

SKELTON, CARNEGIE & HITZEMAN

Insurance Specialty Corporation

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Schererville, IN 46375

INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY INSURANCE APPLICATION OF CLAIMS MADE INSURANCE

NOTICE:

This is an application for CLAIMS MADE INSURANCE. Such insurance, if accepted by the Company, applies only to claims first made against the Insured during the policy period and may additionally limit coverage applicable to acts, errors, omissions or Personal Injuries made prior to the inception of the policy period. The limits of liability shall be reduced by amounts paid for legal defense and such payments for legal defense shall also be applied against the deductible amount. Receipt by the Company and submission by the Applicant of the completed application incurs no obligation to purchase or bind insurance.

Instructions to the Applicant.

- A.** Please answer all the questions. The information is required to make an underwriting and pricing evaluation. Your answers here under are considered legally material to that evaluation.
 - B.** If a question is not applicable, state not applicable. If more space is required to answer a question, continue on applicants letterhead.
 - C.** The application must be signed and dated by an owner, partner, officer or director of the prospective insureds organization.
 - D.** Attach brochures, pamphlets, advertisements or other descriptive literature of operations and services.
- 1.** Applicant's name to be used on policy, if issued:

2. Address Information: _____
Home office address: _____
City/State/Zip: _____
Tel. Number: _____

3. Address of all branch offices and/or subsidiaries and a brief description of their operations:

4. Applicant is: Individual Partnership Corporation

Other _____

Date Established: _____/_____/_____

If less than 3 years, please attach resume(s) of principals.

5. Is the applicant firm controlled, owned, affiliated or associated with any other firm, corporation or company? Yes ___ No ___ If yes, explain below or in an attachment.

6. During the past five years has the name of the firm been changed, or has any other firm been purchased, merged or consolidated with the applicant? Yes ___ No ___ If yes, please describe significant changes in the applicant's personnel and operations.

7. A. List any similar insurance carried during the past five years.

If none, check here: _____ NONE.

	Policy Period	Insurer	Policy Number	Limit	Deductible	Premium
1.						
2.						
3.						
4.						
5.						

B. Have you ever purchased an extended reporting period endorsement?

Yes ___ No ___

8. Has any application for similar insurance made on behalf of the applicant or any of its predecessors in business been declined or has any such insurance ever been rescinded, cancelled or has renewal been refused? Yes___ No___ If yes, please explain below or in an attachment.

9. Do you desire Prior Acts Coverage?
 Yes___ No___

What is the Retroactive Date of your expiring policy?

NOTE: Prior Acts Coverage may be available if you have had continuous coverage with no gaps. If you have not carried coverage, your Retroactive Date will be the inception date of the policy, if offered.

10. A. What percentage of total revenues is generated from Insurance _____%, or other services (below):

- | | |
|---------------------------------------|-----------------------------------|
| _____ % Alternative Risk Management | _____ % Premium Financing |
| _____ % Actuarial Services | _____ % Real Estate |
| _____ % Claims Adjusting | _____ % Real Estate Appraisal |
| _____ % Financial Planning | _____ % Third Party Administrator |
| _____ % Insurance Consulting/Advising | _____ % Other (specify) |
| _____ % Loss Prevention Engineering | |

B. Other than those indicated above, is the Applicant or its officers engaged in any other business? Yes___ No___ If yes, provide details

C. Does the applicant place coverage on behalf of any subsidiaries, parent companies, employees or their families? Yes___ No___ If yes, provide details

11. Provide Volume and Commissions:

Property/Casualty	Prior 12 Mos.	Current 12 Mos.	Next 12 Mos.
Annual Premium Volume			
Annual Gross Commissions			
Life A&H	Prior 12 Mos.	Current 12 Mos.	Next 12 Mos.
Annual Gross Commissions			

12. What percentage of Applicant's business is Personal Lines _____% Commercial Lines _____%? Total 100%

List examples or types of commercial Accounts:

13. What is the annual percentage breakdown by line of business of the Applicant's annual volume?

% of Total	% of Total
_____ Accident & Health –Group	_____ Livestock Mortality
_____ Accident & Health –Individual	_____ Long Haul Trucking
_____ Annuities *	_____ Medical Malpractice
_____ Auto Non-Standard	_____ Ocean Marine (Hull/P&I/Cargo)
_____ Auto Standard	_____ Package Policies
_____ Auto-JUA/Assigned Risk Pools	_____ Pollution Liability
_____ Aviation –Commercial	_____ Professional Liability (other than
_____ Aviation -Personal	_____ medical), D&O, E&O
_____ Crop Insurance	_____ Reinsurance
_____ Fire & E.C. (Commercial Lines)	_____ Stop Loss Insurance
_____ Flood	_____ Substandard Fire
_____ General Liability	_____ Umbrella/Excess Liability
_____ Homeowners	_____ Workers Compensation
_____ Inland Marine/Jewelers Block	_____ Yachts/Boats -Pleasure
_____ Life Individual*	_____ Viatical
_____ Life-Group *	_____ Other (Specify)_____

