

**ENDURANCE AMERICAN INSURANCE COMPANY
AMERICAN MERCHANTS CASUALTY COMPANY
ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY**

**APPLICATION FOR
DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY**

NOTICE: EXCEPT AS OTHERWISE PROVIDED IN THE POLICY, THE POLICY SHALL ONLY APPLY TO CLAIMS FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER IN ACCORD WITH THE PROVISIONS OF THE POLICY. THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED AND MAY BE TOTALLY EXHAUSTED BY AMOUNTS INCURRED AS DEFENSE COSTS. PLEASE READ THIS APPLICATION AND THE POLICY CAREFULLY.

Instructions for Completing This Application

Please read carefully. Fully answer all questions and submit all requested information. Capitalized and bolded terms in this **Application** are defined in the **Policy** and have the same meaning in this **Application** as in the **Policy**. This **Application** consists of the information contained herein, all materials submitted herewith and any other information or materials included within the definition of **Application** in the **Policy**. All such materials shall be held in confidence.

GENERAL INFORMATION

1. The Applicant Company, which is to be the entity named in Item 1. of the Declarations (the "Applicant"):

Principal Address: _____

City: _____ State: _____ Zip Code: _____

2. Officer designated to receive correspondence and notices from the Insurer:

_____ (Name of Officer) _____ (Title)

3. Please provide the following information with respect to the Applicant:

a. Nature of Business: _____

b. State of Incorporation: _____

c. Stock Symbol and Exchange (if applicable): _____

d. Website address: _____

- e. Please attach a list of all **Subsidiaries** of the Applicant, including all foundations, charitable trusts and political action committees controlled or exclusively sponsored by the Applicant or any **Subsidiary**.

STOCK OWNERSHIP

1. Total number of Applicant's common shares outstanding: _____
 2. Total number of Applicant's common shareholders: _____
 3. Are any securities of Applicant or any **Subsidiary** publicly traded? Yes No
If Yes, specify the type(s) of securities and the exchange on which they are listed: _____
 4. Give names and percentage ownership of any shareholders who hold, directly, beneficially, or as an affiliated group, 5% or more of Applicant's common shares outstanding:

 5. Please list the number of common shares of Applicant or any **Subsidiary** sold (directly or beneficially) by each director and officer of the Applicant or any **Subsidiary** in the past 12 months:

- a. Did the Applicant or any **Subsidiary** repurchase shares directly from its directors and officers in the past 12 months? Yes No (If "Yes", please attach detail, including whether such shares were purchased at the then current market value).

ANNOUNCED CHANGES

1. Has the Applicant or any **Subsidiary** publicly revealed in the past 24 months, or does it presently contemplate that within the next 12 months it will be involved in, any:
 - a. acquisition, consolidation or merger with any other entity? Yes No
 - b. tender offer, acquisition or disposition of any securities, assets or interest in any other corporation, partnership, or joint venture? Yes No
 - c. sale, distribution or divestiture of any assets or securities other than in the ordinary course of business? Yes No
 - d. bankruptcy proceeding or legal or financial reorganization or arrangement with creditors under federal or state law? Yes No

If "Yes" to any question in (a) through (d) above, please attach details.

2. Has the Applicant or any **Subsidiary** filed in the past 24 months, or contemplated filing within the next 12 months, any registration statement or similar document with any government authority for a public offering or private placement of securities? Yes No (If “Yes”, please provide applicable prospectus or offering memorandum, if available, and if unavailable please provide complete details).
3. Is the Applicant or any **Subsidiary** currently or has it at any time over the last year been in material breach of any of its debt covenants, loan agreements, contractual obligations, or does it anticipate any such breach occurring in the next 12 months? Yes No (If “Yes”, please attach details).
4. Has the Applicant suspended its dividend payments in the past 24 months or is the Applicant presently considering such a suspension? Yes No (If “Yes”, please attach details).

