



PROFESSIONAL LIABILITY

This Application Is For A Claims Made Insurance Policy

APPLICANT INSTRUCTIONS

(Note: Application must be printed to be completed.)

- 1. All questions must be answered completely; Please type or print clearly; if any questions are considered "Not Applicable," Please explain why.
2. If you need more space, continue on an attachment, and indicate on application. Reference question number on attachment.
3. Please include a copy of your latest audited FINANCIAL STATEMENT and other supplements where required.
4. This application, which includes supplemental forms, must be signed and dated by a principal of the firm.

GENERAL INFORMATION

1. Applicant's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

2. The Company has continuously been in business since (Month) \_\_\_\_\_ (Year) \_\_\_\_\_

Name and title of person to contact: \_\_\_\_\_

Describe the applicant's operations and give the number of locations by state: \_\_\_\_\_

3. Latest annual gross revenue: \_\_\_\_\_

4. Number of Employees (including salaried officers, employees, and contractors) \_\_\_\_\_

CORPORATE HISTORY

- 1. Has your business name changed? \_\_ Yes \_\_ No
2.a. Have you acquired any companies in the last ten (10) years? \_\_ Yes \_\_ No
b. If yes, did the purchase include the assumption of liabilities? \_\_ Yes \_\_ No
c. If yes, is the loss information included? \_\_ Yes \_\_ No
d. With respect to acquired companies, were any employees or officers terminated or do you plan in the next eighteen (18) months to terminate any employees or officers? \_\_ Yes \_\_ No
3.a. Have you sold any companies in the last ten (10) years? \_\_ Yes \_\_ No
b. Did the sale include liabilities? \_\_ Yes \_\_ No
4. Please indicate type of company:
Sole Trader \_\_\_\_\_ Partnership \_\_\_\_\_ Other \_\_\_\_\_
Corporation \_\_\_\_\_ Privately Held \_\_\_\_\_ Publicly Traded \_\_\_\_\_
Non-Profit \_\_\_\_\_

**PROFESSIONAL LIABILITY SECTION**

1. Please describe in detail the nature and types of professional services the Applicant is engaged in and indicate the percentage of revenues derived from each.

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2. What services would you wish to have covered by the Professional Liability Insurance?

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3. Please list Professional Associations to which the you or any of the principals belong: \_\_\_\_\_

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4. Are you controlled or owned by, or associated or affiliated with, or own, any other firm or business enterprise?  
\_\_ Yes \_\_ No If yes, please explain: \_\_\_\_\_

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5. Are any significant changes in the nature or size of the your business anticipated over the next 12 months?  
Or have there been any such changes in the past 12 months? \_\_ Yes \_\_ No

If yes, please explain: \_\_\_\_\_

6. In the past 24 months has the Applicant or any of its principals engaged in any business or profession other than as described in the above question? \_\_ Yes \_\_ No

If yes, please explain: \_\_\_\_\_

7. Please provide percentage revenue derived from lending to the following:

Federal Government: \_\_\_\_\_ State/Municipal Entities: \_\_\_\_\_ Corporations: \_\_\_\_\_  
Non-Profit Orgs.: \_\_\_\_\_ Individuals: \_\_\_\_\_

8. Does the Applicant use a written contract with investors: Always: \_\_\_\_\_ Sometimes: \_\_\_\_\_ Never: \_\_\_\_\_  
With borrowers/clients: Always: \_\_\_\_\_ Sometimes: \_\_\_\_\_ Never: \_\_\_\_\_

If not always, please explain how the scope of services to be provided is agreed: \_\_\_\_\_

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Please attach a copy of a standard contract or letter of engagement.

9. Have Applicant's services and advice been used in disclosure documents or prospectuses to Investors in any business entity?  
\_\_ Yes \_\_ No

If yes, please provide detail including procedures to ensure quality control: \_\_\_\_\_

10. Does any director, officer, employee or partner of the Applicant serve on the board of directors of any client of the Applicant?  
\_\_ Yes \_\_ No

If yes, please explain: \_\_\_\_\_

11. Does any applicant, in the course of providing professional services, handle monies or investment instruments belonging to other entities?  Yes  No

If yes, please explain: \_\_\_\_\_

12. Does any Applicant give advice to any client regarding investments of any kind?  Yes  No

If yes, please explain: \_\_\_\_\_

13. In the origination of a loan, does Applicant accept only original documents provided by the borrower?  Yes  No

14. Does any Applicant offer advice to any client in respect of the client's medical, mental or emotional condition or the clients relationship with other people?  Yes  No

If yes, please explain: \_\_\_\_\_

15. Does the Applicant sub-contract work to others:  Yes  No

If yes, please explain: \_\_\_\_\_

16. Has any professional errors and omissions or liability insurance ever been declined or cancelled?  Yes  No

If yes, please explain: \_\_\_\_\_

17. Is any professional errors and omissions or liability insurance in favor of the Applicant currently in force?  Yes  No

