

AMERICAN HOME ASSURANCE COMPANY LEXINGTON INSURANCE COMPANY

Insurance Wholesalers, MGAs, Program Administrators, Underwriting Managers, Surplus Lines
Agents and General Agents
ERRORS AND OMISSIONS APPLICATION

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

Applicant Firm _____ FEIN _____

Physical Address _____

Phone #: () _____ Fax #:() _____

Contact person _____ Their e-mail address _____

1. Date the Applicant Firm or predecessor firm started operations: _____

2. Are there any subsidiary(ies), affiliates, or other related entity(ies) **for which coverage is desired?** Yes No
If yes, provide the following information

Name of Entity	Percent of Ownership	Nature of Business	How Related: Parent, Subsidiary, etc.

For all future questions on this application the term "Applicant Firm" will also apply to the entities listed in 2 above

3. Are there any other related entity(ies) **for which coverage is not desired?** Yes No
If yes, provide the following information

Name of Entity	Percent of Ownership	Nature of Business	How Related: Parent, Subsidiary, etc.

NO COVERAGE WILL BE PROVIDED IN RESPECT OF THESE ENTITIES

4. a. Are you owned/partially owned/controlled or managed by any other entity? Yes No

b. Do you own/partially own/ control or manage any other entity? Yes No

If the answer to question 4a or b is yes, are these entities listed in the answer to questions 2 &/or 3? Yes No

If no, explain on a separate sheet

5. Within the past five years, has the Applicant Firm

a. Changed its name or ownership structure? Yes No
 If yes, provide a brief description

b. Merged with or acquired another entity? Yes No
 If yes, provide the following information for all entities merged or acquired

	ENTITY A	ENTITY B	ENTITY C	ENTITY D
i. Merger or acquisition?				
ii. Date of the M or A?				
iii. Name of the entity?				
iv. Nature of business?				
v. Entity's last annual P&C premium volume:				
vi. Did the entity have E&O Insurance prior to merger/ acquisition?				
vii. Did the entity purchase ERP Coverage (tail)?				
viii. Did you assume liability for future E & O claims?				
ix. How many E&O claims were made against the entity or its employees in the last 5 years?*				
x. Are you aware of any circumstance, situation error or omission which may reasonably be expected to result in a future E&O claim? *				

***If 5b ix or x indicate any claims or circumstances a Prior Claims Supplement must be completed for each claim or circumstance.**

6. In the last 5 years, have you

a. negotiated/placed/ or bound reinsurance for any entity? Yes No

b. received commission from or collected premiums/paid claims on behalf of any reinsurance entity? Yes No

c. Placed any Insured with a self insured risk assuming entity or risk retention group? Yes No
 If yes, in answer to question 6 a-c, provide details

7. What was your total Property/Casualty premium volume for the last fiscal year? \$ _____

8. Of the total P/C premium volume expressed in question 7 above, provide breakdowns as follows:

a. Personal Lines _____%
 b. Commercial Lines _____%

c. Retail _____%
 d. Wholesale _____%

Must = 100%

Must = 100%

e. Placed with USA domiciled insurers _____%
 f. Placed with non USA domiciled insurer _____%

Must = 100%

g. Where **you** acted as an MGA/ Program Administrator or Underwriting Manager _____%

h. Where **you** acted as the Surplus Lines Agent _____%

9. Of the total P/C premium volume expressed in question 7, did you write any of the following types of business?

Yes No

If yes, fill in the percentages below

Animal Mortality _____%

Hazardous Waste Operations _____%

Aviation _____%

Long Haul Trucking _____%

Bonds _____%

Medical Malpractice _____%

Crop _____%

Professional Liability _____%

Energy/Mineral /Oil _____%

Wet Marine _____%

Environmental Impairment _____%

10. Provide a breakdown by insurer of the total P/C premium volume expressed in question 7. (Use attachment if additional space is needed.)

Company Name	# Years Represented	Premium Volume
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Total must be 100% & Equal the answer to question 7		\$

11a. Do you write Life or Accident and Health Insurance? Yes No

If yes, what was your commission for your last fiscal year? \$ _____

b. In the last 5 years have you sold viatical funds? Yes No
 If yes, provide full details:

c. List all Life and A&H Companies with whom you have placed business within the last 5 years:

12. Provide the following information for all entities which you have represented as a MGA, Underwriting Manager or Program Administrator in the last 5 years:

Insurer	Lines of Insurance	# of Years Represented	Premium Volume

13. Is any entity listed in answer to question 12 **not domiciled** in the USA? Yes No
 If yes, provide the following information:

a. Were you audited every year? Yes No
 If no, explain:

b. In the last 3 years did any audit:

i) State that you had exceeded your premium cap or underwriting authority? Yes No

ii) State that you had failed to issue the correct policy wordings and/or endorsements as mandated by the insurer? Yes No
 If, either answer to question 13b was answered yes, provide full details including what actions you have taken to stop recurrence?

