

Philadelphia Insurance Companies

One Bala Plaza, Bala Cynwyd, Pennsylvania 19004

1.800.873.4552 Fax: 610.617.7940

PROFESSIONAL LIABILITY FOR SPECIFIED PROFESSIONS APPLICATION FOR CLAIMS-MADE INSURANCE

NOTICE: This is an application for **CLAIMS-MADE INSURANCE**. Such insurance applies only to claims that are first made against you and reported to the Company in writing during the policy period, any subsequent renewal of the policy or any extended reporting period and may additionally limit coverage applicable to acts, errors, omissions or offenses made prior to the inception of the policy period. The limits of liability may be reduced by amounts paid for legal defense and such payments for legal defense may also be applied against the deductible amount.

Please answer **ALL** the questions. This information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to such evaluation. If a question is not applicable, state "not applicable" not "N/A." If more space is required to answer a question, continue on applicant's letterhead. The application and any supplement(s) must be signed and dated by a principal, partner, or officer of the prospective insured's organization.

-
1. Applicant's Name: _____
 2. Sic #: _____ Fein # _____
 3. Home office address: _____ TEL# _____
_____ ZIP _____ FAX# _____
 4. Date established: _____
 5. Is the applicant firm controlled, owned, affiliated or associated with any other firm, corporation or company? Yes ___ No ___
If Yes, please attach an explanation.
 6. Please list addresses of all branch offices and/or subsidiaries. Include a brief description of their operations and indicate if coverage is desired for these offices.

 7. During the past 5 years has the name of the firm been changed or has any other business been acquired, merged into or consolidated with the applicant firm? If Yes, attach a complete explanation detailing any liabilities assumed. Yes ___ No ___
 8. Describe your firm's nature of business.

9. Staffing - Provide a breakdown of your staff into the following categories:

- | | | | |
|--------------------------------------|-------|--|-------|
| a) principals, partners or officers | _____ | c) support staff (including part-time) | _____ |
| b) professionals (not included in A) | _____ | d) part-time professionals (less than 20 hours/week) | _____ |
| | | TOTAL | _____ |

10. Are any staff members considered "Licensed Professionals" or do any staff members hold any Professional Designations or belong to any Professional Societies/associations? Yes___ No ___

If Yes, provide individual's name and designation/affiliation below:

Note: Questions 11 through 15 refer to total gross revenue for a 12 month period, whether or not collected. Such revenue figures should include sub-contracted revenue.

11. Dates of applicant firm's current fiscal period: From: _____, 19___ To: _____, 19___

	<u>Past Fiscal</u>	<u>Current Fiscal</u>	<u>Estimate for Next</u>
Total Gross Revenue:	\$ _____	\$ _____	\$ _____
Less Direct Recovery Expenses (travel, per diem, copies, etc.):	(-) \$ _____	(-) \$ _____	(-) \$ _____
TOTAL NET BILLINGS	\$ _____	\$ _____	\$ _____

13. Provide the percentage of your firm's gross revenue from the last fiscal period attributable to the following:

Federal government.	_____%
State, county or local government and agency thereof.	_____%
Institutional (schools, hospitals, etc.)	_____%
Lending institutions	_____%
Manufacturing	_____%
Other _____	_____%
_____	_____%
TOTAL	100%

14. Does your firm provide services for any clients in which a principal, partner, officer or employee of your firm is also a principal, partner, officer, employee or a more than 3% shareholder of said client? Yes___ No___
If Yes, Please provide a) Client Name, b) Applicant's Relationship with client, and c) approximate annual revenue generated from Client.

15. Were more than 50% of your total gross billings for any one year derived from a single client or contract? Yes___ No ___
If Yes, please specify a) client, b) services rendered, and c) how long you expect this relationship to continue.

16. Describe your firm's five (5) largest jobs or projects during the past three (3) years.

Client Name	Services Provided	Total Gross Billings
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

17. a) Do you utilize the services of independent contractors or sub-consultants? Yes___ No ___
 b) Approximate percentage of billings attributable to sub-contractors/consultants? _____%

18. Do you ever enter into contracts where your fees for services provided are contingent upon the client achieving cost reductions or improved operating results? If Yes, attach a detailed description of such arrangements. Yes___ No ___

19. a) Does your firm secure a written contract or agreement for every project? (Please attach a sample copy) Yes___ No ___
 b) Provide the percentage of your revenue where a written contract is secured. _____%

c) Do your contracts contain any of the following: (check all that apply)

- _____ Hold harmless or indemnification clauses in your favor?
- _____ Hold harmless or indemnification clauses in your client's favor?
- _____ Guarantees or warranties?
- _____ A specific description of the services you will provide?
- _____ Payment terms?

20. Describe steps taken to minimize/ manage business risks:

21. Has any policy of or application for similar insurance on your behalf or on the behalf of any of your principals, partners, officers, employees, or on behalf of any predecessors in business ever been declined, canceled, or renewal refused? Yes___ No ___

22. Do you currently carry Commercial General Liability insurance? Yes___ No ___

23. Please provide the following information on your professional liability (E&O) insurance for the past three (3) years:

Name of Insurer	Limits of Liability	Deductible	Policy Period	Premium
_____	_____	_____	_____/_____/_____	_____
_____	_____	_____	_____/_____/_____	_____
_____	_____	_____	_____/_____/_____	_____

Retroactive Date of current policy (if any): _____/_____/_____

LOSS EXPERIENCE

24. Have any claims, suits, or demands for arbitration been made against the firm, its predecessor(s) or any past or present principal, partner, officer or employee within the past five (5) years? Yes___ No ___

If Yes, provide details on a separate sheet, including:

- a) name of claimant;
- b) type of service provided and allegations made;
- c) date claim made;
- d) demand amount; and
- e) final disposition including indemnity and expense amounts.

25. Having inquired all principals, partners and officers, are you aware of any act, error, omission, unresolved job dispute or any other circumstance that is or could be a basis for a claim under the proposed insurance? Yes___ No ___
- If Yes, provide details on a separate sheet for each situation, including
- a) name of potential claimant,
 - b) nature of situation,
 - c) dates and
 - d) amount of potential damages.

With regard to Questions 24 and 25 above, it is understood and agreed that if any such claim, act, error, omission dispute or circumstance exists, then such claim and/or any claim arising from such act, error, omission, dispute or circumstance is excluded from coverage that may be provided under this proposed insurance and, further, failure to disclose such claim, act, error, omission, dispute or circumstance may result in the proposed insurance being void, and/or subject to rescission.

26. Coverage requested:
- | | | |
|----------------------|------------------|-------------------|
| LIMITS OF LIABILITY: | _____ \$ 100,000 | _____ \$ 750,000 |
| | _____ \$ 250,000 | _____ \$1,000,000 |
| | _____ \$ 500,000 | |
- DEDUCTIBLE / RETENTION: _____

27. Attach the following items in support of this application:
- _____ a) Firm's **Statement of Qualifications** including **resumes** of all key (technical) personnel along with any available marketing material or company brochures.
 - _____ b) Copy of firm's formalized **standard client contract**.
 - _____ c) Copy of outline from firm's **Quality Assurance / Quality Control (QA/QC) manual**.

WARNING: ANY PERSON WHO KNOWINGLY AND WITH THE 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.

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 KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT WHICH IS A CRIME.

NOTICE TO MINNESOTA AND OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE 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, WHICH IS A CRIME.

NOTICE TO OKLAHOMA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKE ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

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 FLORIDA APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY EMPLOYER OR EMPLOYEE, INSURANCE COMPANY, OR SELF-INSURED PROGRAM, FILES A STATEMENT OF CLAIM CONTAINING ANY FALSE OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.

NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

SIGNATURES AND ACKNOWLEDGEMENTS

I / we hereby declare that the above statements and particulars are true and that I / we have not suppressed or misstated any material facts and I / we agree that this application and its supplement(s) shall be the basis of the contract with the Company. It is understood and agreed that the completion of this application and its supplement(s) does not bind the company to sell nor the applicant to purchase the insurance.

NAME	SIGNATURE	TITLE	DATE
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PROFESSIONAL LIABILITY FOR SPECIFIED PROFESSIONS MORTGAGE BANKERS AND BROKERS SUPPLEMENT

Instructions:

- A. Please answer ALL the questions. If more space is required to answer a question, continue on applicant's letterhead.
- B. This supplement must be signed and dated by a principal, partner, or officer of the prospective insured's organization and will be attached to the policy, should one be issued.

1. Are any Mortgage Banking Activities provided to any affiliated firm, corporation, or company? Yes No
If "Yes", approximately what percentage of gross revenues? _____

2. For the Total Gross Revenues listed in the application, please give the approximate revenues derived from the following:

% OF GROSS REVENUES

Loan Originating	_____
Loan Servicing	_____
Loan Sales	_____
Interest Income	_____
Other (Specify) _____	_____
TOTAL	100%

3. **ORIGINATION** Check and skip this section if no origination is being performed

a) First Mortgage Loans Originated during past 12 months

<u>Loan Portfolio</u>	<u>Dollar Value</u>	<u>Number</u>	<u>%Construction</u>
1-4 Family	_____	_____	_____
Multifamily	_____	_____	_____
Commercial	_____	_____	_____
Other (Specify)	_____	_____	_____
Total	_____	_____	_____

b) Second Mortgages _____

c) List five largest loans originated during past 12 months

	<u>Name of Project/Client</u>	<u>Loan Amount</u>
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

d) Are in-house reviews of appraisals done? Yes No

e) What procedures are followed to ensure that proper hazard/flood insurance is in place at closing?

4. **SERVICING** Check and skip this section if no servicing is being performed

<u>Loan Portfolio</u>	<u>Dollar Value</u>	<u>Number</u>	<u>ARM's</u>
1-4 Family	_____	_____	_____%
Multifamily	_____	_____	_____%
Commercial	_____	_____	_____%
Other (Specify)	_____	_____	_____%
Total	_____	_____	_____%

b) List five largest loans serviced:

	<u>Name of Project/Client</u>	<u>Outstanding Balance</u>
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

- c) Estimated % of loans in the Applicant's servicing portfolio that requires the collection of:
 Hazard Flood Insurance Escrow _____
 Real Estate Tax Escrow _____
 Life, A&H or AD&D Insurance Premium _____
 PMI Premium _____
- d) Does the Applicant require that it be named as "mortgagee" in a Standard Mortgage Clause on all hazard/flood insurance? Yes No If "No", please explain _____

- e) Does the Applicant annually verify hazard/flood coverage on all mortgages serviced? Yes No If "No", what procedures are in place to maintain the adequacy of hazard/flood coverage? _____

- f) When necessary does the Applicant "force place" coverage using a "forced place" insurance company? Yes No
- g) What are the procedures to determine if real estate property taxes have been paid?

- h) What was the delinquency ratio at the end of the past fiscal year? _____
- i) How many foreclosure actions were commenced against delinquent accounts during the past fiscal year?

5. GEOGRAPHIC BREAKDOWN OF LOANS

List the five states where the most loans are originated and/or serviced:

	STATE	APPROXIMATE % OF TOTAL
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

6. SELLING/MARKETING

- a) Approximate percent of loans sold during the past twelve months that are guaranteed by the following entities?
 FNMA _____
 GNMA _____
 FHLM _____
 Private Investors _____

b) What percent of the loan portfolio has been sold "with recourse"? _____

- c) Have any loans during the past twelve months been put back to the Applicant other than for "recourse" reasons (i.e. documentation deficiencies, etc.)
 Yes No If "Yes", # of loans _____, aggregate principal amount \$ _____

7. During the past twelve months, have any allegations been made against the applicant for violations of the Truth-In-Lending-Act, the Equal Credit Opportunity Act or the Real Estate Settlement Procedures Act? Yes No If "Yes", attach details.

WITH RESPECT TO QUESTION 7, IT IS AGREED THAT IF SUCH KNOWLEDGE, INFORMATION, CIRCUMSTANCE, DISPUTE, OR ACT EXISTS, ANY CLAIM OR ACTION ARISING THEREFROM IS EXCLUDED FROM THIS PROPOSED COVERAGE.

THIS MORTGAGE BANKERS AND BROKERS SUPPLEMENTAL APPLICATION IS ATTACHED TO AND FORMS PART OF THE PROFESSIONAL LIABILITY FOR SPECIFIED PROFESSIONS APPLICATION. THIS SUPPLEMENT IS SUBJECT TO THE SAME PROVISIONS CONCERNING REPRESENTATIONS MADE IN THE BASIC APPLICATION.

Name: _____ Title: _____
 (Please Print)

Date: _____ Signature: _____