

# HOUSTON CASUALTY COMPANY

## APPLICATION DIRECTORS, OFFICERS AND CORPORATE LIABILITY INSURANCE

NOTICE: THE POLICY FOR WHICH THIS APPLICATION IS MADE APPLIES, SUBJECT TO ALL OF ITS TERMS, CONDITIONS AND LIMITATIONS, ONLY TO CLAIMS MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR, IF APPLICABLE, THE DISCOVERY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED, AND MAY BE EXHAUSTED, BY THE PAYMENT OF DEFENSE COSTS. DEFENSE COSTS WILL BE APPLIED AGAINST THE RETENTION. THE INSURER WILL HAVE NO DUTY UNDER THE POLICY TO DEFEND ANY INSURED.

The term "Applicant" means the Named Corporation and all Subsidiaries.

1. (a) Named Corporation:  
Address:  
City, State, Zip Code:  
  
(b) The person designated as agent of the Applicant and all Insured Persons to receive notices from the Insurer or its representatives concerning this insurance:  
Name:  
Title:  
E-mail Address:  
  
(c) Who is the Applicant's top environmental officer?  
Name:  
Title:  
Please describe, in detail, his/her responsibilities, including any reporting obligations to the Board of Directors (use a separate sheet of paper, if necessary):
2. (a) The Named Corporation has been in continuous operation since:  
(b) Please identify each Subsidiary and the date on which it became a Subsidiary (use a separate sheet of paper, if necessary):
3. What is the Applicant's primary Standard Industry Code (SIC)?
4. Please provide the following information regarding the outstanding common stock of the Named Corporation and of each Subsidiary, if any common stock thereof is held by any person(s) or entity(ies) other than the Named Corporation or another Subsidiary:
  - (a) Are any shares of common stock publicly traded? \_\_\_ Yes \_\_\_ No  
If yes, on what exchange or exchanges?
  - (b) Total number of shares of common stock outstanding:
  - (c) Total number of holders of shares of common stock:
  - (d) Total number of shares of common stock owned directly or beneficially by directors or officers:
  - (e) Does any shareholder own, directly or beneficially, 5% or more of the outstanding shares of common stock, or does any other security holder have the right to acquire, directly or beneficially, 5% or more of the outstanding shares of common stock? \_\_\_ Yes \_\_\_ No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):

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5. Have any of the Applicant's current D&O carriers indicated an intent not to offer renewal terms?  
 Yes  No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):
6. Have there been any changes in the Applicant's board of directors or within the Applicant's senior management during the past 3 years for any reason other than death or retirement?  
 Yes  No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):
7. Has the Applicant changed its outside auditors within the last 3 years?  Yes  No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):
8. Have the Applicant's outside auditors stated that there are no material weaknesses in the Applicant's system of internal controls?  Yes  No  
If no, please provide the latest CPA letter to management and management response thereto.
9. Within the last 36 months, has the Named Corporation or any Subsidiary completed or agreed to any of the following, whether or not any such transaction was completed?
- (a) merger or consolidation with or acquisition of another entity whose consolidated assets exceeded 25% of the Applicant's consolidated assets?  Yes  No
  - (b) sale, distribution or divestiture of any assets or stock in an amount exceeding 25% of the Applicant's consolidated assets?  Yes  No
  - (c) registration for public offering of securities?  Yes  No
  - (d) private placement of securities?  Yes  No
  - (e) reorganization or arrangement with creditors under federal or state law?  Yes  No
- If yes to any of the foregoing, please provide complete details (use a separate sheet of paper, if necessary):
10. Does the Named Corporation or any Subsidiary contemplate entering into any transaction described in question 9 above during the next 12 months?  Yes  No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):
11. Past Activities:
- (a) Has any person or entity proposed for this insurance ever been a party to the following:
    - (i) any antitrust litigation?  Yes  No
    - (ii) any litigation alleging any violation of any copyright, patent, trademark or other interest in intellectual property?  Yes  No
    - (iii) any civil, criminal or administrative proceeding alleging or investigating any violation of securities law or regulation?  Yes  No
    - (iv) any representative or class action or shareholder derivative litigation?  
 Yes  NoIf yes to any of the foregoing, please provide complete details (use a separate sheet of paper, if necessary):
  - (b) Have any claims been made during the last 5 years against any person proposed for this insurance in his or her capacity as a director or officer of any corporation?  Yes  No  
If yes, please provide complete details (use a separate sheet of paper, if necessary):

