

Financial Institution Bond Application



AmTrust North America
An AmTrust Financial Company

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DATE: _____

Security National Insurance Company
(all states except: AZ, CT, DE, FL, LA and NJ)

Wesco Insurance Company
(applies to: AZ, CT, DE, FL and NJ)

AmTrust Insurance Company of Kansas
(LA only)

Section I – General Information

Applicant (Parent Company): _____ FDIC #: _____

Address: _____ City: _____ State: _____ Zip Code: _____

P.O. Box: _____ City: _____ State: _____ Zip Code: _____

Telephone: _____ Website: _____

Representative authorized to receive notices on behalf of the applicant and all subsidiaries:

Name: _____ Title: _____ Email: _____

For purposes of this Application for coverage, "Applicant" means the Parent Company and any Subsidiary listed below, including any limited liability companies and joint ventures for which coverage is desired.

Section II – Current Coverage

Type of coverage:	Carrier	Limit	Indicate if Separate Limit	Retention	Premium	Expiration
Kidnap & Ransom	_____	\$ _____	NA	\$ _____	\$ _____	_____
Financial Institution Bond	_____	\$ _____	<input type="checkbox"/>	\$ _____	\$ _____	_____
Combination Safe Depository	_____	\$ _____	<input type="checkbox"/>	NA	\$ _____	_____
Plastic Card Coverage	_____	\$ _____	<input type="checkbox"/>	\$ _____	\$ _____	_____

Section III – Corporate Structure

- Applicant is a: Commercial Bank Savings Bank Savings & Loan/Thrift
 Bank Holding Company Multi-bank Holding Company Other (specify): _____
- Stock is: Privately Held Publicly Traded Not Applicable (Mutual Association)
- If Parent Company or any Subsidiary is a Mutual Association, are there any plans to convert to stock ownership? Yes No
If yes, attach details.
- Total shares outstanding: _____ Ticker Symbol (if applicable): _____
- Number of shareholders: _____ Number of shares owned directly or beneficially by D&Os: _____
- Does any shareholder own 5% or more of common stock (including debentures convertible to common stock, which if exercised, would result in a controlling interest)? Yes No
If yes, attach details including names and percentages owned.
- During the past 5 years, has the Applicant been involved in any actual or proposed merger, acquisition or stock divestment? **If yes, attach details.** Yes No
- During the past 5 years, has there been any changes in controlling ownership of 10% or more of the Applicant's stock, or are there any negotiations pending to sell 10% or more of the Applicant's stock? Yes No
If yes, attach details.
- Has the Applicant conducted a private or public securities offering during the past 12 months or is such an offering contemplated within the next 12 months? Yes No
If yes, attach details including the Prospectus or Private Placement Memorandum.

10. Number of:

Full & Part-time Employees: _____ Branch Locations (including Main Office): _____
 Off-Premise Automated Teller Machines (ATMs): _____ Foreign Branch Locations: _____

11. List all subsidiaries (including limited liability companies and joint ventures) here or by attachment:

Subsidiary	Parent	Date established	% Owned	Nature of Business
			%	
			%	
			%	
			%	
			%	
			%	
			%	
			%	
			%	
			%	

It is understood and agreed that coverage will not be provided for any Subsidiary, limited liability company or joint venture unless listed above and expressly agreed to by the Insurer.

Section IV – Management / Levels of Review

1. During the past 5 years:

- a) have there been any changes in Chairman of the Board, President, Chief Financial Officer, Chief Operations Officer or Chief Lending Officer? Yes No
- b) were there any loans to Directors or Officers or any of their affiliates criticized, classified or 90 days past due? Yes No
- c) has any Director or Officer been charged with or convicted of any criminal act or been the subject of a criminal investigation? **If any answer is yes, attach details.** Yes No

2. External audit is: Full-scope Directors-scope Not Performed

3. The external audit is performed: Annually Every other year Other Not Applicable

4. Were all weaknesses identified in the most recent Management letter addressed by the Board of Directors? Not Applicable Yes No

5. Does the Applicant have a continuous internal audit by an internal auditor who reports directly to the Board of Directors? Yes No

6. For each depository institution applying for coverage, please provide the following:

- a) Last Regulatory Examination Date: _____ Regulatory Agency: _____
- b) Current level of internally classified assets: Substandard: \$ _____ Doubtful: \$ _____ Loss: \$ _____
- c) Have all criticisms or comments cited as of the most recent regulatory examination, internal audit and external audit been addressed by the Board of Directors? Yes No
- d) During the past 3 years, has the Applicant or any Subsidiary been or, to the best of your knowledge do you anticipate that the Applicant or any Subsidiary will be placed under a Cease and Desist Order, Formal Written Agreement, Consent Order, Supervisory Agreement, Memorandum of Understanding or similar regulatory agreement? Yes No
- e) Were adversely classified assets (sum of substandard, doubtful and loss) from the most recent regulatory exam in excess of 40% of capital? Yes No
- f) During the past 3 years, has the Applicant been alerted to any:
 - i. Concentration of credit that warranted a reduction or correction? Yes No
 - ii. Legal lending limit violations? Yes No
 - iii. Violations of law cited as a result of a regulatory examination? Yes No

If any answers to question 6(a) to 6(f) are yes, attach details, including copy of regulatory order(s) and most recent response.

Section V – Internal Controls

If CSD coverage is desired, indicate:

Number of boxes located inside vault: _____ Number of boxes located outside vault (self-storage boxes): _____

General Controls:

1. Are employees' accounts segregated and reviewed for unusual activity at least monthly? Yes No
2. Are dormant accounts flagged, segregated and maintained under dual control? Yes No
3. Is there a formal program requiring the segregation of duties, so that no single transaction can be fully controlled from origination to posting by one person? Yes No
If no, is there a formal program requiring the rotation of duties? Yes No
4. Are all employees required to take at least one consecutive week of vacation each year and are they prohibited from accessing their work stations during the vacation period? Yes No
5. Are all accounts (including suspense accounts) reconciled at least monthly by individuals who have no authority to post transactions to the accounts? Yes No

Leading Controls:

1. Are charged-off loan entries reviewed by someone independent of the lending function? Yes No
2. Are all loan proceeds prepared and disbursed by someone other than the approving loan officer? Yes No
3. If registered securities are accepted or assigned as security, are they verified directly with the issuer or through its transfer agent before loan proceeds are disbursed? Yes No
4. If signatures of co-signers are not obtained in the presence of lending personnel, are such co-signers contacted before the loans proceeds are disbursed? Yes No

Check Cashing Controls:

1. Are tellers prohibited from cashing checks that are drawn to the order of the depositor for employees of that depositor? Yes No
2. Are makers' signatures verified on checks in excess of \$10,000 drawn on the Applicant? Yes No
3. Are tellers instructed that they should not cash any official check at the instruction of any officer or employee, unless the payee is in the teller's presence? Yes No
4. Check kite suspect reports are reviewed: Daily Weekly Other Not Reviewed

Computer Systems/Wire Transfer Controls:

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

It is understood and agreed that coverage will not be provided for any computer system(s), other than the Applicant's proprietary systems, unless listed and expressly agreed to by the Insurer.

2. Does the Applicant use intrusion detection software to detect unauthorized access to internal networks/computer systems? Yes No
3. Are passwords immediately deleted upon the termination of users of the Applicant's systems? Yes No
4. Are employee attempts to access information for which they are not authorized reported and reviewed by the individual's supervisor? Yes No
5. Does the Applicant provide guidance and periodic anti-fraud training to employees concerning the detection of phishing and other social engineering scams? Yes No
6. Which of the following methods are used to confirm customer authenticity when funds transfer requests are initiated by telephone, fax, email or text message?
 - a) Passwords or personal identification numbers (PINs)? Yes No
 - b) Callbacks to an individual, other than the initiating party, for corporate funds transfer requests? Yes No
 - c) Callbacks to a predetermined telephone number for personal funds transfer requests? Yes No
7. Indicate the dollar amount above which call-back procedures are required:
Corporate: \$ _____ Personal: \$ _____
8. Are all non-recurring and international wire transfer requests verified for authenticity prior to execution? Yes No

- 9. Are funds transfer verifications sent to customers daily? Yes No
- 10. Does the Applicant send or accept financial deposit transactions using remote deposit capture technology? Yes No
- 11. Does the Applicant have a call back procedure in place to verify any EFT/ACH transfer request received from another employee, location, or department of the Applicant? Yes No
- 12. Do EFT/ACH wire transfer requests received from vendors, business partners, etc. (other than customer) require approval by two or more employees? Yes No

Mortgage Errors & Omissions:

For customers requesting Mortgage Errors & Omissions coverage

1. Number of mortgages: _____

Servicing Contractors:

For customers requesting Servicing Contractors coverage

1. Number of servicing contractors: _____

Section VI – Plastic Card Coverage

Complete this section only if Plastic Card coverage is desired.

