

Personal Lines Insurance Agents Professional Liability

INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY APPLICATION

All questions must be answered and application must be signed by applicant.

NOTICE: This is a claims made and reported coverage form. This Policy covers only those claims first made against any insured during the Policy Period or the Extended Reporting Period, if purchased. PLEASE READ YOUR POLICY CAREFULLY.

I. AGENCY DETAILS

1. Applicant name: _____
 Home office address: _____
 City: _____ State: _____ Zip code: _____
 Phone: _____ Fax: _____ Web site: _____
2. a. Does the applicant have any branch offices or subsidiaries? Yes No
 (If "Yes," please attach an explanation.)
- b. Is the applicant firm controlled, owned, affiliated or associated with any other firm, corporation or company? Yes No
 (If "Yes," please attach an explanation.)
- c. During the past five years, has the name of the firm been changed or has any other business been acquired, merged into or consolidated with the original firm? Yes No
 (If "Yes," please attach an explanation including date(s) involved.)
3. Date agency was established _____
 a. Date principal of applicant was first licensed _____
4. Enter total number of licensed agents and brokers (employees and principals) and independent contractors. _____

II. AGENCY OPERATIONS

5. Please give the approximate percentage breakdown of the total of your premium volume and fees as:
 "Retail Agent" _____ % (Business placed directly with insurance companies, JUA's or assigned risk pools, etc.)
 "Retail Broker" _____ % (Business placed through other agents, MGA's, wholesalers, etc.)
 "Wholesale Broker" _____ % (Business received from other non-employee or contract brokers or agents and placed by your agency.)
 "Other" (explain) _____ % _____
Must total 100%
6. Does applicant derive income from any activity/profession other than the sale of insurance products? Yes No
 (If "Yes," please attach an explanation including the percentage of your total annual income derived from it.)
7. Does applicant currently act as an MGA, Third Party Administrator, Reinsurance Intermediary? Yes No

III. PREMIUM VOLUME INFORMATION

8. Is more than 25% of applicant's annual volume placed with a single carrier that has an A.M. Best rating of B+ or lower? Yes No
9. Is 50% or more of applicant's annual premium placed with carriers that have an A.M. Best rating of B+ or lower? Yes No

By signing this application, the Applicant represents that the written premium figures and gross receipts, if applicable, provided in question 10 are an accurate reflection of written premium at the time of signing the application. The Applicant further agrees to provide, at the Company's request, full disclosure of the agency's books and records for premium audit purposes. If an audit reveals a material change in premium than stated on the application, then the company is entitled to collect additional earned premiums, cancel or nonrenew coverage. If the Applicant is a new entity, a projection of the next 12 months of written premium volume should be completed. These projections would not be subject to an audit.

10. Breakdown of annual written premium volume by line of coverage, and gross receipts if applicable as of this date

Date: ____/____/____

Commission receipts, latest 12-month period: _____

10a. **PERSONAL LINES Premium Volume:** Volume

Automobile - Standard \$ _____

Homeowners - Standard \$ _____

Mobile Homes \$ _____

Other (describe) \$ _____

TOTAL PERSONAL LINES \$ _____

10c. **LIFE/ACCIDENT/HEALTH LINES Premium Volume:**

Life, individual \$ _____

Life, group \$ _____

Accident, disability & health, individual \$ _____

Accident, disability & health, group \$ _____

Fixed annuities \$ _____

TOTAL LIFE/ACCIDENT/HEALTH LINES \$ _____

TOTAL ALL LINES \$ _____

10b. **COMMERCIAL LINES Premium Volume:**

Workers compensation \$ _____

Trucking (including livery) \$ _____

Commercial auto \$ _____

Commercial property \$ _____

Ocean/Wet marine \$ _____

Inland marine \$ _____

Bonds/Surety \$ _____

Aviation \$ _____

Commercial umbrella/excess \$ _____

Professional liability, other \$ _____

Risk retention plans \$ _____

Crop/Hail \$ _____

Livestock (animal mortality) \$ _____

Other (describe) \$ _____

TOTAL COMMERCIAL LINES \$ _____

10d. **FINANCIAL SERVICES INCOME:**

List total gross receipts for the past twelve months for the following activities:

Variable life \$ _____

Variable annuities \$ _____

Mutual funds \$ _____

Stocks \$ _____

Bonds \$ _____

Commodities \$ _____

Financial plans for a fee \$ _____

11. What percentage of the premium volume is written on a non-admitted basis? _____

12. Is the applicant a captive agent? Yes No

Is applicant employed by any insurance company? Yes No

If "Yes" to either, please answer the following:

a. Please list the name of this company: _____

b. Is professional liability already provided for business placed with this company? Yes No

13. Does the total insured value of any commercial property or inland marine account written by the applicant exceed \$1.5 million? Yes No

ONLY ANSWER QUESTIONS #14-17 IF VOLUME IS LISTED UNDER QUESTION #10c (LIFE/ACCIDENT/HEALTH LINES).

14. How many times in the past 12 months have you replaced an existing life insurance policy with a new policy? _____

Why were these policies replaced? _____

15. Is applicant involved in the sale, ownership, formulation, creation, administration or operation of any self-insurance fund or program, Multiple Employer Trust, Multiple Employer Welfare Arrangement, pool, syndicate, association or other combination, formed for the purpose of providing insurance or benefits when they are not fully funded by an insurance product? Yes No

If "Yes," advise details _____

16. Is the applicant involved in any life settlement activity? Yes No

17. If you place or service any Group Life, Accident or Health Insurance, what is the largest plan (based on number of participants) that you handle? _____

ONLY ANSWER QUESTIONS #18-21 IF INCOME IS LISTED UNDER QUESTION #10d (FINANCIAL SERVICES)

18. Do you have discretionary control of any clients' assets? Yes No

19. Are you involved in the sale of structured settlement annuities? Yes No

20. Do you have any involvement in the development or solicitation of general or limited partnerships? Yes No

21. Would you like to purchase Financial Planning Coverage? Yes No

IV. CLAIM INFORMATION

Do not complete this section if this is an application for a renewal policy at the same limit of liability with one of the USLI companies.

22. During the past five (5) years, has any claim been made or suit brought against the agency, its predecessor(s) in business or any of its present or former owners, partners, officers, directors, employees or independent contractors? Yes No
(If "Yes," provide details on the separate supplemental claims application.)
23. Is any owner, partner, officer, director, employee or independent contractor aware of any circumstance, allegation, contention or incident which may result in a claim being made against the agency, its predecessor(s) in business or any of its present or former owners, partners, officers, directors, employees or independent contractors? Yes No
(If "Yes," provide details on the separate supplemental claims application.)
24. In the past five (5) years, has the applicant initiated litigation versus any carrier? Yes No

V. INSURANCE COVERAGE INFORMATION

25. Has the applicant been the subject of any reportings/complaints to a Better Business Bureau, Federal Trade Commission or any other consumer protection group? Yes No
26. Has any prospective insured ever had their license revoked or suspended or been fined or disciplined in any way or been the subject of any investigation by any state insurance department? Yes No
(If "Yes," please attach an explanation.)
27. During the past five years, has any director, officer, partner, employee or independent contractor ever been declined, cancelled or refused renewal of their fidelity or surety bond? Yes No
28. Has any policy of or application for similar insurance on your behalf or on the behalf of any of your principals, officers, employees or on behalf of any predecessors in business ever been declined, canceled or refused renewal? (Not applicable in Missouri.) Yes No
(If "Yes," please attach an explanation.)
29. Have you ever purchased "Extended Discovery/Reporting Period" coverage ("tail") from any prior insurer? Yes No
(If "Yes," please attach an explanation.)

FRAUD STATEMENTS

Arizona Notice: Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are; fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

Colorado Fraud Statement: 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 Fraud Statement: WARNING: 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.

Florida Fraud Statement: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Florida Notice: (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

Florida and Illinois Notice: I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to

the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for Claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

Kansas Fraud Statement: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto may be guilty of a crime and may be subject to fines and confinement in prison.

Kentucky Fraud Statement: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance 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.

Maine Fraud Statement: 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 or a denial of insurance benefits. A binder may not be withdrawn but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

Washington Fraud Statement: 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 or a denial of insurance benefits.

