

ADMINISTRATIVE OFFICE
One Liberty Plaza, 53rd Floor
New York, NY 10006
T: 800 817 3252

**APPLICATION FOR COMPANY SPONSORED INSURANCE
AGENTS ERRORS AND OMISSIONS INSURANCE**

All Questions Must be Answered Completely

A. QUESTIONS APPLICABLE TO INSURANCE AGENTS

1. Name of Insurance Company: _____

2. Address: _____

3. Number of agents: _____

Full time agents _____* General Agents _____ Part time agents _____

Retired _____ Other (specify) _____

* Number who are also Registered Representatives _____

4. Are your agents: Employees _____ Independent Contractors _____ Captive/Career _____

Brokers _____ Other (specify) _____

5. Does the sponsoring insurance company have the first right of refusal? Yes ☐ No ☐

6. Percentage of agent's products sold with the sponsoring insurance company: _____%

7. Agents average length of service with the sponsoring insurance company: _____

8. Is there a minimum commission requirement to remain contracted? Yes ☐ No ☐

If yes, what amount? _____

9. a. Is professional liability coverage mandatory? Yes ☐ No ☐

b. What is the expected level of participation in the sponsoring insurance company's program? _____

10. How many agents currently have professional liability coverage: _____
11. a. During the past three (3) years, has the name of the sponsoring insurance company been changed or has any other company been purchased, merged or consolidated with the sponsoring insurance company?

If yes, please give details. _____

- b. Has your company publicly disclosed that there is any merger, acquisition, divestiture or tender offer being considered?

If yes, to either, please give details. _____

12. Projected increase or decrease in the number of agents headcount this year:

Increase _____ Decrease _____

Number of agents with in force contracts at the end of the year for the past three (3) calendar years?

Prior Year: _____ Second Prior Year: _____ Third Prior Year: _____

13. Attrition rate in the first year of appointment: _____

Of the original agents appointed, what percentage remain after five (5) years: _____%

14. a. Number of agent contracts terminated by the sponsoring insurance company in the past three (3) years for other than lack of production: _____

b. Number of agent contracts reinstated by the sponsoring insurance company in the past three (3) years: _____

15. What level of management of the sponsoring insurance company is responsible for the daily performance of your agents? _____

a. Do they countersign all of their agents' applications? Yes ☐ No ☐

b. Describe the supervising procedures used by the General Agent or Agency Managers to monitor their agents' performance. (Please attach a separate sheet).

c. Do your underwriters have a method to relay information regarding questionable procedures of your agents? (If yes, please describe on separate sheet.) Yes ☐ No ☐

d. How many employees are in the compliance department? _____

e. What internal audit protocols are in place? (Please attach a separate sheet).

- f. Is the sponsoring insurance company a member of IMSA? Yes ☐ No ☐
16. Do your General Agents or Agency Managers provide part time agents/brokers other than your Career Agents access to the sponsoring insurance company products? _____
- If yes, please describe: _____
17. What level of management at the sponsoring insurance company is responsible for the performance of your Agency Managers or General Agents?
- _____
Please describe the procedures for supervising your Agency Managers or General Agents. (Please attach a separate sheet).
18. What is the highest policy limit offered by the sponsoring insurance company? _____
19. What is the average policy limit offered by the sponsoring insurance company? _____
20. Please describe the minimum qualifications that the sponsoring insurance company requires of the prospective agents? (Please attach a separate sheet)
21. Who at the sponsoring insurance company is responsible for hiring the agents?
22. a. Do your agents sell life insurance products? Yes ☐ No ☐
- i. Affiliated Company _____ ii. Other _____
- b. Do your agents sell property/casualty insurance? Yes ☐ No ☐
- i. Affiliated Company _____ ii. Other _____
23. a. How many agents are licensed to sell life insurance products? _____
- b. How many agents are licensed to sell property/casualty insurance? _____
24. a. What percentage of the sponsoring insurance company's gross written premium is generated from life insurance products? _____ %
- b. What percentage of the sponsoring insurance company's gross written premium is generated from property and casualty insurance products? _____ %
25. Describe the sponsoring insurance company's training procedures. (Include on a separate sheet the person responsible for the training, the number of hours of training required before an agent is allowed to sell the sponsoring insurance company's products on his or her own, and who certifies the completion of the training. Please include your career path diagram).

26. Are customer's accounts reviewed on a periodic basis? Yes ☐ No ☐

If yes: a. How often are exception reports generated for review by the branch office and/or compliance staff? _____

b. Do applications undergo supervisory review and written approval for completeness, accuracy, and suitability? Yes _____ No _____

27. Describe customer complaint procedures on a separate sheet.

28. Do your agents have an association at the sponsoring insurance company? Yes ☐ No ☐

29. Does the sponsoring insurance company provide your agents a periodical? Yes ☐ No ☐

If yes: a. within the sponsoring insurance company? Yes ☐ No ☐

b. from other external professional association? Yes ☐ No ☐

If yes, please provide samples of the periodical.

