

NAME OF INSURANCE COMPANY TO WHICH APPLICATION IS MADE:

(herein called the Company)

**INSURANCE COMPANY PROFESSIONAL LIABILITY INSURANCE
APPLICATION**

IF A POLICY IS ISSUED, IT WILL BE ON A CLAIMS-MADE BASIS

NOTICE: THE POLICY PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE. FURTHER NOTE THAT AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.

**The following information must accompany this
application**

- (i) Latest two annual and quarterly consolidated financial statements, together with any proxy solicitation material.
- (ii) Latest 10-K, 10-Q, 8-K, if applicable.
- (iii) Copy of latest Insurance Commissioner examination along with management's response letter.
- (iv) Latest available quarterly and annual convention statements for each company or consolidated, if

All questions must be completed in full for all companies and subsidiaries sought to be insured.

1. Full Name of applicant:
(specifically list exact legal name of all entities to be covered)

Principal Business Address:

2. State of Incorporation or Charter or Formation:

3. Applicant has continuously been in business since:

4. Amount of Insurance Requested: \$

Self-Insured Retention Requested: \$

Effective Date Requested

5. Category of insurance company(ies) check all that apply:

- Stock Mutual Fraternal
 Risk Retention Group Captive Reciprocal
 Other

6. Percentage of revenues derived from each of the following:

- % Property & Casualty % Life, Accident & Health % Reinsurance
 % Other (please explain)

7. a. List of subsidiaries (attach separate sheet if needed):

<u>Name</u>	<u>Business or Type of Operations</u>	<u>Percentage of Ownership</u>	<u>Date (A) Acquired (C) Created</u>	<u>(D) Domestic or (F) Foreign</u>
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b. As an attachment to this application please provide an organizational chart showing the operating structure of the applicant.

c. Does applicant have domestic or foreign parent(s)? Yes No. If "Yes," specify names

8. Premium Volume:	2nd Prior Year	Last Year	Estimated Current Year
Direct Written Premium:	\$ _____	\$ _____	\$ _____
Net Written Premium:	\$ _____	\$ _____	\$ _____

9. a. Which regulatory agencies have examination authority over the applicant and over its subsidiaries?

b. List the dates and agencies which performed the last two regulatory examinations.

c. Has the applicant or any of its subsidiaries ever received a "Cease and Desist" order from any regulatory agency?

Yes No. If "Yes", please attach details on a separate sheet.

d. Have all recommendations or criticisms, if any, in the last examination report been complied with?

Yes No

If "No, "please explain(attach separate sheet if necessary).

10. Safety inspections (SI), loss control (LC), and safety engineering (SE) services:

	Prior Year	Current Year
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a. Personnel Counts:

Loss Control Officers

Safety Engineers

Loss Control Representatives

Total Loss Control Personnel

b. Service Counts:

Boiler & Machinery Inspections

Other Safety Consultations

HPR Inspections & Consultations

Other Loss Control Inspections

Total LC/SE/SI Service Performed

11. a. What is the approximate annual turnover rate for LC/SE/SI personnel, excluding secretarial and clerical positions? %

b. Has turnover of LC/SE/SI personnel, excluding secretarial and clerical positions, exceeded historical levels during the past twelve months? Yes No. If "Yes", please provide details.

12. List minimum education and experience requirements for engineers and loss control representatives.
13. Briefly describe continuing education and training programs.
14. Is a specific engineering or loss control manual employed? Yes No
15. Do engineering surveys contain disclaimers? Yes No. If "Yes", please attach a copy.
16. Does the applicant contract outside safety engineering, loss control or safety inspection services? Yes No If "Yes" please provide the number of such services contracted in the past two years, describe the nature of service contracted and attach copies of the standard contract and hold harmless agreement(s) if any.
17. What types of services are performed by the applicant for non-policyholders? (e.g. claims adjusting, safety engineering, loss control, actuarial consulting, rehabilitation services, premium financing, insurance consulting, risk management subrogation or salvage services, other.) Please list, describe and include expected revenues to be generated. (Attach a separate sheet if necessary).
18. Pool Participation: List all pools in which the applicant is a participant, and describe the nature of the activities of each pool:
19. Pool Management: List any pools which are managed by applicant:
20. Has the applicant had agreements with any Managing General Agent ("MGA") (or any non-affiliate which produced or managed a product line or segment of the Company's business) during the past three years? Yes No. If "Yes", please provide the name and location of each MGA, the classes of business written, annual premium volume, claim settlement authority level, date of the last audit by applicant, whether the MGA has authority to place reinsurance on behalf of the applicant, and whether the agreement is currently in effect.