If yes, please indicate miscellaneous professional liability or errors and omissions insurance carried for each of the past three years:

Insurer \_\_\_\_\_ Term \_\_\_\_\_ Limits \_\_\_\_\_ Deductible \_\_\_\_\_ Premium \_\_\_\_\_ Retro Date \_\_\_\_\_

18. Has the Applicant or any director, officer, employee or partner provided professional services on behalf of the Applicant been subject to disciplinary action as a result of professional activities?  Yes  No

If yes, please explain: \_\_\_\_\_

19. Is the Applicant aware of any professional liability errors, omissions or claims (including any circumstances reported to previous insurers which have not developed into claims) during the last ten years?  Yes  No

If yes, please attach a list.

20. Has the Applicant been a party to any lawsuit or other legal proceeding within the past five years?  Yes  No

If yes, please provide (on Attachment) a description which includes the venue of that action, the parties, the amount of dispute, the nature of the claim(s). i.e. status of the action(s) and how the action(s) was resolved as to the applicant, including all costs incurred; including defense expenses.

21. The basic policy for which you have applied will not cover acts, errors or omissions which took place prior to the inception date of the policy. If you desire a quote for these prior acts, please enter the date from which you want prior acts covered and provide financial data requested below for each of the years prior acts coverage is requested.

Shareholders Equity	_____	_____	_____	_____
Net Income	_____	_____	_____	_____
Net Income Per Share	_____	_____	_____	_____
Dividends Per Share	_____	_____	_____	_____
Sales/Revenues	_____	_____	_____	_____

(Note that coverage does not apply to known or expected claims or those which any insured should have foreseen).

**LENDING DISCRIMINATION SECTION**

1. Present Lending Discrimination Liability insurance in force:

Carrier: \_\_\_\_\_ Limit: \_\_\_\_\_ Deductible: \_\_\_\_\_ Premium: \_\_\_\_\_

2. Has the Insured making application for this coverage, within the past five (5) years been the subject of any suit, inquiry, administrative proceedings or investigations by any local, state or federal agency or governmental entity in connection with charges of discrimination in lending practices. (If yes, please attach full details, current status and the steps taken to avoid similar problems in the future)?  Yes  No

3. Number of employees involved in:

Loan Origination Officers       Servicing Officers       Outside Appraisers  
 Secondary Buyers       Private Mortgage Insurers       Property Managers  
 Advertising Agencies

4. Breakdown of all wholly owned loans including loans which the applicant participates with an originating lender:

	Number Loans	Balance
Loans Secured by Real Estate	_____	\$ _____
Construction and Land Developments	_____	\$ _____
Farmland	_____	\$ _____
Residential	_____	\$ _____
Agricultural Loans to Farmers	_____	\$ _____
Commercial and Industrial	_____	\$ _____
Acceptances from Other Banks	_____	\$ _____
Personal Loans to Individuals	_____	\$ _____
Credit Cards	_____	\$ _____
Other _____	_____	\$ _____
All Other Loans	_____	\$ _____
Lease Financing Receivables	_____	\$ _____
Total Loans and Leases (as of last physical year)	_____	\$ _____
Mortgage Loans serviced on behalf of others	_____	\$ _____
Mortgages Applicant sold to secondary markets during the last twelve months	_____	\$ _____

5. Mortgage and Lending Loan Origination data:

Number of Loan originated in previous year: \_\_\_\_\_  
Dollar Amount of Loans originated in previous year: \$ \_\_\_\_\_  
Estimated number of originations next 12 months: \_\_\_\_\_  
Estimated Dollar value/origination next 12 months: \$ \_\_\_\_\_

6. Date of Last Regulatory review: (State & Federal): \_\_\_\_\_

7. The Officer of the Applicant designated as Compliance officer. (Name and Title): \_\_\_\_\_

8. Does the Applicant have a policy which states that no employee will treat subtly or overtly, customers differently on the basis of race, sex or presumed income?  Yes  No

9. Does the Applicant regularly provide education and/or awareness tools for all employees, particularly front-line and lending personnel, on the issue of discrimination?  Yes  No

10. Has your Board adopted a formal, written policy that demands equal treatment for all customers?  Yes  No

11. Is the policy reviewed by your Board annually?  Yes  No
12. Is the policy included in employee handbook, covered in new employee orientations and periodically reviewed with all lending personnel?  Yes  No
13. Is the Applicant certain that its loan policies do not inadvertently cause the exclusion of any protected group of people?  
 Yes  No
14. Does Applicant have mechanisms in place to detect unfair lending practices, policies or procedures  
 Yes  No
15. Are legitimate reasons given for adverse actions on loans and loan applications documented and supported in the files?  
 Yes  No