30. Please list any E&O coverage for the last three (3) years.

	Last Year	Second Prior Year	Third Prior Year
CARRIER	_____	_____	_____
LIMITS	_____	_____	_____
DEDUCTIBLE	_____	_____	_____
TYPE OF COVER*	_____	_____	_____
EXPIRED**	_____	_____	_____

* Occurrence or Claims Made

** Month/Day/Year required

Retroactive Date. _____

31. **Please attach a copy of your prior insurance carrier's loss runs for the past five (5) years. Such loss runs shall include the following information: claimant, agent, date of notice, open loss and expense reserves, paid loss and expense. In addition, for claims with combined loss and expense reserves or paid loss and expense in the amount of \$100,000 or more, include a narrative description of the facts giving rise to the claim.**

32. What percentage of participation is expected in this errors and omissions insurance program?

First year _____ Second year _____

33. How often are you prepared to furnish a list of agents?

Monthly _____ Quarterly _____ Semi Annually _____

34. a. Coverage Currently Requested (o) b. History of Company's Gross Revenues (current year* and 2 prior years)

	1 st *	2 nd	3 rd
_____ Property & Casualty	\$ _____	_____	_____
• Homeowners	\$ _____	_____	_____
• Auto	\$ _____	_____	_____
• Commercial Property	\$ _____	_____	_____
• Other: specify and add Separate sheet	\$ _____	_____	_____
_____ Life	\$ _____	_____	_____
_____ A&H	\$ _____	_____	_____
_____ Disability	\$ _____	_____	_____
_____ Annuities	\$ _____	_____	_____
_____ Pension & Profit Sharing	\$ _____	_____	_____
_____ Mutual Funds	\$ _____	_____	_____
_____ Limited Partnership & Unit Investment Trusts	\$ _____	_____	_____
_____ Financial Planning	\$ _____	_____	_____

B. SUPPLEMENTAL QUESTIONS REGARDING REGISTERED REPRESENTATIVES

If you have requested coverage for Registered Representatives, Mutual Funds, Limited Partnerships, Unit Investment Trusts, please complete questions 1 through 25 below.

1. a. Name of Broker/Dealer Organization: _____

b. Is a second screening of agents completed by the Broker/Dealer before an appointment is made:

Yes _____ No _____ Please explain:

2. Who has the authority to accept new accounts: _____

3. Are confidential customer questionnaires required by the Broker/Dealer? Yes _____ No _____
If yes, please submit a copy of the questionnaire.

4. Do you require registered representatives to document each sale with a suitability checklist that evidences the suitability determination, contact customers for current information in order to assess suitability and liquidity needs, and advise the customer not to purchase the product where it appears to be unsuitable? Yes ☐ No ☐

5. Are customer's accounts reviewed on a periodic basis? Yes ☐ No ☐

6. a. Total number of Customer Accounts _____

(i) Of the total, what number are Margin Accounts? _____

(ii) Of the total, what number are Discretionary Accounts? _____

How many Registered Representatives and/or Officers, Partners or Directors have discretionary authority? (Indicate Names & Titles) _____

b. Of the total number of accounts,

(i) What percent are individual? _____% Institutional? _____% or Corporate? _____%

(ii) What percentage are Other? _____% Please describe _____

c. Total asset value of customer accounts. \$ _____ As of: _____

7. Do any registered representatives sell through or have offices in banks, savings and loans, credit unions or similar institutions? Yes ☐ No ☐

If "yes" describe on an attachment what procedures are used to differentiate the securities sold by the registered representative from the insured C.D.'s sold by the banking organization and to ensure that the purchaser knows the risks.

8. Products and Services (On a consolidated basis for Broker/Dealer, its parents, subsidiaries and affiliates for which insurance is requested).

a. Split the current year's commission income into percentages by the products listed below:

Total Stocks: _____% **Derivatives:** _____% **Total Ltd. Partnerships** _____%

Listed: _____% **Commercial Paper, Repurchase** _____% Registered: _____%

Unlisted: _____% **Agreements Other Short Term Note** _____% Unregistered: _____%

Penny: _____% **Option Contracts:** _____% **Total Annuities** _____%
(Unlisted Trading for Less than a dollar) (Stocks, Index, etc.)

Future Contracts: _____% Variable _____%
(Commodities, currency, etc.)

Total Bonds: _____% **Life, Health Disability** _____%

Investment Grade: _____% **Mutual Funds** _____% Life Insurance _____%

"Junk"	_____ %	Hedge Funds	_____ %	Health & Disability	_____ %
Unregistered Stocks & Bonds	_____ %			Insurance:	_____ %
				Other (Specify on Attachment)	_____ %

TOTAL 100%

9. What is the average size dollar trade? \$ _____

10. Do you offer any proprietary products? Yes ☐ No ☐ If yes, how many? _____

Please describe _____

11. Are all proprietary products registered either with the SEC or an appropriate state regulatory agency?

Yes ☐ No ☐

If "No", please explain: _____

12. Do you offer Day Trading Services? Yes ☐ No ☐ If yes, please describe nature of services offered and percentage of Broker/Dealer revenue. _____

13. Describe customer complaint procedures on a separate sheet, including the procedures by which complaints are responded to in a timely manner, and by which complaints are actively monitored and sorted by product and problem type.

14. Are appointments with non-affiliated Broker/Dealer Organizations permitted? Yes ☐ No ☐

15. Do you wish to cover the activities of agents that have a second Broker/Dealer relationship in a non-affiliated company? Yes ☐ No ☐

If yes, the number of agents requesting this coverage _____

Name of the non-affiliated Broker/Dealer.

i. _____

ii. _____

16. Describe the procedures for monitoring the performance of approved products.

17. a. Describe the procedures for reviewing new accounts, and for determining suitability of investments. Is computer model used or provided? Yes ☐ No ☐

b. Do you maintain procedures to screen for specific suitability issues, including age, allocations that do not match investment objectives and investments that exceed a certain percentage of the customer's liquid net worth? Yes ☐ No ☐

c. Do you maintain controls to prevent registered representatives from inappropriately recommending that a customer mortgage his or her home for the purchase of variable annuities or variable life insurance? Yes ☐ No ☐

18. Describe the procedures of verifying customer orders and determining that confirmations are accurate and received on time.

19. Do you require that written and accurate disclosures are made to customers pertaining to variable products, including fees, risks and tax implications? Yes ☐ No ☐

20. a. Describe the procedures for recruiting and selecting Registered Representatives. _____

b. Do you maintain comprehensive and current written supervisory procedures, requiring the review of every sale of a variable product to ensure that it was appropriate, as well as the allocation of premium payments to underlying funds? Yes ☐ No ☐

c. Do you require that effective training programs are given to registered representatives, along with supervisory oversight of attendance at and content of such programs? Yes ☐ No ☐

21. Describe the training provided to Registered Representatives. _____

22. Describe the procedures for monitoring the Registered Representatives compliance with state and federal statutes and regulations. _____

23. Describe procedures for monitoring Registered Representatives sales activity outside of the Broker/Dealer. _____

24. Do you have any investments on the approved product listing that offer commissions of five (5%) percent or more to Registered Representatives? Yes ☐ No ☐ If "Yes", attach full details describing the investment product(s), and your procedures to monitor the sale of these products.

25. Is an Arbitration Agreement clause routinely used with investors? Yes ☐ No ☐

If "No", are you planning to implement its use? Yes ☐ No ☐ If "No", why not? _____

26. Name and address of clearinghouse used. _____

C. QUESTIONS APPLICABLE TO ALL COVERAGES REQUESTED

1. Limits of Liability requested:

Each Claim/Each Named	Aggregate/Each	Policy
Insured: \$ _____	Named Insured: \$ _____	Aggregate: \$ _____

2. Individual at the sponsoring insurance company who has the authority to affirm this errors and omissions insurance program:

Name: _____

Address: _____

Title: _____

3. Professional Liability Claim Information.

a. Does any prospective insured person or entity have knowledge or information of any fact or circumstance or any actual or alleged act, error or omission which may reasonably be expected to give rise to a claim being made against the applicant or its directors, officers, agents or employees (include on a separate sheet description of method pursuant to which sponsoring insurance company applicant secures information from applicant agency force responsive to this question)?

Yes ☐ No ☐

If yes, please explain in detail: _____

- b. Have any errors or omissions, judgment, settlement, payment, claim or suit seeking compensatory, punitive, exemplary, or extra contractual damages been made during the last five (5) years against the applicant or any of its directors, officers, agents or employees? Yes ☐ No ☐

If yes, please provide by attachment a listing of all such judgments, settlements, payments, claims or suits made in the past five (5) years, including details as to the date of the claim or suit, nature of the allegations, amount of damages sought, amount paid and current status.

IT IS AGREED WITH RESPECT TO QUESTIONS C.3.a AND C.3.b THAT ANY CLAIM ARISING THEREFROM (WHETHER OR NOT DISCLOSED HEREIN), IS EXCLUDED FROM THE PROPOSED COVERAGE.

Please attach three (3) copies of:

- a. agents contracts,
- b. underwriting guidelines,
- c. originals of the stockholders report or mutual policyholders report,
- d. originals of the 10K reports, and
- e. sample of sales/marketing illustrations.

Comments:

THE APPLICANT REPRESENTS THAT THE STATEMENTS AND FACTS MADE IN THIS APPLICATION ARE TRUE AND THAT NO MATERIAL FACTS HAVE BEEN OMITTED OR MISSTATED. IT IS FURTHER AGREED BY THE APPLICANT THAT EACH POLICY OR RENEWAL THEREOF, IF ISSUED, IS ISSUED IN RELIANCE UPON THE TRUTH OF THE REPRESENTATIONS AND INFORMATION IN THE APPLICATION.

The undersigned(s) certifies that he/she is the duly authorized representative(s) of the applicant which submits this application to the Company for a Policy of insurance. The statements and information above and all schedules and documents submitted, are deemed parts of the application (all of which schedules and documents shall be deemed attached to the Policy as if physically attached thereto), and the word application refers to all the foregoing.

Applicant acknowledges a continuing obligation to report to us as soon as practicable any material changes in the facts and statements above, and in each supplemental application, of which applicant becomes aware after signing the application.

Completion of this application does not bind coverage. Applicant's acceptance of the Company's quotation is required prior to binding coverage and Policy issuance. It is agreed that this form shall be the basis of the contract should a Policy be issued.

Fraud Prevention - General Warning

NOTICE: Any person who knowingly, or knowingly assists another, files an application for insurance or claim containing any false, incomplete or misleading information for the purpose of defrauding or attempting to defraud an Insurance Company may be guilty of a crime and may be subject to criminal and civil penalties and loss of insurance benefits.

NOTICE TO ARKANSAS 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 CALIFORNIA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state 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 Agencies.

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 IDAHO APPLICANTS: Any person who knowingly and with intent to injure, defraud, or deceive any Insurance Company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO INDIANA APPLICANTS: Any person who knowingly and with the intent to defraud an insurer files a statement of claim containing any false, incomplete or misleading information commits a felony.

NOTICE TO KENTUCKY APPLICANTS: 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 MAINE APPLICANTS: It is a crime to 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 MICHIGAN APPLICANTS: Any person who knowingly and with intent to injure or defraud any insurer submits a claim containing any false, incomplete or misleading information shall upon conviction, be subject to imprisonment for up to one year for a misdemeanor conviction or up to ten years for a felony conviction and payment of a fine of up to \$5,000.

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 NEVADA APPLICANTS: Pursuant to NRS 686A.291, any person who knowingly and willfully files a statement of claim that contains any false, incomplete or misleading information concerning a material fact is guilty of a felony.

NOTICE TO NEW HAMPSHIRE APPLICANTS: Any person who, with purpose to injure, defraud or deceive any Insurance Company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

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 LOUISIANA AND NEW MEXICO 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 civil fines and criminal 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 claims 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 PENNSYLVANIA APPLICANTS: Any person who knowingly and with the intent to defraud any Insurance Company or other person files an application for insurance or statement of claim containing any fact 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 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.

Important Reminder

The coverage for which you are applying is written on a CLAIMS-MADE basis and, subject to its provisions, applies only to claims first made against you and reported to the Company in writing during the policy period, unless an extended reporting period applies.

I/We hereby declare the above statements and particulars are true and that I/We agree that this application shall be the basis of the contract with the Company.

By: _____

(Title)

Date of application _____

AGENT COUNT BY STATE (Indicate only those eligible for program)

ALABAMA	_____	MISSOURI	_____
ALASKA	_____	MONTANA	_____
ARIZONA	_____	NEBRASKA	_____
ARKANSAS	_____	NEVADA	_____
CALIFORNIA	_____	NEW HAMPSHIRE	_____
COLORADO	_____	NEW JERSEY	_____
CONNECTICUT	_____	NEW MEXICO	_____
DELAWARE	_____	NEW YORK	_____
D.C.	_____	NORTH CAROLINA	_____
FLORIDA	_____	NORTH DAKOTA	_____
GEORGIA	_____	OHIO	_____
HAWAII	_____	OKLAHOMA	_____
IDAHO	_____	OREGON	_____
ILLINOIS	_____	PENNSYLVANIA	_____
INDIANA	_____	RHODE ISLAND	_____
IOWA	_____	SOUTH CAROLINA	_____
KANSAS	_____	SOUTH DAKOTA	_____
KENTUCKY	_____	TENNESSEE	_____
LOUISIANA	_____	TEXAS	_____
MAINE	_____	UTAH	_____
MARYLAND	_____	VERMONT	_____
MASSACHUSETTS	_____	VIRGINIA	_____
MICHIGAN	_____	WASHINGTON	_____
MINNESOTA	_____	WEST VIRGINIA	_____
MISSISSIPPI	_____	WISCONSIN	_____
OTHER LOCATIONS:	_____	WYOMING	_____

TOTAL ELIGIBLE: _____