c. Other than minor infractions were all audits in the last 3 years satisfactory? Yes No
 If no, provide full details including what actions you have taken to stop reoccurrence

d. How many non USA entities have you represented in the last 5 years? _____

14. Provide the following information concerning audits by **all** the insurers you represent:

Insurer	Number of On-Site Audits Per Year

15. In the last 5 years, has any:

a. MGA, Underwriting Manager or Program Administrator contract or authority been canceled/revoked, or terminated? Yes No

b. insurer imposed any new restriction on your binding, underwriting, or claim settlement authority? Yes No
 If yes, in answer to either 15a or b, provide details:

16. Without reference to the Company, what is your maximum authority for the following:

a. Binding risks \$ _____
 Claims Adjusting/Administration \$ _____
 Loss Control \$ _____
 Reinsurance Placement \$ _____

b. Total number of insurance entities for which you have authority of any kind _____

c. Other than the authority denoted in answer to question 16a, has any Insurance entity granted you any other authority on their behalf? Yes No
 If yes, provide details:

17. a. Provide the number of producers you have appointed as sub agents _____

b. Have you delegated any underwriting &/or claim handling authority, or other authority to any sub agent? Yes No
 If yes, describe in detail and provide a copy of your contract with the Insurer which authorizes you to delegate authority to other entities.

c. Do you require all sub-agents/producers have Errors & Omissions Insurance? Yes No

d. Do you require a copy of all sub agents/producers license(s) prior to binding any risk for them? Yes No

e. Do you have a system which ensures that your sub producers are licensed and insured each year? Yes No

18. Within the past five years, have you placed any business in any insurance entity that has been declared insolvent / gone into receivership / bankruptcy/ liquidation /rehabilitation, or has been financially unable to meet all or part of their financial obligations? Yes No
 If yes, provide details:

19. Provide a breakdown of the percentage of total annual gross income derived from the following activities:

Insurance commission _____%	Premium Financing _____%
Claims adjusting _____%	Third party Administration _____%
Loss Control _____%	Structured Settlements sales _____%
Consulting for a fee _____%	Reinsurance Intermediary _____%
Appraisal services _____%	Other (explain) _____%
Risk management for a fee _____%	

Total must equal 100%

20 a. Provide information about your (part/full time) staff:

Total number employees (including owners) _____

Total number hired within the past 12 month _____

Total number terminated, retired, or resigned within the past 12 months _____

Average years with the Applicant Firm (Professional Staff) _____ years

Average years with the Applicant Firm (Clerical Staff) _____ years

b. Provide the following information about the owners of the Applicant firm:

Owner's Name	Title	Currently Active full time in agency? Y/N	Total # of years with Applicant Firm	Total # of years in Industry	Percentage ownership

Ownership must add up to 100%

21. Do you have procedures or controls to ensure that all:

- | | | |
|--|-----|----|
| a. necessary items are entered into a centralized diary/suspense system? | Yes | No |
| b. incoming mail is date stamped? | Yes | No |
| c. employees are following correct procedures? | Yes | No |
| d. quotes and binders are in writing and contain a description of the coverage and restrictions? | Yes | No |

- e. orders to bind are evidenced in writing from the insured or the sub-producer stating what exact coverage they wish to bind? Yes No
- f. policies comply with the insured's or sub-producer's instructions to bind? Yes No
- g. requests for changes to the policy (endorsement), reduction in coverage or cancellation are evidenced in writing from the insured, the sub-producer or the finance company prior to you taking action? Yes No
- h. endorsements comply with the insured's or the sub-producer's request? Yes No
- i. renewals solicitations and non renewals are sent out on a timely basis? Yes No
- j. Insureds who renew their policy with less coverage than expiring sign, or the sub producers sign a reduced coverage statement acknowledging the coverage reduction? Yes No
- 22.** Do you ever allow your staff to sign an application form on behalf of any client? If yes, explain why you allow this to happen and how often it occurs. Yes No
- 23.** Do you have any Insureds located in the hurricane belt? (being TX, LA, MS, AL, FL, GA, SC & NC) Yes No
- If yes, do you always get a written sign off if your client **declines** to purchase either or both Flood and Windstorm coverage? Yes No
- If no, explain why and how often such would occur.
- 24.** When you receive a claim from an insured:
- a. how quickly do you notify the insurer? _____ days
- b. within what time period do you follow up to ensure that the claim was received by the company? _____ days
- c. is all communication with the Company witnessed in writing? Yes No
- 25.** Has the Applicant Firm or any of its predecessors in business, present or past partners, owners, officers, or employees ever been convicted of a criminal offence or fined/disciplined, or had any business or professional license suspended/revoked by any city, state, or federal licensing agency/regulatory agency, or professional review board for violations arising from business activities? Yes No
- If yes, provide details:
- 26.** How many errors and omissions claims, suits or proceedings have been made in the past five years against the Applicant Firm or any predecessor in business, past or present partners, owners, officers or employees? Number of claims _____
- If none write none (there is no need to complete the claims supplement) **However, if any claim situations are indicated it is necessary for you to complete the Prior Claim Supplement for each claim.**

