

Philadelphia Insurance Companies

Axis Insurance Services, LLC

201-847-9175 phone 201-847-9174 fax

PROFESSIONAL LIABILITY FOR SPECIFIED PROFESSIONS APPLICATION FOR CLAIMS-MADE INSURANCE

NOTICE: This is an application for **CLAIMS-MADE INSURANCE**. Such insurance applies only to claims that are first made against you and reported to the Company in writing during the policy period, any subsequent renewal of the policy or any extended reporting period and may additionally limit coverage applicable to acts, errors, omissions or offenses made prior to the inception of the policy period.

The limits of liability may be reduced by amounts paid for legal defense and such payments for legal defense may also be applied against the deductible amount.

Please answer **ALL** the questions. This information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to such evaluation. If a question is not applicable, state "not applicable" not "N/A." If more space is required to answer a question, continue on applicant's letterhead. The application and any supplement(s) must be signed and dated by a principal, partner, or officer of the prospective insured's organization.

1. Applicant's Name: _____

2. Home office address: _____
_____ TEL# _____
_____ ZIP _____ FAX# _____

3. Date established: _____

4. Is the applicant firm controlled, owned, affiliated or associated with any other firm, corporation or company? ___Yes ___No
If Yes, please attach an explanation.

5. Please list addresses of all branch offices and/or subsidiaries. Include a brief description of their operations and indicate if coverage is desired for these offices.

6. During the past 5 years has the name of the firm been changed or has any other business been acquired, merged into or consolidated with the applicant firm? If Yes, attach a complete explanation detailing any liabilities assumed. ___Yes___No

7. Describe your firm's nature of business.

8. Staffing - Provide a breakdown of your staff into the following categories:

a) principals, partners or officers _____ c) support staff (including part-time) _____
b) professionals (not included in A) _____ d) part-time professionals (less than 20 hours/week) _____

TOTAL _____

9. Are any staff members considered "Licensed Professionals" or do any staff members hold any Professional Designations or belong to any Professional Societies/associations? ___Yes___No

If Yes, provide individual's name and designation/affiliation below:

Note: Questions 10 through 14 refer to total gross revenue for a 12 month period, whether or not collected. Such revenue figures should include sub-contracted revenue.

10. Dates of applicant firm's current fiscal period: From: _____, 20___ To: _____, 20___

	<u>Past Fiscal</u>	<u>Current Fiscal</u>	<u>Estimate for Next</u>
Total Gross Revenue:	\$ _____	\$ _____	\$ _____
Less Direct Recovery Expenses (enter as negative number):	\$ _____	\$ _____	\$ _____
TOTAL NET BILLINGS	\$ _____	\$ _____	\$ _____

12. Provide the percentage of your firm's gross revenue from the last fiscal period attributable to the following:

Federal government.	_____ %
State, county or local government and agency thereof.	_____ %
Institutional (schools, hospitals, etc.)	_____ %
Lending institutions	_____ %
Manufacturing	_____ %
Other _____	_____ %
_____	_____ %
TOTAL	

13. Does your firm provide services for any clients in which a principal, partner, officer or employee of your firm is also a principal, partner, officer, employee or a more than 3% shareholder of said client? ___Yes___ No
 If Yes, Please provide a) Client Name, b) Applicant's Relationship with client, and c) approximate annual revenue generated from Client.

14. Were more than 50% of your total gross billings for any one year derived from a single client or contract? ___Yes___ No
 If Yes, please specify **a)** client, **b)** services rendered, and **c)** how long you expect this relationship to continue.

15. Describe your firm's five (5) largest jobs or projects during the past three (3) years.

Client Name	Services Provided	Total Gross Billings
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

16. **a)** Do you utilize the services of independent contractors or sub-consultants? ___Yes___ No
b) Approximate percentage of billings attributable to sub-contractors/consultants? _____ %

17. Do you ever enter into contracts where your fees for services provided are contingent upon the client achieving cost reductions or improved operating results? If Yes, attach a detailed description of such arrangements. ___ Yes ___ No

18. a) Does your firm secure a written contract or agreement for every project? (Please attach a sample copy) ___ Yes ___ No

b) Provide the percentage of your revenue where a written contract is secured. _____ %

c) Do your contracts contain any of the following: **(check all that apply)**

- ___ Hold harmless or indemnification clauses in your favor?
- ___ Hold harmless or indemnification clauses in your client's favor?
- ___ Guarantees or warranties?
- ___ A specific description of the services you will provide?
- ___ Payment terms?

