

# First Specialty Insurance Corporation

## PROFESSIONAL LIABILITY INSURANCE FOR FINANCIAL ADVISORS / PLANNERS RENEWAL APPLICATION CLAIMS MADE BASIS

THE POLICY FOR WHICH APPLICATION IS MADE, SUBJECT TO ITS TERMS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES IS REDUCED BY THE AMOUNTS INCURRED AS DEFENSE EXPENSES AND DEFENSE EXPENSES ARE SUBJECT TO THE DEDUCTIBLE.

Applicant's Legal Name			
Address			
Telephone		Fax	
Email		Web Site	

1. List all employed (W-2) financial advisors including self. Independent Contractors (1099) are not covered under the firm's policy and require separate applications or, if requested, can be added as additional insureds. CPA firms should list only those involved in financial planning / investment advisory services.

NAME OF ALL EMPLOYED FINANCIAL ADVISORS	PROFESSIONAL DESIGNATIONS	NASD SERIES LICENSES	NASD CRD NUMBER	PROFESSIONAL ASSOCIATION AFFILIATIONS

2. Do you have any independent contractors (non-employees) giving investment advice on behalf of your RIA?  Yes  No Please list names:

3. List all professional liability insurance carried (e.g. accountants, tax preparation, group broker-dealer, life agent)

INSURER	LIMITS	DEDUCTIBLE	POLICY PERIOD	RETROACTIVE DATE

4. Select Standard Limits and Deductibles

OR

Higher Limits and Deductibles

<u>Per Claim / Aggregate</u>	<u>Deductible</u>	<u>Per Claim</u>	<u>Aggregate</u>		<u>Deductibles</u>
<input type="checkbox"/> \$ 50,000 / \$ 100,000	\$ 1,000	<input type="checkbox"/> \$1,000,000	<input type="checkbox"/> \$1,000,000	<input type="checkbox"/>	\$ 5,000
<input type="checkbox"/> \$ 100,000 / \$ 200,000	\$ 1,000	<input type="checkbox"/> \$2,000,000	<input type="checkbox"/> \$2,000,000	<input type="checkbox"/>	\$ 10,000
<input type="checkbox"/> \$ 250,000 / \$ 500,000	\$ 2,500	<input type="checkbox"/> \$3,000,000	<input type="checkbox"/> \$3,000,000	<input type="checkbox"/>	\$ 15,000
<input type="checkbox"/> \$ 500,000 / \$ 1,000,000	\$ 2,500	<input type="checkbox"/> \$4,000,000	<input type="checkbox"/> \$4,000,000	<input type="checkbox"/>	\$ 20,000
<input type="checkbox"/> \$ 1,000,000 / \$2,000,000	\$ 5,000	<input type="checkbox"/> \$5,000,000	<input type="checkbox"/> \$5,000,000	<input type="checkbox"/>	\$ 25,000

5. Has any professional liability claim, complaint or proceeding been made against the firm or any associated professionals or is the applicant aware of any circumstances which may result in any claim being made against the applicant, its predecessors in business, or any of the applicant's present or past partners, officers, directors, employees or associated professionals?  YES  NO If yes, please attach complete details on a separate sheet.

6. Conflicts of Interest – Do you or any member or associated person of your firm:

A. Act as both trustee and advisor to any client?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
B. Advise clients to invest in any enterprise in which any firm member has more than a 5% ownership interest?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
C. Advise clients to invest in any enterprise in which another client has more than a 5% ownership interest?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
D. As a CPA, do you perform attest work / consulting services for any accounting client who is also an advisory client?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
E. Act as advisor to an entity in which your firm, its members or associated persons has more than a 5% ownership interest?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

7. Do you use a Compliance Attorney or Consultant?  Yes  No Name: \_\_\_\_\_

8. Indicate gross annual revenues derived from financial planning, advisory activities, commissions and/or product sales. Do not include professional accounting services revenues.

YEAR	GROSS REVENUES (100%)	% FEE ONLY REVENUES	% COMMISSION REVENUES	NO. OF FINANCIAL ADVISORS
2002				
2003				
2004				

9. Indicate professional services by approximate percentage. Must equal 100%. Indicate all services provided by the practice regardless of whether the revenues are declared in Question 8.

%	NATURE OF PRACTICE
	Modular/Comprehensive Financial Plan Preparation/Advice
	Divorce Planning
	Discretionary Asset Management (LPOA)
	Non-Discretionary Asset Management (LPOA with Prior Consent)
	Asset Monitoring (No Limited Power of Attorney to Direct Trades)
	Investment Management Consulting (No LPOA)
	Product Sales Based On Financial Plan
	Product Sales Not Based On Financial Plan

%	NATURE OF PRACTICE (Continued)
	Timing Services
	Tax Preparation
	Accounting Services Other Than Tax Preparation
	Third Party Pension Administration
	Hourly Advice
	Wrap Accounts
	Other:
	Other:

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10. As an advisor, do you provide advice on, recommend or use alternative investments?  Yes  No If yes, indicate % of advice or use in portfolios for each type of investment and provide details on a separate sheet.