27. Are you aware of any actual or alleged fact, circumstance, situation, error or omission which may reasonably be expected to result in a claim against the Applicant Firm or any predecessor in business, past or present partners, owners, officers or employees? Yes No

If yes, how many circumstances are you aware of? _____

It is necessary for you to complete the Prior Claim Supplement for each circumstance.

28. Has any application for Errors & Omissions insurance made on behalf of any of you within the past five years, been declined or has any such insurance been canceled or refused renewal? Yes No
If yes, provide details

29. a Provide the following information for your Errors & Omissions insurance for the last five years:

Company	Policy Limit	Deductible	Annual Premium	Policy Period

b. If you have not maintained continuous Errors and Omissions insurance for the past five years, explain the reason(s) for, and the dates of, any gap(s) in coverage:

c. What is the retroactive date on your current policy? _____

d. Attach a photocopy of the Declarations page from your current policy and any endorsements which extend or reduce coverage

30. What effective date do you desire _____

31. Limit of Liability desired:

Deductible desired:

\$1 million

\$5,000

\$2 million

\$10,000

\$3 million

\$25,000

\$4 million

\$50,000

\$5 million

\$100,000

Other \$ _____

Other \$ _____

The Limit is the aggregate for the policy period

**The Deductible applies to each and every claim during the policy period
The minimum deductible is \$5,000**

The minimum Limit is \$1 million

REPRESENTATIONS

BY SIGNING THIS APPLICATION YOU AGREE THAT:

- a. You have made a comprehensive internal inquiry or investigation to determine whether anyone in the Applicant firm is aware of any actual or alleged fact, circumstance, situation, error or omission which may reasonably be expected to result in a claim, and have divulged any and all such situations in Questions 26 & 27 of this application; and
- b. The application and attachments, and all of the statements and answers given therein are:
 - i. accurate and complete to the best of your knowledge;
 - ii. representations you are making on behalf of all persons and entities proposed to be insured;
 - iii. a material inducement to the insurance company to provide a proposal for insurance and any policy that the insurance company issues is issued on reliance upon these representations; and
 - iv. deemed attached herein, incorporated into, and form a part of the policy.
- c. You agree to report to the Company in writing any material change in your operations, conditions, or answers provided in this application that may occur or be discovered after the completion date of the application and before the effective date of the policy. On receipt of any such written notice the Company has the right to modify or withdraw any proposal for insurance the Company has offered, at the sole discretion of the Company.

Signing of this application does not bind the Company to offer, nor you to accept insurance, but it is agreed that this application shall be the basis of the insurance and it will be deemed attached and made a part of the policy should a policy be issued.

Any person who, knowingly and with the 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 may be considered a crime.

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 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 OF THE THIRD DEGREE.”

NOTICE TO KENTUCKY APPLICANTS: “ANY PERSON WHO KNOWINGLY AND WITH 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 LOUISIANA 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 MAINE 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 MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.”

NOTICE TO MINNESOTA APPLICANTS: “A PERSON WHO SUBMITS AN APPLICATION OR FILES CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.”

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 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 CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, 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 OKLAHOMA APPLICANTS: “WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.”

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 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 WEST VIRGINIA 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."

IF A POLICY IS ISSUED THE APPLICATION IS DEEMED ATTACHED TO AND MADE A PART OF THE POLICY SO IF IT IS NECESSARY THAT ALL QUESTIONS BE ANSWERED IN DETAIL.

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY AND SIGN BELOW WHERE INDICATED. IF THIS POLICY IS ISSUED, THIS SIGNED STATEMENT WILL BE ATTACHED TO THE POLICY.

APPLICANT'S SIGNATURE _____

Print Applicant's Name _____

APPLICANT'S TITLE _____

Must be signed by an active owner/partner, or senior executive officer of the Applicant Firm

SIGNATURE DATE _____

Application must be signed within 30 days of the policy inception date

Return this application to your insurance agent or send it to the USA Program Administrator:

The Plus Companies, 520 US highway 22, Bridgewater NJ 08807 or fax or e mail to Frank Figaro EVP fax # 908 685 7655 or e mail ffigaro@thepluscos.com

If you need an additional application/ prior claims supplement or a copy of the standard policy wording and standard endorsements please visit our web site www.thepluscos.com

Note that the web site Policy wording and endorsements may not be the most recent editions. Please check with your agent or The Plus Companies to verify the actual policy wording and endorsements.