

FRANCHISERS SUPPLEMENTAL APPLICATION

Applicant Name: _____

1. a. How long has the Applicant been franchising? _____
b. How many units does the Applicant own? _____
c. What is the total number of franchised units? _____

2. Does any subsidiary of the applicant provide services to the franchises?
Yes _____ No _____ If yes, provide details.

3. a. Does the Applicant have a franchise directors compliance program?
Yes _____ No _____ If yes, provide details.

- b. Does the Applicant have a franchise disclosure regulation or general compliance office?
Yes _____ No _____ If yes, what is there name? _____
Does this person have additional responsibilities? Yes _____ No _____
If yes, describe other responsibilities. _____

- c. Provide the background and the employment history of the person identified above. _____

4. Briefly describe the process for selecting and qualifying prospective franchisers. _____

5. Does the Applicant debrief prospective franchisers prior to execution of the franchise agreement? _____

6. For each franchise sold, does the Applicant maintain records of the following information?
 - a. Date of first contact. Yes _____ No _____ Not Applicable _____
 - b. Method of contact. Yes _____ No _____ Not Applicable _____
 - c. Date and place of first personal meeting.
Yes _____ No _____ Not Applicable _____
 - d. Identity of persons who met with franchisers and subjects discussed. Yes _____ No _____ Not Applicable _____
 - e. Date in which franchise learned about franchiser.
Yes _____ No _____ Not Applicable _____
 - f. Franchise Applications. Yes _____ No _____ Not Applicable _____
 - g. Investigative reports or test regarding prospective franchises.
Yes _____ No _____ Not Applicable _____

10. Provide the name and address of the Applicant's current accounting firm. _____

It is understood and agreed that this supplemental application shall become part of the application for Professional Liability Errors & Omissions Insurance.

Date: _____ Name of Applicant: _____

Signature of person authorized
to execute on behalf of the
Applicant

WORLD WIDE WEB ADDRESS: _____

- h. Rates, related correspondence, memoranda and notes of conference. Yes___ No___ Not Applicable___
 - i. Identify and investigate professional advisor(s) to franchise. Yes___ No___ Not Applicable___
 - j. Copies of franchise offering and contracts delivered and dates of delivery. Yes___ No___ Not Applicable___
 - k. Description of any negotiations of the terms of a Franchise contract. Yes___ No___ Not Applicable___
 - l. Copies of all executed agreements and riders, addenda and exhibits. Yes___ No___ Not Applicable___
 - m. Properly completed, signed receipts to all offering circulars, contracts and other disclosure materials delivered to franchisers. Yes___ No___ Not Applicable___
 - n. Date(s) any agreements were executed by each party. Yes___ No___ Not Applicable___
 - o. Consideration and date paid. Yes___ No___ Not Applicable___
 - p. Date and prices(s) franchise was commenced and completed. Yes___ No___ Not Applicable___
 - q. Evidence that franchisers successfully completed training. Yes___ No___ Not Applicable___
 - r. Applicants assistance in connection with the opening of the franchisers business. Yes___ No___ Not Applicable___
7. a. Does the Applicant sell franchisers utilizing salespersons who are not employed by the applicant? Yes___ No___
If yes, identify the sales personnel. _____
- b. Has the applicant conducted a background check on its sales personnel? Yes___ No___
If yes, briefly explain the procedure. _____
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8. Describe any established procedure, precautions or safeguards the Applicant has in place with respect to resolving disputes with franchises. _____
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9. Provide the name of the law firm(s) (if any) which has assisted, or currently assists the Applicant with franchise contracts and/or franchise registration/disclosure statements and/or franchise disputes
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APPLICATION FOR PROFESSIONAL LIABILITY ERRORS & OMISSIONS INSURANCE

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

NOTICE: THIS INSURANCE COVERAGE PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGEMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE. FURTHER NOTE THAT AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

1. NAME OF APPLICANT: _____

ADDRESS: _____

2. LIMIT OF LIABILITY DESIRED:

\$500,000 _____ \$1,000,000 _____ \$2,000,000 _____ Other _____

3. DEDUCTIBLE:

\$5,000 _____ \$10,000 _____ \$25,000 _____ Other _____

4. Please describe in detail the professional activities for which coverage is desired:

5. Is the applicant engaged in any business or profession other than as described in Item 4? _____.
If yes, please attach an explanation and estimated revenues.

6. List the total gross revenues for the past two years derived from those activities in Question 4. In addition, please list projected revenues for the current year.

YEAR	AMOUNT
a) Current Projected	\$ _____
b) _____	\$ _____
c) _____	\$ _____

7. For the revenues listed in question 6a), please give the approximate percentage derived from each of the activities listed in Question 4:

ACTIVITY	% OF 6a) REVENUES
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

8. Applicant is: Corporation _____ Partnership _____ Individual _____

9. Year Established: _____.

10. Is the Applicant Firm controlled, owned or associated with any other firm, corporation or company?
 YES _____ NO _____. If yes, attach an explanation. Are any activities listed in Question 4 provided to such business enterprise? YES _____ NO _____

11. a) Number of principals, partners, officers and professional employees directly engaged in providing services to clients: _____

b) Number of non-professional employees (clerks, secretaries, etc.): _____

12. Please provide the following:

Name in full of ALL Partners/Principals/ Key Employees.	PROFESSIONAL QUALIFICATIONS	DATE QUALIFIED	HOW LONG IN PRACTICE	HOW LONG AS PARTNER/ PRINCIPAL
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

13. To what professional association(s) does the Applicant Firm belong?

20. Have any of the individuals listed in question No. 12 ever been the subject of disciplinary action by authorities as a result of their professional activities? Yes _____ No _____ If yes, please explain.

21. Does any person to be insured have knowledge or information of any act, error or omission which might reasonably be expected to give rise to a claim against him/her. YES _____ NO _____ If yes, please complete a Supplemental Claim Information form for each.

22. After inquiry have any claims been made against any proposed Insured(s) during the past three (3) years? Yes _____ No _____ If yes, please complete a supplemental Claims Information form for each claim. Also, how many claims have been made in the last three (3) years? _____

It is understood and agreed that with respect to questions 20, 21 and 22 above, that if such knowledge or information exists any claim or action arising therefrom is excluded from this proposed coverage.

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 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.

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

The Applicant hereby further acknowledges that he/she/it is aware that legal defense costs that are incurred shall be applied against the deductible amount.

I HEREBY DECLARE that, after inquiry, the above statements and particulars are true and I have not suppressed or misstated any material fact and that I agree that this application shall be the basis of the contract with the Underwriters.

Signature of person authorized to execute on behalf of the Applicant:

_____ Title _____ Date _____

This Application Form duly completed, together with any supplementary information, must be signed in ink by the person indicated.

Signing of this form does not bind the Applicant or the Underwriters to complete the insurance.