%	TYPE OF INVESTMENT		%	TYPE OF INVESTMENT
	Viatical Agreements / Senior Settlements / Life Settlements			General or Limited Partnerships
	Private Placements			Unregistered Securities
	Hedge Funds / Fund of Hedge Funds			Other:

11. If you receive commissions, indicate the breakdown of total commission income by percent. Must equal 100%.

%	TYPE OF PRODUCT		%	TYPE OF PRODUCT (Continued)
	Mutual Funds			Commercial Paper
	Variable Annuities			Private Placements
	Life / Health / Disability / Accident Sales / Long Term Care			REITS (other than mutual funds)
	Viatical Agreements / Senior Settlements / Life Settlements			General or Limited Partnerships
	Listed Stocks			Unregistered Securities
	Unlisted Stocks			Foreign Securities / ADR'S
	Investment Grade Bonds			Hedgafunds
	Junk Bonds			Options / Futures / Tangibles/CMO's/Derivatives

12. What % of revenue is derived from professional entertainers, celebrities, athletes and musicians?  None OR \_\_\_\_\_%

13. Does the applicant provide personal management services (e.g. sports management / bill paying) to any client?  No  Yes

14. Is any advisory client an investment company (mutual fund), REIT, limited partnership or private placement?  No  Yes .Provide details.

If no such clients now, do you agree to notify the carrier within 30 days if you start to render advisory services to such a client?  Yes  No

15. Please CIRCLE yes or no. All YES answers, please supply details. Has the Applicant or any associated professional ever:

Yes	No	Had a professional license/registration denied, suspended, revoked, non-renewed or restricted in the last 12 months?
Yes	No	Been formally reprimanded by any court/administrative/regulatory agency in the last 12 months?
Yes	No	Had a complaint filed with consumer agencies, applicant's broker-dealer, the SEC, NASD, the IRS, state securities dept., insurance dept., or other regulatory agency in the last 12 months?
Yes	No	Been audited in the last 12 months by the SEC, NASD, state securities dept., or other licensing or regulatory agency? If yes, please supply audit letter and firm's response to regulator.
Yes	No	Been formally accused of violating any professional association's code of ethics in the last 12 months?
Yes	No	Been convicted of a felony in the last 12 months?
Yes	No	Been involved in or is aware of any fee disputes including suits in the last 12 months?

16. If you manage client assets, do you:

A. Use a written Investment Policy Statement for other than ERISA accounts?  YES  NO

B. Have Limited Power of Attorney to direct trades in the client's account? If yes: please answer:  YES  NO

I use full discretion to trade without prior consent of the client

I use discretion to trade within an Investment Policy Statement or written parameters

I decline to exercise the discretion and obtain prior consent for each and every trade.

C. Excluding advisory fees, do you have power to withdraw/disburse funds in the account?  YES  NO

D. Do you use limited partnerships, options, futures, derivatives in your portfolios?  YES  NO

E. For custodians I use:  Fidelity  Waterhouse  Schwab  First Trust/Data Lynx  Vanguard  NATC  Other: \_\_\_\_\_

F. Number of Discretionary Accounts: \_\_\_\_\_ Amount of Assets Under Management: \_\_\_\_\_

G. Number of Non-Discretionary Accounts: \_\_\_\_\_ Amount of Assets Under Management: \_\_\_\_\_

H. Amount of Assets Under Management for Largest Discretionary Account: \_\_\_\_\_

I. Amount of Assets Under Management for Largest Non-Discretionary Account: \_\_\_\_\_

Applicant declares and warrants that the statements, including additional sheets, are true and that no material facts have been suppressed or misstated, that Applicant understands and agrees this application will be made a part of any policy issued and any such policy is issued in reliance upon the representations made herein. Applicant further understands and agrees that failure to provide a true and accurate response to any of the foregoing questions may, at the option of the company, result in the voiding of insurance issued in reliance on the application and / or denial of claim asserted.

**NOTICE TO APPLICANT:** Any person who knowingly 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 also punishable by civil penalties in certain jurisdictions.

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

(Owner, Partner, Senior Officer)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**SIGNING THIS FORM OR REMITTANCE OF DEPOSIT DOES NOT BIND FSIC OR THE APPLICANT OR THE UNDERWRITER TO COMPLETE THE INSURANCE CONTRACT. YOU WILL BE NOTIFIED WHEN COVERAGE IS ACCEPTED AND BOUND.**

## ExecutivePerils

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