

**UNITED NATIONAL INSURANCE COMPANY DIAMOND STATE INSURANCE COMPANY
HALLMARK INSURANCE COMPANY, INC.**

APPLICATION FOR DIRECTORS, OFFICERS AND CORPORATE ENTITY LIABILITY INSURANCE

CLAIMS MADE POLICY

This application is for a policy that states that the limit of liability can be exhausted by payment of covered defense expenses or loss.

The deductible is the amount of each claim that the Insureds must pay prior to the Insurer making any payment. This deductible payment is required for either defense expenses or loss, whichever comes first.

The Insurer does not have any obligation or duty to defend any Insureds.

1. Name of Corporate Entity

2. Mailing Address

City

State

Zip Code

3. Telephone No. _____

4. Name & Title of person designated to receive notices from the Insurer

5. Type(s) of business _____

6. Scope of operations: Local _____ Statewide _____ National _____ International _____

7. Total number of locations: _____

8. State of Incorporation: _____ Date Established: _____

9. The stock of the Corporate Entity is Family Held _____ Privately Held _____

Employee Owned _____ Publicly Traded _____ Other _____

If publicly traded, name the exchange on which it is listed _____

10. Total number of common shares outstanding _____

Total number of shareholders _____ Current price per share \$ _____

Total number of shares held directly or beneficially by the Directors and Officers _____

11. List the shareholders who directly or beneficially own 5% or more of the stock and the percentage held:

1. _____ 6. _____

2. _____ 7. _____

3. _____ 8. _____

4. _____ 9. _____

5. _____ 10. _____

12. List all subsidiaries to be considered for coverage:

<u>Name</u>	<u>Nature of Operations</u>	<u>Date Formed or Acquired</u>	<u>Percentage of Ownership</u>
1. _____			
2. _____			
3. _____			
4. _____			
5. _____			

13. A. Total number of all Employees:

Prior Year _____ Current Year _____ Planned Next Year _____

B. Total number of employees who have been terminated in past 18 months _____

C. Explain any restructuring, reduction in locations, or reduction in the number of employees planned in the next 18 months:

D. Is an employee manual distributed to all employees? Yes _____ No _____

E. Is there a grievance procedure in place or a person designated to receive complaints from employees? Please explain: _____

F. State the procedures currently in place to reduce or minimize claims brought by employees:

14. Has any of the following taken place in the past 18 months or is any of the following planned in the next 18 months?

- A. A merger, acquisition, or consolidation Yes _____ No _____
- B. A sale, divestiture, or distribution of any assets or stock Yes _____ No _____
- C. A sale or spin-off of any subsidiary Yes _____ No _____
- D. A change in auditor Yes _____ No _____
- E. A restatement or correction in any report or document Yes _____ No _____
- F. A tender offer, a public offering or a private placement of securities Yes _____ No _____

If the response to any of the above is yes, an explanation must be attached.

15. Is General Liability insurance now in force for the Corporate Entity?

Yes _____ No _____

Does it include personal injury?

Yes _____ No _____

If no to either question, please explain: _____

16. A. Is Directors and Officers Liability Insurance now in force?

Yes _____ No _____

If yes, provide current company: _____

Policy Term _____ Limit \$ _____

Deductible \$ _____ Premium \$ _____

B. In the past 5 years, has Directors and Officers or similar liability insurance been declined, cancelled, nonrenewed or rescinded? Yes _____ No _____

If yes, please explain _____

17. A. Is separate Employment Practices Insurance now in force? Yes _____ No _____

If yes, provide: Current insurance company _____

Policy Term _____ Limit \$ _____

Deductible \$ _____ Premium \$ _____

B. In the past 5 years, has Employment Practices insurance or similar liability insurance been declined, cancelled, nonrenewed, or rescinded? Yes _____ No _____

If yes, please explain _____

18. In the past 5 years, has the Corporate Entity or any person to be insured by this policy been the subject of any investigation by any regional, state or federal regulatory agency? Yes _____ No _____

If yes, please explain: _____

19. Are there any pending complaints or investigations involving employee hiring, compensation, promotion, demotion, or termination of employment? Yes _____ No _____

If yes, please explain: _____

20. In the past 5 years, has any claim been made, or is any claim now pending against the Corporate Entity or any person to be insured by this policy? Yes _____ No _____

(If yes, please attach claims information including year of claim, brief description of claim, amount paid, defense expenses paid, and open reserve.)

21. Is the Corporate Entity or any person to be insured by this policy aware of or have any knowledge of any circumstance or fact which could lead to a claim under this policy? Yes _____ No _____

If yes, please explain: _____

This application must include the following unless this requirement is changed by agreement with the Insurer:

- * A list of Directors and Officers and their affiliation with other Corporate Entities
- * The most current Annual Report
- * A Dun & Bradstreet (D&B) Report or any independent report that may be available
- * Any private placement memorandums in the past 18 months

- * Copies of all indemnification provisions and agreements
- * The most current CPA Audit with Notes and Opinion Letter
- * If publicly traded, the most recent 10K report
- * Copies of any recent news articles or published reports

Signed _____

(Must be signed by the President or Chairman on behalf of all Insureds)

Title

Date

The signer of this application, authorized and acting on behalf of all Insureds, declares that all statements and information provided by the Insureds is true, complete and accurate. It is agreed that this application is the basis of and becomes a part of the policy, should a policy be issued.

The signing of this application does not require the signer to purchase insurance, nor does the review of this application require the Insurer to issue a policy.

ANTIFRAUD WARNING NOTICE TO ALL APPLICANTS: Any person who knowingly 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 also punishable by civil penalties in certain jurisdictions.

NOTICE TO NEW YORK APPLICANTS: Any person who knowingly and with intent to defraud any insurance company or other person files on application for insurance or a 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 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 injure or defraud any insurer files an application or claim containing false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and payment of a fine of up to \$15,000.

NOTICE TO TEXAS APPLICANTS: Any person who makes an intentional misstatement that is material to the risk may be found guilty of insurance fraud by a court of law.

To be completed by Producer:

Submitted By
Producer _____

Tax I.D. No. _____
(in states where required)

Surplus Lines License No. _____