#### ADVERTISING AND MARKETING PROGRAMS

Does the Applicant regularly review its advertising and marketing programs to ensure that

1. Products are equally suited to majority, mixed and minority communities?  Yes  No
2. New Products take into account the results of community outreach?  Yes  No
3. Promotional materials accompanying products are not offensive or derogatory to any group?  Yes  No
4. No racial or cultural biases exist in Applicants advertising or marketing materials?  Yes  No
5. Models and illustrations depict customers of diverse races and ethnicity?  Yes  No

#### LOAN POLICIES AND PROCEDURES

1. Does the Applicant's credit personnel provide equal and non-preferential treatment to all customers in regard to:
  - a. Late Charges?  Yes  No
  - b. Interest Payments?  Yes  No
  - c. Extensions?  Yes  No
  - d. Reporting of delinquent payments or other problems?  Yes  No
  - e. Past Due payments?  Yes  No
  - f. Assistance in filling out application?  Yes  No
  - g. Loan Processing?  Yes  No
  - h. Loan Exceptions?  Yes  No
2. Has the Applicant reviewed lending practices to make sure that:
  - a. Loan terms and conditions are equal for all groups?  Yes  No
  - b. Ratios used to qualify borrowers are consistent and equally applied?  
For comparable loans:  Yes  No
  - c. Points are charged evenly across race, gender, age or familial status?  Yes  No
  - d. Down Payment requirements are equal?  Yes  No
  - e. No customer is discouraged from applying on the basis of race, ethnicity, or geographical location?  Yes  No
  - f. Loan types are consistent with the overall demand of the Applicant's community?  Yes  No
  - g. Loan requirements and conditions are consistent for all customers?  Yes  No
  - h. Location of property is not evaluated as a risk factor?  Yes  No
3. Does the Applicants Loan/Application Register or your Fair Housing log show disparities in declines by race?  
 Yes  No
4. Has Applicant instituted a review of loan applications in order to ensure no disparate treatment?  Yes  No
5. If you offer incentive compensation, does it inadvertently encourage loan officers to ignore or disregard low or moderate income loan applicants, which could result in prohibited discrimination?  Yes  No
6. Does Applicant inform all potential borrowers, regardless of race, ethnicity, or location of property, about all of the Applicant's lending programs so they may decide which ones best fit their needs?  Yes  No
7. Is the Applicant currently in compliance with existing Fair Housing and Equal Credit Opportunity regulations?  
 Yes  No If no, please attach a description of the particulars and steps taken to correct the situation.

## GENERAL WARRANTIES

- A. No fact, circumstance or situation indicating the probability of a Claim against which indemnification would be afforded by the proposed insurance is now known by any person(s) or entity(ies) applying for this insurance other than that which is disclosed in this Application. It is agreed by all concerned that if any person(s) or entity(ies) to be insured under the Policy has any knowledge of any such fact, circumstance, or situation, any Claim subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.
- B. It is warranted that the particulars and statements contained in the Application for the proposed Policy and any materials submitted herewith (which shall be retained on file by Underwriters and be deemed attached hereto, as if physically attached hereto), are the basis for the proposed Policy and are to be considered as incorporated into and constituting a part of the proposed Policy.
- C. It is agreed that in the event there is any material change in the answers to the questions contained herein prior to the effective date of the Policy, the applicant will notify Underwriters and, at the sole discretion of Underwriters, any outstanding quotations may be modified or withdrawn.
- D. Attached and made part of this Application by reference are the following materials regarding the Parent Company: (a) two copies of the Last Annual Report to Stockholders (b) two certified copies of the provisions of the Charter or By-Laws covering Indemnification of Directors and Officers, and (c) two copies of the Notice to Stockholders and the Proxy Statement for either the last or the next annual meeting. Underwriters are hereby authorized to make any investigation and inquiry in connection with this Application as they deem necessary.
- E. The undersigned declares that to the best of his/her knowledge the statements herein are true. Signing of this Application does not bind the undersigned to complete the insurance, but it is agreed that this Application will be attached to and become a part of such Policy, if issued. Underwriters are hereby authorized to make any investigation and inquiry in connection with this Application as it may deem necessary.

NOTICE: IN CERTAIN STATES, 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.

I HAVE READ THE FOREGOING APPLICATION OF INSURANCE INCLUDING SUPPLEMENTS AND WARRANT THAT THE RESPONSES PROVIDED ON BEHALF OF THE APPLICANT ARE TRUE AND CORRECT.

SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_ IN \_\_\_\_\_

APPLICANT'S SIGNATURE \_\_\_\_\_

TITLE \_\_\_\_\_

PRODUCER (Name, address, phone #): \_\_\_\_\_

Upon completing this form, please fax to:

**Spiro Risk Management, Inc.**

**71 South Central Avenue**

**PO Box 1207**

**Valley Stream, NY 11582-1207**

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