21. a. Regarding facultative and treaty reinsurance contracts applicant buys to reinsure itself, with respect to coverage of punitive and exemplary damages the contracts are:

- (i) silent
- (ii) specifically included
- (iii) specifically excluded

b. Give names of principal treaty reinsurers of applicant:

22. Claim Services:

a. Does the applicant have any specific written claims manual outlining all pertinent claims handling procedures?
 Yes No

b. Do employment requirements for claims adjusters include a four year college degree? Yes No

c. Does the applicant have a formal training program for adjusters? Yes No

d. Personnel Counts:

	Prior Year	Current Year
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Claims Officers

Claim Managers & Supervisors

Senior Adjustors & Examiners

Junior Adjuster & Examiners

Secretarial & Clerical

Total Claim Function Personnel

e. Does the applicant grant authority to independent agents to negotiate and/or settle the applicant's claims?

Yes No. If "Yes", how many agents? Maximum settlement authority?

f. Are outside law firms regularly employed for claims matters? Yes No. If "Yes", please describe the types of claims regularly handled by outside counsel and the approximate number of claims involved:

g. Does the applicant have written procedures mandating assignment of outside counsel in matters with potential conflicts of interest or with obvious uninsured excess exposures to policyholders? Yes No

23. a. Number of field (regional and/or branch) claims offices:

b. Percentage of claims handled in field offices:

c. Number of claims personnel (excluding secretarial/clerical) in field offices:

d. What type of claims are not handled by field claims personnel? Please identify specific classes of business and/or claim characteristics.

e. How often are field claims operational/technical audits performed?

24. a. Approximate total number of claims handled annually:

	Prior Year	Current Year
Auto 8.1. and No-Fault		
Auto Property Damage Liability		
Auto Physical Damage		
Workers' Compensation		
General Liability, Commercial Multi-Peril		
Med. Mal & Professional Liability		
Fidelity, Surety & Ocean Marine		
Other Property		
Other Casualty		
Disability		
Other Accident and Health		
Life		
Total <u>Reported</u> Claims		

b. Does applicant contract outside adjustment services? Yes No If "Yes", what percentage of claims are handled by outside adjustment services? % Please attach a copy of standard contract.

c. Are there established procedures for handling claims or suits against Applicant for errors and omissions, extra contractual liability or punitive or exemplary damages? Yes No. If "Yes", please describe and indicate when procedures were established. (Attach a separate sheet if necessary).

25. List the five largest premium volume states and approximate Direct Written Premium for each state:

\$ _____	% of Total
\$ _____	% of Total
\$ _____	% of Total
\$ _____	% of Total
\$ _____	% of Total

26. Please provide the following information on the applicant's procedures for the handling, assessment and monitoring of all actual lawsuits against the applicant, its directors, officers or employees for Wrongful Acts in the performance of Professional Services (as defined in the Policy), including, but not limited to, lawsuits alleging errors or omissions or seeking extra-contractual, punitive or bad faith damages.

a. Does the applicant have established procedures? Yes No. If "Yes", please describe:

b. Is a written applicant directive for these procedures in effect? Yes No If "Yes", please attach a copy.

c. When were these procedures established?

d. How often are these procedures reviewed and analyzed?

e. Who is (are) the senior person(s) responsible for monitoring and assessing all lawsuits of this nature?

Name(s)

Title(s)

Department(s)

27. Please provide the following information on the applicant's procedures for handling, assessment and monitoring of written and/or verbal threats of lawsuits against the applicant, its directors, officers or employees related to Wrongful Acts in the performance of Professional Services (as defined in the Policy), including, but not limited to, threats alleging errors or omissions, or extra-contractual, punitive or bad faith damages.

a. Does the applicant have established procedures? Yes No

b. Please describe the supervisory position (or individuals, if appropriate) to which threats are reported. Specify whether all threats are reported to supervisory personnel and what specific criteria are used to determine the level of supervision to which threats are reported.

c. Under what circumstances are threats reported to the individual listed in question 26e?