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- (c) Is any person proposed for this insurance aware of any fact, circumstance or situation involving the Applicant or any Insured Person which he or she has reason to believe might result in a claim being made? \_\_\_ Yes \_\_\_ No

If yes, please provide complete details (use a separate sheet of paper, if necessary):

**Without prejudice to any other rights of the Insurer, it is understood and agreed that the Insurer will not be liable under any policy that may be issued on the basis of this Application to make any payment of Loss, including Defense Costs, in connection with any Claim arising out of, based upon or attributable to any claim, fact, circumstance or situation required to be disclosed in response to questions 11(b) and 11(c).**

### 12. Documents Required:

Please submit one copy of each of the following documents or provide URL address for Internet retrieval. These documents will be deemed to be attached to and to be a part of this Application.

- a. Attachments providing complete details and/or additional information where required as a result of the Applicant's response to questions in this Application.
- b. The Applicant's most recent Annual Report (including complete audited financial statements for the last 3 years).
- c. The Applicant's most recently filed Form 10-K.
- d. The Applicant's most recent interim financial statement and most recently filed Form 10-Q.
- e. The Notice to Stockholders and Proxy Statement for the Applicant's most recent shareholders' meeting.
- f. Each prospectus, offering circular or private placement memorandum issued by the Applicant during the last 12 months.
- g. The Applicant's written environmental policy, if any.

FOR PURPOSES OF THIS APPLICATION, THE UNDERSIGNED AUTHORIZED AGENT OF ALL PERSONS AND ENTITIES PROPOSED FOR THIS INSURANCE DECLARES THAT, TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS CONTAINED HEREIN, AND IN ANY ATTACHMENTS HERETO, ARE TRUE AND COMPLETE. THE INSURER IS AUTHORIZED TO MAKE ANY INQUIRY IN CONNECTION WITH THIS APPLICATION. ACCEPTING THIS APPLICATION DOES NOT BIND THE INSURER TO COMPLETE THE INSURANCE.

THE INFORMATION CONTAINED IN AND SUBMITTED WITH THIS APPLICATION IS ON FILE WITH THE INSURER AND IS CONSIDERED TO BE PHYSICALLY ATTACHED TO AND PART OF THIS APPLICATION. THE APPLICATION, INCLUDING ALL ATTACHMENTS THERETO, WILL BE CONSIDERED TO BE PHYSICALLY ATTACHED TO ANY POLICY ISSUED ON THE BASIS OF THIS APPLICATION AND WILL BECOME PART OF ANY SUCH POLICY. THE INSURER WILL HAVE RELIED UPON THIS APPLICATION, INCLUDING ALL ATTACHMENTS THERETO, IN ISSUING ANY SUCH POLICY.

IF ANY INFORMATION IN THIS APPLICATION, INCLUDING ANY ATTACHMENT THERETO, CHANGES MATERIALLY BEFORE THE EFFECTIVE DATE OF THE POLICY FOR WHICH APPLICATION IS MADE, THE APPLICANT MUST NOTIFY THE INSURER, AND THE INSURER MAY MODIFY OR WITHDRAW ANY QUOTATION.

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 OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY

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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 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 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 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.

NOTICE TO APPLICANTS OF FLORIDA, KENTUCKY, MINNESOTA, NEW JERSEY, OHIO AND OKLAHOMA: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUDS OR DECEIVES ANY INSURER OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, IS GUILTY OF A FELONY AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO APPLICANTS OF VIRGINIA, MAINE AND NEW MEXICO: 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. IF DISCOVERY IS ELECTED THE LIMIT WILL NOT BE REINSTATED. MATERIALS SUBMITTED IN CONNECTION WITH THE APPLICATION WILL FORM A PART OF THE POLICY.

WARNING TO APPLICANTS OF DISTRICT OF COLUMBIA: 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.

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Chairman of the Board of Directors, President, or Chief Executive Officer

Date