19. Describe steps taken to minimize/ manage business risks:

20. Has any policy of or application for similar insurance on your behalf or on the behalf of any of your principals, partners, officers, employees, or on behalf of any predecessors in business ever been declined, canceled, or renewal refused? ___ Yes ___ No

21. Do you currently carry Commercial General Liability insurance?
___ Yes ___ No

22. Please provide the following information on your professional liability (E&O) insurance for the past three (3) years:

Name of Insurer	Limits of Liability	Deductible	Policy Period	Premium
_____	_____	_____/_____/_____	_____/_____/_____	_____
_____	_____	_____/_____/_____	_____/_____/_____	_____
_____	_____	_____/_____/_____	_____/_____/_____	_____

Retroactive Date of current policy (if any): _____/_____/_____

LOSS EXPERIENCE

23. Have any claims, suits, or demands for arbitration been made against the firm, its predecessor(s) or any past or present principal, partner, officer or employee within the past five (5) years? ___ Yes ___ No

If Yes, provide details on a separate sheet, including:

- a) name of claimant;
- b) type of service provided and allegations made;
- c) date claim made;
- d) demand amount; and
- e) final disposition including indemnity and expense amounts.

24. Having inquired all principals, partners and officers, are you aware of any act, error, omission, unresolved job dispute or any other circumstance that is or could be a basis for a claim under the proposed insurance? ___ Yes ___ No

If Yes, provide details on a separate sheet for each situation, including a) name of potential claimant, b) nature of situation, c) dates and d) amount of potential damages.

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 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 OF THE THIRD DEGREE.

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 MAINE AND 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.

NOTICE TO OREGON APPLICANTS: WARNING: 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 MATERIALLY FALSE OR DECEPTIVE STATEMENT, MAY BE GUILTY OF INSURANCE FRAUD.

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 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 TENNESSEE 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."

SIGNATURES AND ACKNOWLEDGEMENTS

I / we hereby declare that the above statements and particulars are true and that I / we have not suppressed or misstated any material facts and I / we agree that this application and its supplement(s) shall be the basis of the contract with the Company. It is understood and agreed that the completion of this application and its supplement(s) does not bind the company to sell nor the applicant to purchase the insurance.

NAME

SIGNATURE

TITLE

DATE

Philadelphia Insurance Companies

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610.617.7900 Fax: 610.617.7940

PROFESSIONAL LIABILITY FOR SPECIFIED PROFESSIONS MORTGAGE BANKERS AND BROKERS SUPPLEMENT

Instructions:

- A. Please answer ALL the questions. If more space is required to answer a question, continue on applicant's letterhead.
- B. This supplement must be signed and dated by a principal, partner, or officer of the prospective insured's organization and will be attached to the policy, should one be issued.

1. Are any Mortgage Banking Activities provided to any affiliated firm, corporation, or company? Yes No
If "Yes", approximately what percentage of gross revenues? _____

2. For the Total Gross Revenues listed in the application, please give the approximate revenues derived from the following:
% OF GROSS REVENUES

Loan Originating	_____
Loan Servicing	_____
Loan Sales	_____
Interest Income	_____
Other (Specify) _____	_____
TOTA	

3. **ORIGINATION** Check and skip this section if no origination is being performed

a) First Mortgage Loans Originated during past 12 months

<u>Loan Portfolio</u>	<u>Dollar Value</u>	<u>Number</u>	<u>%Construction</u>
1-4 Family	_____	_____	_____
Multifamily	_____	_____	_____
Commercial	_____	_____	_____
Other (Specify)	_____	_____	_____
Total	_____	_____	_____

b) Second Mortgages _____

c) List five largest loans originated during past 12 months

	<u>Name of Project/Client</u>	<u>Loan Amount</u>
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

d) Are in-house reviews of appraisals done? Yes No

e) What procedures are followed to ensure that proper hazard/flood insurance is in place at closing?

4. **SERVICING** Check and skip this section if no servicing is being performed

<u>Loan Portfolio</u>	<u>Dollar Value</u>	<u>Number</u>	<u>ARM's</u>
1-4 Family	_____	_____	_____%
Multifamily	_____	_____	_____%
Commercial	_____	_____	_____%
Other (Specify)	_____	_____	_____%
Total	_____	_____	_____%

b) List five largest loans serviced:

	<u>Name of Project/Client</u>	<u>Outstanding Balance</u>
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

Lending Supplemental Application

Instructions: Please complete the questions below for Sub Prime Loans. Where exact numbers are not available, please provide the Applicant's best estimate for the question asked. If information is not available, please mark "N/A".

