

NAME OF INSURANCE COMPANY TO WHICH APPLICATION IS MADE:

(herein called the Company)

**INSURANCE COMPANY'S 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 available.

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

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

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 services 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 and 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 |
|--|---------------|-----------------|
|--|---------------|-----------------|

Claims Officers

Claim Managers & Supervisors

Senior Adjustors & Examiners

Junior Adjusters & 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? _____

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 B.I. 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: _____

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 NEW YORK AND OHIO 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."

Applicant's
Signature: _____
(must be signed by C.E.O. or President)

Title: _____

Date: _____

Producer: _____

Address: _____

Applicant's Signature: _____
General Counsel

Date: _____

PLEASE READ FURTHER