Maryland: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

New Jersey Fraud Statement: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New York Disclosure Notice: This policy is written on a claims made basis and shall provide no coverage for claims arising out of incidents, occurrences or alleged Wrongful Acts or Wrongful Employment Acts that took place prior to retroactive date, if any, stated on the declarations. This policy shall cover only those claims made against an insured while the policy remains in effect for incidents reported during the Policy Period or any subsequent renewal of this Policy or any extended reporting period and all coverage under the policy ceases upon termination of the policy except for the automatic extended reporting period coverage unless the insured purchases additional extend reporting period coverage. The policy includes an automatic 60 day extended claims reporting period following the termination of this policy. The Insured may purchase for an additional premium an additional extended reporting period of 12 months, 24 months or 36 months following the termination of this policy. Potential coverage gaps may arise upon the expiration for this extended reporting period. During the first several years of a claims-made relationship, claims-made rates are comparatively lower than occurrence rates. The insured can expect substantial annual premium increases independent overall rate increases until the claims-made relationship has matured.

North Dakota Fraud Statement: Notice to North Dakota applicants – Any person who knowingly and with the intent to defraud and 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.

Ohio Fraud Statement: 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.

Ohio Notice: By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy. I understand that any material misrepresentation or omission made by me on this application may act to render any contract of insurance null and without effect or provide the company the right to rescind it.

Oklahoma Fraud Statement: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon Fraud Statement: Notice to Oregon applicants: Any person who, with intent to defraud or knowing that he is facilitation a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

Pennsylvania Fraud Statement: 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.

Tennessee and Virginia Fraud Statement: 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.

Utah Notice: I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy.

Vermont Fraud Statement: 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 may be subject to fines and confinement in prison.

Virginia Notice: This Policy is written on a claims-made basis. Please read the policy carefully to understand your coverage. You have an option to purchase a separate limit of liability for the extended reporting period. If you do not elect this option, the limit of liability for the extended reporting period shall be part of the and not in addition to limit specified in the declarations. If you have any questions regarding the cost of an extended reporting period, please contact your insurance company or your insurance agent.

Statements in the application shall be deemed the insured's representations. A statement made in the application or in any affidavit made before or after a loss under the policy will not be deemed material or invalidate coverage unless it is clearly proven that such statement was material to the risk when assumed and was untrue.

Virginia Fraud Statement: Any person who knowingly and with intent to defraud an insurer, submits an Application for insurance or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Utah Fraud Statement: 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.

Washington Fraud Statement: Any person, who, knowing it to be such:

(1) Presents, or causes to be presented, a false or fraudulent claim or any proof in support of such a claim, for the payment of a Loss under a contract of insurance; or

(2) Prepares, makes, or subscribes any false or fraudulent account, certificate, affidavit, or proof of Loss, or other document or writing, with intent that it be presented or used in support of such a claim, is guilty of a gross misdemeanor, or if such claim is in excess of one thousand five hundred dollars, of a class C felony.

Fraud Statement (All Other States): 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 and may be subject to fines and confinement in prison.

If your state requires that we have information regarding your Authorized Retail Agent or Broker, please provide below.

Retail agency name: _____ License#: _____

Agent's signature: _____ Main agency phone number _____
(Required in New Hampshire)

Agency mailing address: _____

City: _____ State: _____ Zip: _____

I acknowledge that the information provided in this application is material to acceptance of the risk and the issuance of the requested policy by Company. I represent that the information provided in this application is true and correct in all matters. I agree that any claim, incident, occurrence, event or material change in the Applicant's operation taking place between the date of this Application was signed and the effective date of the insurance policy applied for which would render inaccurate, untrue or incomplete, any information provided in this Application, will immediately be reported in writing to the Company and the Company may withdraw or modify any outstanding quotations and/or void any authorization or agreement to bind the insurance. Company may, but is not required, to make investigation of the information provided in the Application. A decision by the Company not to make or to limit such investigation does not constitute a waiver or estoppel of Company's rights.

New York Fraud Statement: 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.

Signature: _____
Principal, Partner or Officer

Title: _____ Date: _____