

PROGRESSIVE CASUALTY INSURANCE COMPANY

INTERNET/ELECTRONIC BANKING LIABILITY APPLICATION

FDIC No. _____

THE LIABILITY POLICY WHICH MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDES CLAIMS MADE COVERAGE WRITTEN ON A NO DUTY TO DEFEND BASIS. DEFENSE COSTS ARE INCLUDED WITHIN THE LIMIT OF LIABILITY. AMOUNTS INCURRED AS DEFENSE COSTS WILL REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS. PLEASE READ YOUR POLICY CAREFULLY.

Applicant _____

(List all entities applying for coverage including all Subsidiaries)

Address _____ City _____ State _____ Zip Code _____

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

Telephone _____ Fax _____ Website _____

Representative authorized to receive notices on behalf of all persons and entities:

Name _____ Title _____ E-mail _____

GENERAL INFORMATION

1. Provide the home page address and date established of all websites proposed for coverage:

<u>Home Page Address</u>	<u>Date Established</u>
_____	_____
_____	_____

2. The Applicant offers: PC/Home Banking Internet Banking Voice/Telephone Banking
 Wireless Banking Other _____

3. Functionality of the website(s): Informational Only (or) Transactional

4. Does the Applicant or any Subsidiary use the Internet to solicit loan or deposit customers? Yes No

5. Indicate the types of products and services available through the Applicant's Internet website(s) and/or PC/Home Banking Program(s) (check all that apply):

- Customer Account Access (check all that apply):
 - Balance Inquiries
 - Loan Applications
 - Account Statements
 - Bill Payment and/or Presentment
 - Funds Transfers between Accounts
 - Inter-bank Transactions
 - Bill or Account Aggregation
 - Other _____
- Trust Department Services
- Insurance Agency Services
- Brokerage/Advisory Services
- Other _____

IT IS UNDERSTOOD AND AGREED THAT COVERAGE WILL NOT BE PROVIDED FOR ANY PRODUCT OR SERVICE UNLESS IDENTIFIED ABOVE AND EXPRESSLY AGREED TO BY THE INSURER.

6. Indicate the types of electronic products and services the Applicant provides to third parties for a fee (check all that apply): Not Applicable

- Hosting
- Internet Service Provider (ISP)
- Website Development
- Internet Data Processing
- Network Security Services
- Certification/Registration Authority
- Internet Banking or other Software Development
- Other _____

IT IS UNDERSTOOD AND AGREED THAT COVERAGE WILL NOT BE PROVIDED FOR ANY THIRD-PARTY PRODUCT OR SERVICE UNLESS IDENTIFIED ABOVE AND EXPRESSLY AGREED TO BY THE INSURER.

7. Provide the approximate percentage of the Applicant's revenue derived from Internet banking services and electronic services provided to others for a fee (reference Question 6).

	<u>This Year</u>	<u>Last Year</u>	<u>Projected (next 12 months)</u>
Internet Banking Services:	_____ %	_____ %	_____ %
Electronic Services for a fee:	_____ %	_____ %	_____ %

8. Indicate:

- a. the number of customers who currently subscribe to the Applicant's Internet banking service: _____
- b. percentage of the Applicant's total customer base that subscribes to the Internet banking service: _____ %

9. **VENDOR MANAGEMENT:**

a. Indicate whether the function is outsourced, performed in-house or both. Provide the vendor's name if a third party is used.

	Outsourced	In-House	Both	Vendor/Provider Name
Core Processing				
Internet Service Provider*				
Website Host				
Website Design and Maintenance				
Internet Banking Vendor				

*An ISP (Internet Service Provider) is a business that offers access to the Internet. They provide Internet connection, domain name registration, and dial-up or DSL access.

b. Other systems to be covered (in addition to the Applicant's proprietary systems): _____

c. If the website is designed and maintained:

- i. by a third party, in part or whole, does the Applicant have a written "right to use" agreement with the website developer? Yes No
- ii. internally, did an intellectual property attorney review the content? Not Applicable Yes No

d. If applicable, do all vendor contracts:

- i. indemnify/hold the Applicant harmless for vendor misconduct, errors, omissions or negligence? Yes No
- ii. outline the vendor's responsibility for safeguarding customer and confidential information and stipulate what security measures are provided by the vendor? Yes No

10. **GENERAL BUSINESS PRACTICES:**

- a. Is customer or consumer information or data collected via any of the websites proposed for this coverage used for purposes other than that for which the information/data was provided? Yes No
If Yes, does the Applicant sell or share any customer information or data it collects via its website(s)? Yes No
- b. If the website(s) links (connects by any means) to any other website: Not Applicable
 - i. has permission been granted or a link license been obtained? Yes No
 - ii. do any of the website(s) links produce fee income? Yes No
 - iii. are disclaimers used for material posted at linked websites? Yes No
- c. Are banner advertisements (online web page advertisements) used to generate fee income? Yes No
- d. Is meta tagging technology (HTML identity tagging) used in conjunction with the website(s)? Yes No
If Yes, do the search terms contain trademarked words that belong to a third party? Yes No
- e. Does any website proposed for this coverage have a bulletin board or chat room? Yes No

11. **LEVELS OF REVIEW:**

- a. The website(s) is reviewed for regulatory compliance and updated: Weekly Monthly Other _____
- b. Indicate who reviewed the content of the website(s) to ensure mandatory legal disclosures and relevant regulatory and compliance issues were adequately addressed:
 - In-house Counsel Outside Counsel Intellectual Property Counsel
 - Compliance Officer Information Technology/Security Officer Other _____

Are these individuals required to review all subsequent changes to the website(s)? Yes No

c. Were there any regulatory criticisms of the website(s) and/or electronic banking activities during the past 12 months? **If Yes, provide details by attachment.** Yes No

d. If the website(s) has been reviewed or qualified by a third-party "trust service", provide name: (i.e. VeriSign, eTrust, Cybertrust): _____

12. POLICIES AND PROCEDURES:

a. Does the Applicant have a written Information Security Policy? Yes No

b. Does the Applicant have a Disaster Recovery Plan? Yes No

i. Has it been modified to include Internet banking and other electronic activities? Yes No

ii. How often is it tested? _____

iii. Date of last test: _____

If any of the answers to Question 12(a) or 12(b) are Yes, provide details by attachment.

c. Have the internal and external audit programs been updated to encompass Internet banking and electronic activities? Yes No

If Yes, provide a copy of the audit procedures relative to Internet banking and other electronic activities.

13. SECURITY MEASURES:

a. Is anti-virus software used on all employee desktops and mission-critical servers? Yes No

b. Are customers provided with login IDs (PINs) and passwords to access their accounts through the website(s)? Yes No

c. Are exception reports generated and reviewed on a daily basis which would reveal: (1) restricted transactions; (2) correcting and reversing entries; and (3) unsuccessful attempts to access the system or restricted information? Yes, reviewed by the bank Yes, reviewed by the vendor Not reviewed

d. Are formal procedures in place to report and respond to unauthorized attempts to access the Applicant's Internet banking system? Yes No

e. Are back-up and recovery procedures in place for the web infrastructure (including web, application development, and database servers)? Yes No

i. Are back-up tapes stored off-site? Yes No

ii. If Yes, how often is restore testing performed? _____

f. Indicate what security measures are currently in place and the responsible party by placing an "x" in the appropriate box:

	Security Measure	Applicant	Internet Banking Vendor	Not Applicable
i.	Intrusion detection software is used by:			
ii.	Vulnerability or penetration testing is performed by:			
iii.	Firewalls are maintained by:			
iv.	In order to secure transactions, state of the art encryption technology is used by:			
v.	In order to authenticate parties, state of the art encryption technology is used by:			

LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

New Applicants Only

1. During the past 3 years, has the Applicant:

a. been made aware of any unauthorized access to information of the Applicant or its customers through the Applicant's computer system, Website, Internet Service Provider or Website host; or Yes No

b. sustained a systems intrusion, tampering, hacking or similar incident that resulted in:
 1) damage to or destruction of data or computer programs; 2) damages to a third party; or
 3) other loss to the institution? Yes No

2. Does the undersigned or any director or officer have knowledge of any fact, circumstance or situation involving the Applicant, its Subsidiaries or any past or present director, officer or employee, which could reasonably be expected to give rise to a future claim? Yes No

3. Has any insurance carrier declined, refused to renew or cancelled insurance similar to the coverage Herein applied for? (Missouri applicants are not required to answer this question.) Yes No

If any of the answers in this section are Yes, provide details by attachment.

RENEWAL APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT IF THE UNDERSIGNED OR ANY INSURED HAS KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A FUTURE CLAIM, THEN ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY CLAIM ARISING FROM OR IN ANY WAY INVOLVING SUCH FACTS, CIRCUMSTANCES OR SITUATIONS. IN ADDITION, ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY CLAIM, FACTS, CIRCUMSTANCES OR SITUATIONS FOR WHICH THE INSURER HAS ALREADY RECEIVED NOTICE.

NEW APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT ANY CLAIM ARISING FROM ANY PRIOR OR PENDING LITIGATION OR WRITTEN OR ORAL DEMAND SHALL BE EXCLUDED FROM COVERAGE. IT IS FURTHER UNDERSTOOD AND AGREED THAT IF KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A CLAIM EXISTS, ANY CLAIM OR ACTION SUBSEQUENTLY ARISING THEREFROM SHALL BE EXCLUDED FROM COVERAGE.

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 proceeding the Policy's inception, and any amendments thereto [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 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 Policy. If a Policy is issued, it is understood and agreed that the Insurer relied upon this Application in issuing each such Policy and any Endorsements thereto. The undersigned further agrees that if the statements in this Application change before the effective date of any proposed Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately.

FRAUD WARNINGS

ARKANSAS, LOUISIANA, NEW JERSEY, NEW MEXICO and 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 Arkansas and Louisiana, 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, the person may also be subject 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.

MAINE, 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.

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.

Chief Executive Officer, President or Chairman of the Board:

Print Name:	Signature:
Title:	Date:

Information Technology Officer or comparable title:

Print Name:	Signature:
Title:	Date:

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS SIGNED/DATED BY TWO INDIVIDUALS.

Agent Name _____ License Number _____

Submit Application to:

Progressive Group of Insurance Companies, PLG Division

5920 Landerbrook Drive, PLG-L21 • Mayfield Heights, OH 44124

Telephone: (800) 274-5222 • Fax: (800) 456-6590 • Website: banks.progressive.com