28. Claims History:

Have any Professional Liability (E&O) judgments, settlements, payments, claims or suits seeking punitive or exemplary damages, or extra contractual liability been made during the past five years against the Applicant or any of its past or present directors, officers, employees, or any predecessors in business? Yes No. If "Yes", PLEASE COMPLETE A SUPPLEMENTAL CLAIM INFORMATION FORM for each judgment, settlement, payment claim or suit made in the past five years.

It is agreed that claims made prior to the inception of the policy period are excluded from this proposed coverage.

29. Does any prospective insured person or entity have knowledge or information of any circumstances of any allegation or contentions of any incident which may result in any claim being made against the applicant or any of its past or present directors, officers, employees, or any predecessors in business?

Yes No. If "Yes", attach full particulars:

It is agreed with respect to Question #29 above, that if such knowledge or information exists, any claim or action arising therefrom is excluded from this proposed coverage.

31. Has any policy of or application for similar insurance on the Applicant's behalf ever been declined, cancelled or renewal refused? Yes No If "Yes", please indicate name of insurance carrier and reason for such declination cancellation or refusal to renew:

32. If Insurance Company's Professional Liability Coverage is presently carried, state the following:

- a. Name of Insurer: _____
- b. Effective/Expiration Date: _____
- c. Limit of Liability: _____
- d. Self-insured Retention or Deductible: _____
- e. Is there a co-insurance percent applicable? Yes No If "Yes", what percent?
- f. Annual Premium: _____

ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE COMPANY TO WHICH THIS APPLICATION IS SUBMITTED (HEREIN CALLED THE COMPANY) IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS APPLICATION AND MADE A PART HEREOF.

THIS APPLICATION DOES NOT BIND THE APPLICANT TO BUY, OR THE COMPANY TO ISSUE THE INSURANCE, BUT IT IS AGREED THAT THIS FORM SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED, AND IT WILL BE ATTACHED TO AND MADE A PART OF THE POLICY. THE UNDERSIGNED APPLICANT DECLARES THAT THE STATEMENTS SET FORTH IN THIS APPLICATION ARE TRUE. THE COMPANY RELIES ON THE TRUTHFULNESS OF THIS APPLICATION. FALSE STATEMENTS OR CONCEALMENT MAY LEAD TO LOSS OF COVERAGE. THE APPLICANT FURTHER DECLARES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE TIME WHEN THE POLICY IS ISSUED, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGES AND THE COMPANY MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATION OR AGREEMENT TO BIND THE INSURANCE.

NOTICE TO 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 ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS: 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.

NOTICE TO COLORADO APPLICANTS: 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 AUTHORITIES.

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: 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.

NOTICE TO FLORIDA APPLICANTS: 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 IN THE THIRD DEGREE.

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 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 LOUISIANA APPLICANTS: 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.

NOTICE TO MAINE APPLICANTS: 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.

NOTICE TO MARYLAND APPLICANTS: ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

NOTICE TO MINNESOTA APPLICANTS: A PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

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.

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 OHIO APPLICANTS: 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.

NOTICE TO OKLAHOMA APPLICANTS: 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 (365:15-1-10, 36 §3613.1).

NOTICE TO OREGON 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 ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

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 TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: 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.

NOTICE TO VERMONT 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 ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

PLEASE READ FURTHER

Applicant's
Signature:

Title: (must be signed by C.E.O. or President)

Date:

Applicant's Signature:

General Counsel

Date:

PLEASE READ THE FOLLOWING CAREFULLY AND SIGN BELOW WHERE INDICATED. IF A POLICY IS ISSUED, THE POLICY WILL BE ATTACHED TO THE POLICY.

The Applicant hereby acknowledges that he/she/it is aware that the limit of liability contained in this policy shall be reduced, completely exhausted, by the costs of legal defense and, in such event, the Company shall not be liable for the amount of any judgment or settlement to the extent that such exceeds the limit of liability of

The Applicant hereby further acknowledges that he/she/it is aware that legal defense costs that are incurred shall be applied to the limit of liability amount.

Signature of Applicant:

(must be signed by C.E.O. or President)

Title:

Date:

