

# Hudson Insurance Company

100 William Street, New York, NY 10038

## APPLICATION FOR DIRECTORS & OFFICERS INSURANCE POLICY

COMPLETION OF THIS APPLICATION DOES NOT COMMIT OR BIND THE UNDERSIGNED TO PURCHASE OR THE INSURER TO ISSUE A POLICY. IT IS AGREED THAT THIS APPLICATION AND ALL OF THE UNDERWRITING INFORMATION PROVIDED SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED. THIS APPLICATION INCLUDING ANY AMENDMENTS OR SUPPLEMENTS HERETO AND ANY UNDERWRITING INFORMATION PROVIDED WILL BE DEEMED ATTACHED TO AND FORM PART OF THE POLICY.

**NOTICE: THIS IS AN APPLICATION FOR A CLAIMS-MADE POLICY. THE POLICY FOR WHICH THIS APPLICATION IS MADE, SUBJECT TO ITS TERMS AND CONDITIONS, IS LIMITED TO LIABILITY FOR WRONGFUL ACTS FOR WHICH CLAIMS ARE FIRST MADE AGAINST THE INSUREDS WHILE THE POLICY IS IN FORCE.**

**THE LIMIT(S) OF LIABILITY AVAILABLE TO PAY JUDGEMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE EXPENSES. FURTHER NOTE THAT THE AMOUNTS INCURRED FOR LEGAL DEFENSE EXPENSES SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.**

- This Application must be completed in full including all required attachments.
- If more space is needed to answer a question, please attach a separate sheet of paper.
- The term "Subsidiary", as used below, shall mean any entity which more than 50% of the issued and outstanding voting securities is directly or indirectly owned by the applicant.
- All underlined terms in this Application are used in the context defined by the Policy for which coverage is being applied.

### 1. GENERAL INFORMATION:

- Name of Company \_\_\_\_\_
- Address \_\_\_\_\_
- Nature of Business \_\_\_\_\_
- State of Incorporation \_\_\_\_\_
- Company's primary outside securities counsel (individual and firm name): \_\_\_\_\_

### 2. STOCK OWNERSHIP:

- Total number of common shares outstanding \_\_\_\_\_
- Total number of common shareholders \_\_\_\_\_
- Total number of common shares held directly or beneficially by Directors and Executive Officers \_\_\_\_\_
- Identify holders of all equity securities that own 5% or more of each type of security, i.e. common and preferred shares. (Attach response to Application)

### 3. SUBSIDIARY INFORMATION:

- Do you want coverage to include all Subsidiaries? Yes No  
If "No", coverage is hereby waived under the Policy.

### 4. ADDITIONAL INFORMATION:

- Has there been any turnover, resignation or termination of any Executive Officers, Directors and/or key employees during the past 3 years, for reasons other than death or retirement? Yes No  
If "Yes", is the company currently in any dispute or disagreement with such former Directors, Executive Officers and/or key employees? Yes No

If "Yes", please attach the details.

- b) Do you currently expect or anticipate any loss, resignation or termination of any executive officers, Directors and/or key employees in the next 12 months? Yes No
- c) Has the Company been involved in any discussions or consideration of any merger, consolidation or acquisition with any other entity within the past 12 months? Yes No  
Were any such type of transaction negotiations terminated within the past 12 months? Yes No  
If "Yes" to either, please attach the details
- d) Is the Company currently involved in or considering any merger or acquisition with any other entity within the next 12 months? Yes No  
If "Yes", please attach details. Has any third party formally or informally approached the Company regarding a potential sale of all or part of the Company? Yes No  
If "Yes", please attach details.
- e) Is the Company currently involved in or considering any restructuring, consolidation or legal or financial reorganization or filing for bankruptcy? Yes No  
If "Yes", please attach details.
- f) Is the Company currently involved in or considering any writedowns, charges, restatements of financials or the sale, distribution or divestiture of any assets? Yes No  
If "Yes", please provide details. \_\_\_\_\_  
\_\_\_\_\_
- g) Is the Company currently or has it at any time over the last 12 months been in any actual or alleged breach or violation of any debt covenant or loan agreement or any other material contractual obligation? Yes No  
If "Yes", please provide details. \_\_\_\_\_  
\_\_\_\_\_
- h) Has the Company changed auditors and/or CPA firm in the past 3 years? Yes No  
If "Yes", please provide the reasons for the change(s). \_\_\_\_\_  
\_\_\_\_\_
- i) Does the Company currently anticipate or expect a change in auditors and/or CPA firm? Yes No  
If "Yes", please provide the details. \_\_\_\_\_  
\_\_\_\_\_
- j) Has the Company's auditors and/or CPA firm informed the Company of any disagreements or weaknesses with its accounting practices, procedures or internal controls? Yes No  
If "Yes", please provide management letter and the Company's responses. \_\_\_\_\_  
\_\_\_\_\_
- k) Has the Company retained or does it currently plan on retaining an investment banker or financial advisor to increase or maximize shareholder or investors value? Yes No  
If "Yes", please provide details. \_\_\_\_\_  
\_\_\_\_\_
- l) Are the Company's financial results for the current quarter currently expected to meet or exceed previously budgeted or forecasted or projected expectations? Yes No  
Year to date? Yes No  
If "No" to either or both, please provide details. \_\_\_\_\_  
\_\_\_\_\_
- m) Is the Company currently considering a private or public offering of any securities within the next 12 months? Yes No  
If "Yes", please attach details.
- n) Does the Company or any of its Subsidiaries, including the Directors and Executive Officers thereof, presently act or plan to act in the capacity of general partner in any limited or general partnership? Yes No  
If "Yes", please provide details.

5. PREVIOUS INSURANCE:

a) Has the Company or any Subsidiary previously purchased any Directors and Officers Liability Insurance or similar insurance? Yes No

b) Provide details of any prior actual or potential Claims filed under such insurance (if none, so state) within the last 3 years.

\_\_\_\_\_

6. OTHER INSURANCE CARRIED:

a) Employment Practices Liability Yes No  
If "Yes" what limit is purchased? \$ \_\_\_\_\_

b) Professional Liability Insurance (E&O) Yes No  
If "Yes" what limit is purchased? \$ \_\_\_\_\_

7. PREVIOUS EXPERIENCE:

a) Has the Company, or anyone for whom insurance is intended, been involved in the following:

1) any antitrust, copyright or patent litigation? Yes No

2) any civil or criminal action or administrative proceeding, securities investigation or informal inquiry involving an actual or alleged or potential violation of any federal or state security law or regulation? Yes No

3) any class actions, shareholder suits, or representative derivative suits? Yes No

4) is there any potentially material litigation currently filed or existing against the Company or any of its Directors or Executive Officers? Yes No

If "Yes" to any of the above, please attach details.

**(HUDSON INSURANCE COMPANY INSUREDS: Question 7b and 7c need not be answered if this is a Hudson Insurance Company renewal).**

b) Are there any filed or existing Claims or demands against the Company or anyone for whom this insurance is intended which may fall within the scope of coverage afforded by any similar insurance presently or previously in effect or currently proposed? Yes No  
If "Yes", provide complete details. \_\_\_\_\_

c) Has the Company or anyone for whom this insurance is intended given notice under the provisions of any other previous or current insurance policy of any Claims or facts or circumstances which may give rise to a Claim being made against the Company and/or Director and/or Executive Officers and/or Employee which may be submitted for coverage under this proposed policy? Yes No  
If "Yes", provide complete details. \_\_\_\_\_

IT IS UNDERSTOOD AND AGREED THAT AS A CONDITION OF BINDING COVERAGE, IF ANY SUCH CLAIMS OR POTENTIAL CLAIMS OR FACTS OR CIRCUMSTANCES EXIST WHICH COULD GIVE RISE TO A CLAIM, THEN THOSE CLAIMS AND ANY OTHER CLAIMS ARISING FROM SUCH FACTS OR CIRCUMSTANCES ARE EXCLUDED FROM THE PROPOSED INSURANCE.

8. PRIOR KNOWLEDGE: **(HUDSON INSURANCE COMPANY INSUREDS: Question 8 need not be answered if this is a Hudson Insurance Company renewal).**

Does anyone for whom insurance is intended have any knowledge or information of any act, error, omission, fact or circumstance which may give rise to a Claim which may fall within the scope of the proposed insurance? Yes No

If "Yes", provide complete details?

IT IS UNDERSTOOD AND AGREED THAT IF SUCH KNOWLEDGE OR INFORMATION EXISTS, ANY CLAIM ARISING THEREFROM IS EXCLUDED FROM THIS PROPOSED INSURANCE.

MATERIALS DEEMED REQUESTED AND RECEIVED:

As an attachment to this Application, please include the following (where applicable):

- Most recent Annual Report to shareholders. (Private and public companies)
- 10K, 10Q, Annual Proxy Statement. (Public companies)
- Latest available audit and/or CPA review or compilation, and interim financial statements. (Private companies)
- Copy (certified by the Corporate Secretary) of the indemnification provisions of the charter and the by-laws. Also attach a copy of any corporate indemnification agreement.

THE UNDERSIGNED AUTHORIZED DIRECTOR OR OFFICER AGREES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE THE APPLICATION IS EXECUTED AND THE TIME THE PROPOSED INSURANCE POLICY IS BOUND OR COVERAGE COMMENCED, THE COMPANY WILL IMMEDIATELY NOTIFY THE INSURER IN WRITING OF SUCH CHANGES. THE INSURER FULLY RESERVES ITS RIGHTS WITH RESPECT TO THE UNDERWRITING ACCEPTANCE OR DENIAL OF SUCH CHANGES, INCLUDING THE RIGHT TO MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION.

THE UNDERSIGNED AUTHORIZED DIRECTOR OR OFFICER DECLARES ON BEHALF OF THE COMPANY AND ITS DIRECTORS AND EXECUTIVE OFFICERS THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, THE STATEMENTS SET FORTH HEREIN AND ATTACHED HERETO ARE TRUE AND THAT THE COMPANY HAS MADE REASONABLE GOOD FAITH EFFORTS TO OBTAIN SUFFICIENT INFORMATION TO ACCURATELY COMPLETE THIS APPLICATION.

IT IS AGREED THAT THE STATEMENTS IN THIS APPLICATION OR IN ANY MATERIALS SUBMITTED HERewith ARE REPRESENTATIONS OF THE COMPANY AND ITS DIRECTORS AND EXECUTIVE OFFICERS. THESE REPRESENTATIONS AND WARRANTIES SHALL BE DEEMED MATERIAL TO THE ACCEPTANCE OF THE RISK ASSUMED BY THE INSURER UNDER THE POLICY, WHICH, IF ISSUED, WILL BE ISSUED IN RELIANCE UPON THE TRUTH THEREOF.

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED BY TWO OF THE FOLLOWING INDIVIDUALS WHO IS AUTHORIZED TO SIGN ON BEHALF OF ALL ASSURED INCLUDING THE COMPANY AND ANY PERSONS FOR WHOM THE INSURANCE IS TO BE PROVIDED: **CEO AND CFO**.

**FOR ALL 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.

**FOR ARKANSAS 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."

**FOR COLORADO 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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER OR HFP-PYPAPP-001 (7/10)

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.

**FOR DISTRICT OF COLUMBIA APPLICANTS:** "WARNING: 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, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT."

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

**FOR HAWAII APPLICANTS:** " FOR YOUR PROTECTION, HAWAII LAW REQUIRES YOU TO BE INFORMED THAT PRESENTING A FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OF BENEFIT IS A CRIME PUNISHABLE BY FINES OR IMPRISONMENT, OR BOTH."

**FOR KENTUCKY APPLICANTS:** WARNING: 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.

**FOR LOUISIANA 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."

**FOR MAINE 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 MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."

**FOR 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.

**FOR NEW MEXICO 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 CIVIL FINES AND CRIMINAL PENALTIES."

**FOR 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.

**FOR OKLAHOMA APPLICANTS:** WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER MAKES A CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

**FOR OREGON 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 MAY BE GUILTY OF INSURANCE FRAUD WHICH MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES, INCLUDING BUT NOT LIMITED TO FINES, DENIAL OF INSURANCE BENEFITS, CIVIL DAMAGES, CRIMINAL PROSECUTION AND CONFINEMENT IN STATE PRISONS."

**FOR 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.”

**FOR TENNESSEE 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 MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."

**FOR TEXAS APPLICANTS:** “ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN STATE PRISON.”

**FOR VIRGINIA 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.”

**FOR WASHINGTON 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 MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."

**FOR WEST VIRGINIA:** “ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS OR THE BENEFIT OF 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 NEW YORK APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANY PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY 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 (\$5,000) AND THE STATED VALUE FOR EACH SUCH VIOLATION.

NAME \_\_\_\_\_ TITLE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

NAME \_\_\_\_\_ TITLE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

**NOTE:** This Application must be signed by the President, CFO and/or CEO of the Applicant acting as the authorized agent of the persons and entity(ies) proposed for this insurance.

If this Application is completed in Florida, please provide the Insurance Agent’s name and license number as designated. If this Application is completed in Iowa, please provide the Insurance Agent’s name only. If this Application is completed in New Hampshire, please provide the Insurance Agent’s signature.

PRODUCER (Insurance Agent or Broker)	INSURANCE AGENCY OR BROKERAGE
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INSURANCE AGENCY TAXPAYER I.D. OR SOCIAL SECURITY NO.	AGENT OR BROKER LICENSE NO.
ADDRESS OF AGENT OR BROKER (Include Street, City and Zip Code)	
E-MAIL ADDRESS OF AGENT OR BROKER	
SUBMITTED BY (Insurance Agency)	INSURANCE AGENCY TAXPAYER I.D. OR SOCIAL SECURITY NO.
ADDRESS OF AGENT OR BROKER (Include Street, City and Zip Code)	