CORPORATE GOVERNANCE

1. Has the President, Chief Executive Officer, Chief Financial Officer or any Executive Vice President of the Applicant left office within the last three years for any reason other than poor health, death or retirement at normal retirement age? Yes No (If “Yes”, please attach details).
2. Does the Applicant’s Board of Directors at least annually conduct a formal self-evaluation? Yes No (If “Yes”, please attach details).
3. Has the Applicant’s Board of Directors adopted the following policies or programs:
 - code of ethics? Yes No
 - insider trading policy? Yes No
 - conflict of interest policy? Yes No
 - revenue recognition policy? Yes No
 - legal compliance program? Yes No

If “Yes”, attach details regarding the Applicant’s distribution and enforcement of each such policy or program.

4. Does the Applicant’s Board of Directors have a Governance Committee? Yes No (If “Yes”, please attach details regarding the Committee’s responsibilities and operations).
5. Has the Applicant’s Board of Directors or the Applicant’s Audit Committee discussed the following with its independent auditors within the last 24 months?:
 - Violation of the Applicant’s revenue recognition policy? Yes No
 - Disagreements by the independent auditors regarding the Applicant’s accounting practices, policies or positions? Yes No
 - Limitations on the scope of the audit, as imposed by management? Yes No
 - Illegal acts which have come to the attention of the auditors required to be reported to the SEC? Yes No

- Any material weakness in internal controls of the Applicant? ___ Yes ___ No
- Any override of the independent auditors by Applicant's management? ___ Yes ___ No.

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

6. Has the Applicant's independent auditors recommended any past audit adjustments? ___ Yes ___ No If "Yes", attach details.
7. During the last 3 years, has the Applicant:
 - a. changed independent auditors? ___ Yes ___ No
 - b. restated its financial statements? ___ Yes ___ No
8. Does the President, Chief Executive Officer, Chief Financial Officer or any Executive Vice President have knowledge of any matter which may cause the Applicant or any **Subsidiary** to restate its financial statements in the next 12 months? ___ Yes ___ No

LOSS/CLAIMS HISTORY

1. Has any insurer cancelled or refused to renew any directors and officers liability insurance maintained by the Applicant, whether primary or excess, within the past 3 years? ___ Yes ___ No (If "Yes", please attach complete details).
2. Are there any pending **Claims** against any proposed **Insureds** which may fall within the scope of coverage afforded by any policy presently or previously in effect which provides coverage similar to insurance under the proposed **Policy**? ___ Yes ___ No (If "Yes", please attach a summary description of each **Claim** and any loss payments by any insurers).
3. Has any proposed **Insured** given notice under the provisions of any other previous or current similar primary or excess insurance policy of any facts or circumstances which may give rise to a **Claim**? ___ Yes ___ No (If "Yes", please attach complete details).

IT IS UNDERSTOOD AND AGREED THAT WITH RESPECT TO QUESTIONS 2 AND 3 ABOVE, IF SUCH **CLAIMS** OR NOTICE OF FACTS OR CIRCUMSTANCES EXIST, THEN THOSE **CLAIMS** AND ANY OTHER **CLAIMS** ARISING FROM SUCH **CLAIMS** OR NOTICED FACTS OR CIRCUMSTANCES ARE EXCLUDED FROM THE PROPOSED INSURANCE.

4. During the last 3 years, has the Applicant or any **Subsidiary** or any proposed **Insured Person(s)** been involved in, or are they currently involved in, or have they been threatened to be named in, any of the following:
 - a. civil or criminal action, administrative proceeding, formal or informal inquiry or investigation, whether preliminary or otherwise, by any federal, state, or local or foreign administrative agency, including but not limited to the Securities Exchange Commission? ___ Yes ___ No
 - b. anti-trust, copyright or patent litigation? ___ Yes ___ No
 - c. other criminal actions? ___ Yes ___ No
 - d. representative actions, class actions or derivative suits? ___ Yes ___ No

e. other material litigation? ___ Yes ___ No

If “Yes” to any question in (a) through (e) above, please attach complete details including any loss payments by insurance carriers.

