proceeding for revocation or suspension of a licence? YES [] NO []

If YES to any of the above, please attach a full description of the details.



**State National Insurance Company, Inc.
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**NOT-FOR-PROFIT DIRECTORS AND OFFICERS
LIABILITY PROGRAM**

15. Other than those identified in your response to question 13, has any claim been brought at any time during the last five years against any applicant or any proposed insured individual in his or her capacity as a director, officer or trustee of any entity? YES NO
If YES, please attach a full description of the details.
16. Has the organization ever loaned monies to any Director, Officer, Trustee or Employee or entered into any agreement with companies owned by any Director, Officer, Trustee or Employee? YES NO
If YES, please attach an explanation.
17. Does the organization produce a CPA audited financial statement? YES NO
If YES, have the outside auditors stated there are no material weaknesses in the organization's system of internal controls? YES NO
If NO, please provide the latest CPA letter to management and management's response.

18. Employment Practices: Questions 18-23 should be answered if Employment Practices Liability cover is being applied for.

Please provide the following information for the previous year, current year and estimate for the following year:

| | Previous year | Current year | Estimate for next year |
|---|---------------|--------------|------------------------|
| Full time employees: | | | |
| Part time employees: | | | |
| Number of employees located in California: | | | |
| Number of employees located in Michigan: | | | |
| Number of employees located in Texas: | | | |
| Number of volunteers: | | | |
| % of employees who have direct contact with the general public: | | | |

19. Does the organization:
- distribute its employee handbook to, and document its receipt by, all employees? YES NO
- have a full-time human resources manager or department? YES NO
- review all terminations with human resources and in-house or external counsel? YES NO
- If NO to any of the above, please attach a full explanation.
20. Does the organization have written procedures in place regarding:
- equal opportunity employment? YES NO
- anti-discrimination? YES NO



**State National Insurance Company, Inc.
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**NOT-FOR-PROFIT DIRECTORS AND OFFICERS
LIABILITY PROGRAM**

- anti-sexual harassment? YES NO
- progressive discipline and termination? YES NO
- complaint handling – including allegations of sexual harassment and discrimination? YES NO
- employee conduct when dealing with third parties? YES NO
- responding to complaints from third parties? YES NO

If NO to any of the above, please attach a full explanation.

21. During the past 3 years, has the organization or any applicant been involved in an EEOC, NLRB or other similar administrative proceeding or employment related civil suit? YES NO

If YES, please attach a full description of the details.

22. What was the annual employee turnover rate for the last 3 years?

| Past Year: | 1 Year Previous | 2 Year Previous |
|------------|-----------------|-----------------|
| % | % | % |

Please provide details of any unusual occurrences or trends.

23. How many involuntary terminations have occurred in the past 2 years?

Past Year: 1 Year Previous

Please provide details of any unusual occurrences or trends

The following questions relate to all coverage applied for:

24. Has any similar insurance ever been declined or cancelled? YES NO
- If YES, please attach explanation.

25. Is similar insurance currently in force? YES NO

If YES, please provide:

Description of services being covered:

Name of insurer:

Expiration date:

Prior acts/retro date:

Limit/retention/premium:

Length of time coverage has been in place

26. Has any claim been made or has notice of potential claims been given to such insurer? YES NO

If YES, please provide full details:



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LIABILITY PROGRAM**

27. After inquiry, is any person(s) proposed for this insurance aware of any fact, circumstance or situation involving the organization or its subsidiaries or the directors/trustees, officers, employees, volunteers or committee members of the organization or subsidiaries which might result in a future claim?

YES NO

If YES, please complete a Supplemental Claim Information form for each.

It is understood and agreed that with respect to questions 26 and 27 that if such knowledge or information exists any claim or action arising there from is excluded from this proposed coverage.

NOTICE TO ALASKA RESIDENT APPLICANTS: A person who knowingly and with the intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information is guilty of a felony.

NOTICE TO ARKANSAS RESIDENT APPLICANTS: 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 may be guilty of a crime and subject to fines and confinement in prison.

NOTICE TO CALIFORNIA RESIDENT APPLICANTS: For your protection California law requires the following to appear on this form. Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in prison. Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

NOTICE TO COLORADO RESIDENT APPLICANTS: 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 policy holder 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 DELAWARE RESIDENT APPLICANTS: Any person who knowingly, and with the intent to injure, defraud or deceive an insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO DISTRICT OF COLUMBIA RESIDENT APPLICANTS: 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 include imprisonment and/or fines. In addition, any insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

NOTICE TO FLORIDA RESIDENT APPLICANTS: Any person who knowingly, and with the intent to injure, defraud or deceive any insurance company files a statement of claim containing any false, incomplete or misleading information is guilty of a felony of the third degree.

NOTICE TO HAWAII RESIDENT APPLICANTS: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines, imprisonment or both.

NOTICE TO IDAHO RESIDENT APPLICANTS: Any person who knowingly, and with the intent to defraud or deceive any false, incomplete or misleading information is guilty of a felony.

NOTICE TO INDIANA RESIDENT APPLICANTS: A person who knowingly and with the intent to defraud an insurer files a statement of claims containing any false, incomplete or misleading information commits a felony.

NOTICE TO KENTUCKY RESIDENT APPLICANTS: Any person who knowingly and with the intent to defraud an 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.



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NOT-FOR-PROFIT DIRECTORS AND OFFICERS LIABILITY PROGRAM

NOTICE TO LOUISIANA, MAINE AND TENNESSEE RESIDENT APPLICANTS: Any person who knowingly and with the intent to defraud any insurance company or another person, files a statement of claim contain 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, subject to criminal prosecution and civil penalties. Insurance benefits may also be denied.

NOTICE TO MINNESOTA RESIDENT 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 NEBRASKA RESIDENT APPLICANTS: Any person who knowingly presents false information in an application for insurance or viatical settlement contract is guilty of a crime and may be subject to fines and confinement in prison

NOTICE TO NEVADA RESIDENT APPLICANTS: Pursuant to NRS 686A.291, any person who knowingly and willfully files a statement that contains any false, incomplete or misleading information concerning a material fact is guilty of a felony.

NOTICE TO NEW HAMPSHIRE RESIDENT APPLICANTS: Any person who, with the purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

NOTICE TO NEW JERSEY RESIDENT 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 MEXICO RESIDENT APPLICANTS: Any person who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

NOTICE TO NEW YORK RESIDENT APPLICANTS: Any persons who knowingly and with the 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 RESIDENT APPLICANTS: Any person who, with the 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 OKLAHOMA RESIDENT APPLICANTS: WARNING: Any person who knowingly and with the intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of a n insurance policy containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO PENNSYLVANIA RESIDENT APPLICANTS: Any person who knowingly and with the 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 thereto commits a fraudulent insurance act, which is a crime and subjects such a person to criminal and civil penalties.

NOTICE TO UTAH RESIDENT APPLICANTS: For your protection, Utah law requires the following to be included in this application: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.

NOTICE TO VIRGINIA RESIDENT APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

NOTICE TO WEST VIRGINIA RESIDENT APPLICANTS: 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.



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LIABILITY PROGRAM**

The applicant hereby acknowledges that he/she/it is aware that, unless the claim expenses outside the limit option is required to be included by the relevant state regulation or is selected by the applicant the limit of liability available to pay judgements or settlements shall be reduced, and may be completely exhausted, by the claim expenses and, in such event, the Company shall not be liable for the claim expenses or for the amount of any judgement or settlement to the extent that such exceeds the limit of liability.

The applicant hereby further acknowledges that he/she/it is aware that claim expenses that are incurred shall be applied against the retention amount.

I HEREBY DECLARE that, after inquiry, the above statements and particulars are true and I have not suppressed or misstated any material fact and that I agree that this application shall be the basis of the contract with the Company.

Signature of person authorized to execute on behalf of the applicant:

Date:

This Application Form duly completed, together with any supplementary information, must be signed in ink by the person indicated.

Signing of this form does not bind the applicant or the Company to complete the insurance.

A copy of this application should be retained for your records.



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**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAYS 90% (85% IN RESPECT OF LOSSES OCCURRING AFTER DECEMBER 31 2006) OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

Please select below:

- I hereby elect to purchase Terrorism coverage for a prospective premium of 1% (one percent) of the total premium without such Terrorism coverage.
- I hereby elect to have the exclusion for Terrorism coverage. I understand that I will have no coverage for losses arising from acts of terrorism.

Policyholder/Applicant's Signature

Date:

Print Name