14. What percentage of Life (Individual & Group) and Annuities revenue from question number thirteen (13) is from:

- a) Structured Settlements _____%
- b) Fixed Annuities _____%
- c) Variable Annuities _____%

15. If applying for Mutual Funds or Financial Products coverage, please identify annual income (dollars) derived from the sale of the following financial products, otherwise proceed to question number sixteen (16):

Annual Income

- _____ Mutual Funds
- _____ Private Placements
- _____ Stocks
- _____ Derivatives
- _____ Bonds
- _____ Variable Annuities
- _____ Limited Partnerships

16. What percentage of your firm's business is:

A. Received direct from Insured? _____% Accepted from other Producers? _____% Total 100%

B. Standard Lines? _____% Non-Standard Lines? _____% Total 100%

17. A. List the insurance companies with which you place business and account for 100% of Applicant's Total Gross Annual Premium Volume for each. Continue on the back of the application or attach a separate sheet, if necessary.

Insurance Company	Binding Authority	Volume Placed	Current Bests Insurance Rating
1.	yes No	\$	
2.	yes No	\$	
3.	yes No	\$	
4.	yes No	\$	
5.	yes No	\$	
6.	yes No	\$	
7.	yes No	\$	
8.	yes No	\$	

B. Do you monitor your carriers/markets for indications of potential solvency problems?
 Yes___ No___

C. Do you place any customers with or have any involvement in the last 5 years with:

Risk Retention Groups? Yes ___ No ___ If yes, % of total volume _____

Risk Purchasing Group? Yes ___ No ___ If yes, % of total volume _____

Captives? Yes ___ No ___ If yes, % of total volume _____

Alien Insurers? Yes ___ No ___ If yes, % of total volume _____

Multiple Employer Trusts Yes ___ No ___ If yes, % of total volume _____

Multiple Employer Welfare Arrangements Yes ___ No ___ If yes, % of total volume _____

If answered yes to any of the above, please provide details

D. Has the Applicant in the Past 5 years:

1. Assumed responsibilities to notify terminated employees (employed by others) of their rights to benefits under COBRA? Yes ___ No ___

2. Placed coverage for petroleum (oil/gas) extraction or exploration? Yes ___ No ___
If yes, estimated Last Annual Gross or Net (please circle) Premium Volume:

3. Sold or Transferred Financial Products, such as those listed in question number fourteen (14)? Yes___ No___

18. Business breakdown by percentage placed as:

License Held Percentage _____% Agent, Property & Casualty
_____ % Self Insurance Administrator
_____ % Agent, Life
_____ % Reinsurance Broker
_____ % NASD Series 6
_____ % Managing General Agency
_____ % NASD Series 7
_____ % Surplus Line Broker
_____ % Broker Other (specify)

19. Does applicant delegate binding authority to sub-producers?
Yes___ No___

20. Does applicant negotiate or purchase reinsurance?
Yes___ No___

21. A. What percentage of your business is placed by your firm directly with an insurance company? _____%

B. What percentage of your business is placed by your firm through a wholesaler, an MGA or other intermediary? _____%

22. Does your firm maintain and work from an insurance policy expiration list?
Yes___ No___

If yes, which of the following are used to maintain and verify renewal/expiration? Manual Agency Lists Prior Year Invoicing Computerized Lists Carrier Provided Lists Coded Filing System Other (Specify) _____

23. State your procedures for handling incoming mail:

24. How are staff members kept informed of changes in legislation that might affect your firm, clients or carriers? _____

25. How and for how long are agency records maintained? _____

26. A. Are verbal binders given?

Yes___ No___

If yes, give procedures for written confirmation of such binders and attach a specimen.

B. How and when is the carrier notified?

27. Do you have procedures to record and document for the file all business-related telephone conversations and require all employees to follow those procedures? Yes No

28. Are all declinations of coverage confirmed in writing? Yes___ No___

29. Do files reflect the need to notify certificate holders of cancellation? Yes___ No___

30. Does any one client represent 25% or more of the total agency income? Yes___ No___ If yes, please explain

31. Do you usually require written requests from customers who desire their insurance coverage reduced or eliminated? Yes___ No___

32. A. Are customers usually advised in writing whenever insurance coverage cannot be bound immediately, or that special restrictions and/or endorsements apply?

Yes___ No___

B. Do you advise clients when coverage is placed with a non-admitted carrier and explain the reason? Yes___ No___

C. Do you advise clients of the differences between Uninsured and Underinsured Motorists Coverage? Yes___ No___

33. While you attempt to replace an insurance policy which has been cancelled or non-renewed, do you usually advise the customer in writing that no replacement coverage is in effect? Yes___ No___

34. A. Do you have an orientation program for new employees?

Yes___ No___

In-house training? Yes___ No___

B. Do you have an on-going training program for your support staff? Yes___ No___

C. Do you work from an internal procedures/operation manual? Yes___ No___

D. Do you/your employees attend E&O claim prevention seminars? Yes___ No___

E. Do you actively promote & encourage:

(1) Acquiring professional designations? Yes___ No___

(2) Membership in professional organization Yes___ No___

(3) Participation in continuing education? Yes___ No___

35. Please provide the following number of agency members:

TOTAL STAFF _____

A Active partners, directors, officers, owners(please name)

1.) _____

2.) _____

3.) _____

4.) _____

5.) _____

6.) _____

7.) _____

B. Employed solicitors, brokers and Licensed Customer Service Representatives (CSR's)

C. Unlicensed Insurance Staff Members

D. Others (Describe)

E. *Non-Employed Sub Agents/Independent Contractors

(*Persons for which your company does not withhold FICA Tax. Please Note: These persons shall not be covered unless specifically named and endorsed in the policy.)

Do you verify that all non-employed Sub-Agents and independent contractors are covered for errors and omissions liability? Yes___ No___

If No, is coverage requested for these Sub Agents/Independent Contractors? Yes___ No___

If Yes, please provide names:

- 1.) _____
- 2.) _____
- 3.) _____
- 4.) _____
- 5.) _____
- 6.) _____
- 7.) _____

36. Have any claims or suits been made against the applicant or any of its predecessors in business, or any of the past or present partners, directors, officers, solicitors or employees? Yes___ No___ If yes, a Supplemental Claim form must be completed and submitted with the application

37. After inquiry of each person proposed for insurance, is the applicant aware of any circumstances, act, error, omission or Personal Injury which may result in a claim being made against the applicant or any of its predecessors in business, or any of the past or present partners, directors, officers, solicitors or employees? Yes___ No___ If yes, give details on separate sheet

38. Has the applicant or any person or employee of any applicant proposed for insurance ever been subject to disciplinary action by any state licensing agency or other regulatory body? Yes___ No___ If yes, attach explanation on a separate sheet.

39. Indicated limits and deductible desired:

Limits: Deductible Each Claim:

_____ \$100,000 _____ \$1,000 _____ \$250,000
_____ \$2,500 _____ \$500,000 _____ \$5,000
_____ \$1,000,000 _____ \$10,000 _____ Other _____ Other

NOTE: EMPLOYMENT PRACTICES LIABILITY COVERAGE MAY BE QUOTED FOR THE ABOVE ENTITY. IF DESIRING THIS COVERAGE, PLEASE COMPLETE THE EMPLOYMENT PRACTICES LIABILITY SUPPLEMENTAL APPLICATION.

THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY, NOR DOES IT OBLIGATE THE COMPANY TO ISSUE A POLICY, SUCH POLICY MAY BE CANCELLED BY THE COMPANY FROM INCEPTION UPON DISCOVERY THAT THE POLICY WAS OBTAINED THROUGH FRAUDULENT STATEMENTS, OMISSION, OR CONCEALMENT OF THE FACTS MATERIAL TO THE ACCEPTANCE OF THE RISK OR HAZARD ASSUMED BY THE COMPANY.

NOTICE: THE LIMIT OF LIABILITY IN THE POLICY, IF ISSUED, MAY BE REDUCED OR COMPLETELY EXHAUSTED BY CLAIM COSTS AND OR LEGAL DEFENSE. IN SUCH EVENT, THE COMPANY SHALL NOT BE LIABLE FOR ANY JUDGEMENT, SETTLEMENT OR CLAIM COSTS OR LEGAL DEFENSE COSTS WHICH ARE IN EXCESS OF THE LIMITS OF LIABILITY STATED ON THE DECLARATIONS PAGE OF THE POLICY.

THE DEDUCTIBLE IN THE POLICY, IF ISSUED, APPLIES TO CLAIM COSTS AND LEGAL DEFENSE AS WELL AS TO JUDGEMENTS AND SETTLEMENTS.

THE APPLICANT REPRESENTS THAT THE STATEMENTS AND RESPONSES TO THE QUESTIONS ON THIS APPLICATION ARE ACCURATE AND COMPLETE. APPLICANT ALSO WARRANTS THAT SUCH STATEMENTS AND RESPONSES ARE TRUE, CONTAIN NO MISREPRESENTATIONS AND THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION OR ATTACHMENTS THERETO CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGES.

WARNING: 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 WHO CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

Signed by Authorized Officer or Partner: _____

Date: _____

Please Print Name: _____

Title: _____