PRIOR KNOWLEDGE

Does any proposed **Insured Person** have any knowledge or information of any actual or alleged act, error, omission, fact or circumstance which may give rise to a **Claim**? ___ Yes ___ No (If “Yes”, please attach complete details).

IT IS UNDERSTOOD AND AGREED THAT IF A PROPOSED **INSURED PERSON** HAS SUCH KNOWLEDGE OR INFORMATION, THEN ANY **CLAIM** AGAINST SUCH **INSURED PERSON** ARISING THEREFROM IS EXCLUDED FROM THE PROPOSED INSURANCE. THE KNOWLEDGE OF ONE **INSURED PERSON** SHALL NOT BE IMPUTED TO ANOTHER **INSURED PERSON** FOR PURPOSES OF THIS EXCLUSION.

MATERIALS REQUESTED

As part of this **Application**, please submit the following documents or identify a public website which contains the following documents (any such documents submitted to the Insurer or contained on an identified website are deemed attached to and incorporated into this **Application**):

1. Most recent audited and interim financial statements of the Applicant with any notes and schedules.
2. Any registration statements of the Applicant filed within the last year with the Securities and Exchange Commission and any private placement memoranda used within the last 12 months.
3. Most recent annual report and SEC Form 10-K of the Applicant and any subsequent SEC filings by the Applicant (e.g., Forms 10-Q, 8-K or 13D).
4. The prospectus for any securities offering planned or expected within the next year (if available).
5. The Applicant’s notice to shareholders and proxy statement for both the last and next scheduled annual meeting (if available).
6. Most recent auditors’ letter to management on internal controls and management’s response.

The persons signing this **Application** declare that to the best of their knowledge the statements set forth herein and the information in the materials submitted herewith are true and correct and that reasonable efforts have been made to obtain sufficient information from all proposed **Insured Persons** to facilitate the proper and accurate completion of this **Application** for the proposed **Policy**. Signing of this **Application** does not bind the undersigned to purchase the insurance, but it is agreed that this **Application** shall be the basis of the contract should a **Policy** be issued.

It is agreed by all concerned that the particulars and statements contained in this **Application** and the information in the materials submitted in connection with or incorporated into this **Application** are true and shall be deemed material to the decision of the Insurer to issue the insurance.

The undersigned agree that if after the date of this **Application** and prior to the effective date of any **Policy** based on this **Application**, any occurrence, event or other circumstance should render any of the information contained in this **Application** or the information in the materials submitted in connection with or incorporated into the **Application** inaccurate or incomplete, then the undersigned shall notify the Insurer of such occurrence, event or circumstance and shall provide the Insurer with information that would complete, update or correct such information. Any outstanding quotations may be modified or withdrawn at the sole discretion of the Insurer.

This **Application** and any material submitted herewith shall be maintained on file by the Insurer, shall be deemed attached as if physically attached to the proposed **Policy** and shall be considered as incorporated into and constituting a part of the proposed **Policy**.

The information requested in this **Application** is for underwriting purposes only and does not constitute notice to the Insurer under any policy of a **Claim** or potential **Claim**. All such notices must be submitted to the Insurer pursuant to the terms of the **Policy**, if and when issued.

The Applicant agrees that any insurance premium paid by the Applicant to the Insurer is free and clear of and does not include directly or indirectly any tax, duty, levy or similar assessment imposed on a policy issued by the Insurer. The Applicant further agrees to indemnify and hold harmless the Insurer in respect of any such tax or any penalty or other loss incurred by the Insurer related thereto.

This **Application** must be signed by the Chair of the Board and the President of the Applicant. If the Chair of the Board and President are the same individual, the **Application** must also be signed by the Chief Financial Officer, Chief Operating Officer or General Counsel of the Applicant.

Date: _____ Signature: _____
Title: _____
Date: _____ Signature: _____
Title: _____

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED.