

XL SPECIALTY INSURANCE COMPANY
 (Hereinafter "The Company")
 20 N. Martingale Road, Suite 200, Schaumburg, IL 60173-2415

CUSTOMS BOND APPLICATION/INDEMNITY

PRINCIPAL INFORMATION		BOND INFORMATION	
Principal name and address (<i>No P.O. Boxes</i>)		Activity Code: 1 1a 2 3 3a 4 5 6 7 8 9 10	
		Entry Type: TIB WHS AUTO AD/CVD FDA GBI/GSP CHAP98 HTSUS 9802.00.80 GENERAL MERCHANDISE	
		Custodial: Bonded WHS Carrier Cartman Lighterman	
		Type: CFS CES	
Telephone	Fax	Bond Amount	Effective Date
Importer Number	Previous Importer Numbers	If bond is for Activity Codes 3 and 3a, please indicate amounts.	
Years in business	How long at current address?	Activity Code 3 Amount	Activity Code 3a Amount
Designated Customs Contact	Title	List name of previous sureties:	
Individual/Sole Proprietorship Partnership Limited Partnership Corporation or LLC - State of Incorporation: <i>List full names of all general partners:</i>		Has any surety paid claims on your behalf? <i>If yes, please explain.</i>	
		List commodities subject to anti-dumping/countervailing duties:	
List additional trade names, unincorporated divisions, or co-principals. <i>(Please provide a separate application for each co-principal.)</i>		Has the Principal ever lost immediate delivery privileges of been under Customs sanction? <i>If yes, please explain.</i>	
Has the principal or any officer or partner of the Principal ever filed any form of bankruptcy? <i>If yes, please explain.</i>		Has the Principal or any officer or partner of the Principal ever been involved in a Customs fraud investigation? <i>If yes, please explain.</i>	
Customs broker name, address, and phone:		List all U.S. Customs district to be used for importation activities:	

Describe Merchandise	Country of Origin	Valuation/Duty (for all imports)	Value	Duties
		Last Calendar Year		
		Anticipated Next Year		

CERTIFICATION FOR CUSTOMS APPLICATION PURPOSES: I certify that the factual information contained in this application is true and accurate and any information provided which is based upon estimate is based upon the best information available on the date of this application.

The undersigned Principal (Indemnitor) agrees to be bound by the Agreement of Indemnity set forth on the reverse side to this application. The individual(s) signing below do(es) hereby affirm that they are fully empowered to bind, by such legal signatures, the legal entities named as Principal/Indemnitor herein.
 Signed and dated this _____ day of _____.

INDIVIDUAL/SOLE PROPRIETORSHIP/PARTNERSHIP			
Print Name of Individual/Partner		Print Name of Partner	
Individual/Partner's Home Address		Partner's Home Address	
Date of Birth	Social Security No.	Date of Birth	Social Security No.
Signature	WITNESS	Signature	WITNESS

CORPORATION/LLC	
Print Name of Corporate Officer	Title
Signature	SEAL

AGREEMENT OF INDEMNITY

KNOW ALL MEN BY THESE PRESENTS, that whereas at the request of the aforesaid Principal, hereinafter referred to as "Principal" or the "Indemnitor(s)" and upon condition that this instrument be executed, the Company has executed, or may hereafter execute bonds on behalf of said Principal.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Indemnitors, for themselves, their heirs, executors, administrators, successors and assign jointly and severally hereby covenant and agree with the Company, its successors, assigns, authorized agents, co-sureties and reinsures hereinafter collectively referred to as "Company" in the manner following:

1. To indemnify and to hold the Company harmless from and against any and all demands, liabilities, losses, costs, damages, attorneys' fees and expenses of whatever kind or nature which arise by reason of, or in consequence of, the execution by the Company of any bond on their behalf and whether or not the company shall have paid any sums in partial or complete payment thereof, including, but not limited to: sums paid including interest, or liabilities incurred in settlement of claims; expenses paid or incurred in connection with claims, suits, or judgement under its bonds; expenses paid incurred in enforcing the terms of this Agreement; expenses paid or incurred in procuring or attempting to procure release from liability under its bond by the Company; expenses incurred in recovering or attempting to recover losses or expenses paid or incurred: attorney's fees, costs or expenses; investigation, accounting, or engineering services; adjustment of claims; premiums on bonds issued by the Company on behalf of the Principal.

2. On request of the Company, to procure the discharge of the Company from any bond, and all liability by reason thereof, whether or not there has been a claim made against the Company, The Company shall have every right, defense, or remedy which a personal surety without compensation would have, including the right of exoneration and replevin to take possession of the merchandise under bond upon the occurrence of any violation of the terms and condition of the bond.

3. If, for any reason, the Company shall be required or deem it necessary to set up a reserve in any amount to cover any contingent claim, loss, costs, attorneys' fees and disbursements, or other expenses in connection with any of said bond it may issue, and regardless of any proceedings contemplated or taken by the Indemnitors or the pendency of any appeal, to immediately upon demand deposit with the Company an amount sufficient to cover such reserve and any increase thereof. Such funds are to be held by the Company as collateral, in addition to the indemnity afford by this instrument, with the right to use such funds, or any part thereof, at any time, in payment or compromise of any judgements, claims, liability, loss, damage, attorneys' fees and disbursements, or other expenses.

4. To agree to the following general provisions:

a. Any property of any kind which may have been, or may hereafter be, pledged as collateral security on any one or more of such bonds may, at the option of the Company, be retained as collateral security on any or all bonds coming within the scope of this agreement, whether theretofore or thereafter executed and whether or reinsured by the Company, and for the full and complete performance in all respects of the covenants of the Indemnitors under this Agreement. In the case of any breach of the covenants of the Indemnitors, or in case the Company shall deem it advisable to raise money for the purpose of meeting any actual or prospective claim or demand under any such bond, or to pay any expenses incurred in connection therewith, the Company shall have full power and authority without notice to the Indemnitors or any one of them, to negotiate or redeem any checks, certificates of deposit, or to draw upon any letters of credit, and to use all the proceeds or such part thereof as may be necessary, in order to protect itself against loss, costs, damages, attorneys' fees and expenses as aforesaid. After deducting all the legal and other costs and all such loss, costs, damages, attorneys' fees and expenses as aforesaid, and all premiums due the Company for any such bond or bonds, the Company shall return the remainder of such collateral, if any, to the person or persons legally authorized to receive the same, provided the Company shall not be responsible for any loss resulting to the said property from any cause other than the act or neglect of its officers or employees. The Company shall in no event be responsible to depositor or any other party for interest or loss of interest on such deposits;

b. The Company may, at any time hereafter, without releasing or discharging the Indemnitors from any claim, demand, damage, action, costs, liability, or any other expense theretofore incurred or accrued, take such action as it might deem necessary or proper to obtain its release from any and all liability under the said bond and the Indemnitors further agree that they shall further secure and indemnify the Company against any and all charges, liabilities, attorneys' fees and expenses of whatever nature which the Company may sustain or incur or be put to in obtaining such release;

c. The Indemnitors agree to give the Company prompt notice in writing of any facts which might give rise to any action against the Company upon any bond. In the event the Indemnitors fail to petition, protest, defend or settle any such action taken by the Oblige pursuant to the bond, the Indemnitors agree that the Company may petition, protest, defend or settle such action to protect the Company's interests by whatever means it may deem appropriate. The determination as to whether any such action shall be petitioned, protested, defended or settled shall be binding and conclusive upon the Indemnitors, and the result of any such petition, protest, defense or settlement shall be binding in whole or in part as if such were the act of the Indemnitors. The voucher or other evidence of payment shall be prima facie evidence of the fact and extent of the Indemnitors' liability to the Company; Liability hereunder shall extend to and include the full amount and of any and all money paid by the Company in settlement or compromise of any such action thereunder in good faith under the belief that it was liable therefore, whether liable or not, as well as any and all disbursements on