- 1. Number of cards issued:
Credit Cards: _____ Debit Cards: _____ ATM Cards: _____
- 2. Does the Applicant have a neural network system to detect fraudulent card usage, such as Cardholder Risk Identification Services (CRIS)? Yes No
- 3. Does the Applicant have and distribute to its' employees security procedures for issuing any of the above cards and PIN numbers? Yes No
- 4. Does the Applicant use CCV or CVC numbers? Yes No
- 5. Are you notified of repetitive charges within 24 hours? Yes No
- 6. How often are plastic cards re-issued? _____
- 7. Have you had any losses resulting from the fraudulent use of plastic cards during the past 3 years?
If yes, attach full details. Yes No

Section VII – Prior/Pending Litigation & Claims History

- 1. Has the Applicant sustained any bond or CSD related losses in excess of \$5,000 during the past 3 years (whether reimbursed or not)? Yes No
- 2. Does the Applicant have knowledge of any incident or situation which could reasonably be expected to give rise a future bond claim? Yes No
- 3. Within the past 3 years, has the Applicant been the victim of any fraudulent EFT/ACH funds transfer or phishing related incidents resulting in a loss (whether reimbursed or not)? Yes No

If any answer to Questions 1 through 3 above are yes, attach full details.

It is understood and agreed that any bond claim arising from any incident or situation for which the Applicant currently has knowledge, such incident or situation shall be excluded from coverage.

Fraud Warning

Any person who knowingly and with intent to defraud any insurance company or another 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 may be a crime and may subject the person to criminal penalties.

ALABAMA, ARKANSAS, LOUISIANA, NEW MEXICO, RHODE ISLAND, VIRGINIA and WEST VIRGINIA: 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. In Alabama, Arkansas, Louisiana, Rhode Island and West Virginia that person may be subject to fines, imprisonment or both. In New Mexico, that person may be subject to civil fines and criminal penalties. In Virginia, penalties may include imprisonment, fines and denial of insurance benefits.

COLORADO: 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 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.

DISTRICT OF COLUMBIA, KENTUCKY and PENNSYLVANIA: 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. In District of Columbia, penalties include imprisonment and/or fines. In addition, the Insurer may deny insurance benefits if the Applicant provides false information materially related to a claim. In Pennsylvania, and subjects such person to criminal and civil penalties.

FLORIDA and OKLAHOMA: Any person who knowingly and with intent to injure, defraud or deceive the Insurer, files a statement of claim or an Application containing any false, incomplete or misleading information is guilty of a felony. In Florida it is a felony to the third degree.

KANSAS: an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

MAINE: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.

MARYLAND: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or knowingly or willfully presents false information in an Application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NEW JERSEY: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NEW YORK: Any person who knowingly and with intent to defraud any insurance company or any 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 (\$5,000) and the stated value of the claim for each such violation.

OHIO: Any person who, with intent to defraud or knowing that he is facilitating a fraud against the Insurer, submits an Application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OREGON: 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 may be subject to fines and confinement in prison.

TENNESSEE and WASHINGTON: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines and/or denial of insurance benefits.

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 prior to the Bond/Policy's inception [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, they are material and that the Bond/Policy is issued in reliance upon the truth of such representations.

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.

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 AND DATED BY TWO INDIVIDUALS

Agent Name: _____ License Number: _____

Agent Signature: _____

Please provide the following information with your submission:

- Most recent Annual Report or audited financial statements. If not applicable, attach a copy of the most recent Directors' Examination Report.
- Management Letter and Applicant's responses, if material weaknesses or deficiencies were noted.

Submit Application to:

banksubmissions@amtrustgroup.com

AmTrust North America

Attention: Financial Institution Division

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www.amtrustnorthamerica/financial-institutions.com