Sub Prime Loan Definition: For the purposes of completing this application, Sub Prime Loans are generally deemed to be "B" quality loans or less that the Applicant can identify but should at a minimum include loans underwritten with a FICO score less than 620; Sub Prime Loans are thus to include any loans with FICO scores less than 620 and also any known sub prime loans of "B" quality or less (note some of these sub prime loans may have a FICO score higher than 619 and should be included). If the Applicant makes no Sub Prime Loans or makes no loans with FICO scores of less than 620, please complete only the following: the Applicant Name, Question "1", and signature section.

Applicant Name: _____

1. Estimated percentage of total loan origination that is Sub Prime (based on the definition above): _____%

If question 1 is answered "zero", go to the end of the application. Read the signature section and sign and date it. The application is complete. If the answer to question 1 is anything other than "zero", complete the remainder of this supplemental application.

2. Total Sub Prime Loans Originated (including purchased loans) in the past twelve months

Past 12 months	\$ _____	# of Loans _____
Projected next 12 months	\$ _____	# of Loans _____

Please advise when answering questions 3 through 10 if a material change (more than 20%) in the answer to the question is expected during the next twelve months)

3. Approximate Loan to Value breakdown for Sub Prime Loans by percentage:

+100% LTV	_____ %
No Down payment	_____ %
LTV +95-99%	_____ %
LTV +90-95%	_____ %
LTV +85%-90%	_____ %
LTV 85% or less	_____ %
100% Total	

4. Type of Sub Prime Loans by percentage

Fixed Rate Loans	_____ %
ARMS	_____ %

5. Please state the percentage of any Sub Prime ARM Loans with monthly adjustment features) _____%

6. Other categories (note this column can total more than 100% as some categories may overlap with others, but only answer for Sub Prime Loans here):

- A. Interest Only Loans _____%
- B. New homes loans in a development _____%
- C. Spec Homes _____%
- D. Are not owner occupied _____%
- E. Refinance Loans _____%
- F. Percentage of ARM Loans where
Applicant only has to qualify at initial payment level _____%
- G. Second Mortgage/HELOCs _____%
- H. No Doc/Low Doc Loans _____%

7. Indicate the percentage of loans with FICO scores in each range for the Applicants Sub Prime Loans:

- a. FICO scores above 619 _____%
- b. FICO score ranges from 580-619 _____%
- c. FICO score ranges from 550-579 _____%
- d. FICO score is less than 550 _____%

8. What percentage of Sub Prime Loans are sold without recourse? _____%

9. What approximate percentage of Sub Prime Loans are made without escrows set up for real estate taxes, insurance or other impounds? _____%

10. On No Doc or Low Documentation Loans, please provide an estimate of the Loan to Value Ratio of those loans made in the last twelve months: _____%

11. Please describe procedures used to limit the exposure to predatory lending claim allegations for the Sub Prime Loans being originated (disclosures such as rate adjustment disclosures, counseling on adjustments expected, etc.)

12. Have any claims involving sub prime loans been made against the Applicant?

Yes ___ No ___

If yes, please provide details of such and any corrective actions taken to prevent future claims for such:

The undersigned authorized person, on behalf of the applicant, attest that all claims have been reported if the Applicant is aware of them. The Applicant further understands that any claim submitted after the completion of this application shall render any terms provided void and Underwriters shall have the right to re-underwrite the Applicant. In addition, no information provided by this application or along with this application shall be deemed to report a claim. Such notice should be made as instructed by the policy.

The undersigned authorized person, on behalf of the applicant, attests that to the best of his/her knowledge and belief the statements set forth herein are true. Although the signing of this Application Form does not bind the undersigned to effect insurance, the undersigned agrees that this application and the said statements shall be the basis of the policy of insurance and deemed incorporated therein, should the Company evidence its acceptance of this application by issuance of a policy.

The undersigned authorized person on behalf of the applicant declares that the above statements are true, that neither the undersigned person nor the applicant has suppressed or misstated facts and that at the present time the applicant has no reason to anticipate any claims being brought against the applicant or any representative of the applicant or knowledge of any negligent act, error, omission or offense on the applicant's part or any representative of the applicant except as stated herein, and agrees that this Application Form shall be the basis of the contract between the applicant and the Company and shall be deemed a part hereof.

NEW YORK—WARNING: 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.

FRAUD WARNING: 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.

Signing this form does not bind you to complete the insurance. Coverage will become effective upon approval of the application and issuance of the policy. It is agreed that this form will be the basis of the contract. Should a policy be issued, this form will be attached to and become a part of the policy.

Signature: _____

Title: _____

(Must be signed by Owner, Partner or President)

Date: _____

Month/Day/Year

Applicant Firm Name: _____