account of costs, attorneys' fees and expenses as aforesaid, which may be made under the belief that such were necessary, whether necessary or not. The Indemnitors understand that any such steps taken to petition, protest, defend or settle any action by the Oblige under the bond, whether such steps are initiated by the Indemnitors of the Company, does not excuse the Indemnitors from the timely payment of bills for the bond or for amounts paid in the pursuance thereof;

d. Principal understands that bonds are a credit relationship and hereby authorizes the Company to gather such credit information it considers necessary and appropriate for purposes of evaluating whether such credit should be effected or continued. Upon request by the Company or its agents, Principal agrees to immediately provide current financial information including, but not limited to, financial statements. Principal agrees that it will immediately notify the Company in writing of the institution of any voluntary or involuntary proceedings in bankruptcy, insolvency or reorganization involving the Principal. It is understood that liability under bonds may continue for extended periods of time after execution or termination of said bonds and that the Principal's obligation to provide financial information upon request shall continue until the Company is provided adequate documentary evidence establishing that all liability under all bonds issued by the Company has been fully extinguished;

e. Nothing herein contained shall be considered or construed to waive, abridge, or diminish any right or remedy which the Company might have if this instrument were not executed;

f. The invalidity of any provisions of this Agreement by reason of the law of any state or by any other reason shall not affect the validity of any other provision of the Agreement;

g. In the case of the execution of bonds hereunder for the importation of merchandise or transportation in bond of imported merchandise, to consent to service of process upon the customs broker or agent executing the bond on behalf of the Principal. Indemnitors further consent to such service, at the sole option of the Company, at the original port of entry, the final port of entry, or such other place as may be a place of business of the aforementioned customs broker or agent. The Indemnitors consent to jurisdiction at the place of service.

h. Where the merchandise under bond is a motor vehicle, a condition of the execution of the bond shall be the immediate delivery of the vehicle to a bonded conversion facility authorized by the Company which delivery shall occur directly from the port of entry to the conversion facility for the purpose of performing all the required conversion necessary to bring the vehicle into conformity with United States Environmental Protection Agency and Department of Transportation emission and safety standards.

5. To consent to the Oblige on any bond or the customs broker handling any transaction providing to the Company any and all information relative to entries or other transactions under any bond. The principal also consents that the Company may provide to the Principal's broker of record entry and claim information obtained from the Oblige concerning the Principal's activity secured by the Company's Bond.

6. To consent to the execution and filing of bonds by their lawful agent or attorney-in-fact by electronic or such other means as may be elected in lieu of the competition of paper documents and agree in such instances to be bound hereby and by the terms and conditions of such bonds as fully and completely as they would be had paper documents been employed and manually executed.

7. The Indemnitors understand and consent that the bond or undertaking is subject to termination if the Indemnitors discontinue the use of a licensed customs broker satisfactory to the Company.

8. In the event of notice or preliminary notice of claim, to give the Company the right to free access to the pertinent books, records, and accounts of the Indemnitors for the purpose of examining and coping them.

9. To hereby waive:

a. All right to claim any of their property, including homestead, as exempt from levy, execution or sale, or other legal process, under the laws of any state;

b. Any defense based upon the execution of this Agreement subsequent to the date of any such bond; the Indemnitors admitting and covenanting that the execution of any such bond by the Company was in pursuance of the previous request of the Indemnitors. If the execution of this Agreement by any of the Indemnitors is found defective or invalid for any reason, such defect or invalidity shall not affect the validity of this Agreement with respect to any other of the Indemnitors;

c. Notice of any breach of any such bond, or any act or default that may give rise to a claim hereunder;

d. Any right to ask or require the Company to remove or join in any application for the removal of any proceeding from a state court to a federal court;

e. Notice of the acceptance of this obligation and execution of any such bond.