



**APPLICATION FOR REAL ESTATE SERVICES PROFESSIONAL LIABILITY INSURANCE**

**This is an Application for a claims made and reported policy. Please read the entire Application carefully before signing. Whenever used in this Application, the term “Applicant” means the Named Insured(s) and the term “Firm” means the Named Insured(s) and any entity identified in Question 4 of this Application. Please answer all questions and attach all requested materials including the following:**

- Descriptive or promotional brochures, firm resumes, marketing materials or literature
- Resumes of all principals, partners, managing members, directors, officers, majority owners and key employees (including name, title, license held, professional designations, years of experience and years with the Applicant)
- Standard contracts and disclosure forms used with clients, independent contractors and subcontractors
- Latest fiscal year end and current interim financial statements for all entities proposed for coverage

**COVERAGE REQUESTED:**

Effective Date Requested: \_\_\_\_\_  
 Limits Desired:  \$1,000,000  \$2,000,000  \$3,000,000  \$5,000,000  Other \$ \_\_\_\_\_  
 Self Insured Retention (each claim):  \$5,000  \$10,000  \$25,000  \$50,000  Other \$ \_\_\_\_\_

**PROPOSED APPLICANT:**

1. Name of Applicant: \_\_\_\_\_  
 Date Established (Mo./Yr.): \_\_\_\_\_  
 Business Address: \_\_\_\_\_  
 City, State, Zip: \_\_\_\_\_  
 Business Phone: \_\_\_\_\_  
 Business Website Address: \_\_\_\_\_  
 Individual designated to accept all notices on Applicant’s behalf: \_\_\_\_\_  
 Location(s) where Applicant is licensed or registered: \_\_\_\_\_  
 Professional organizations to which Applicant belongs: \_\_\_\_\_
2. Applicant is:  Corporation  LLC  General Partnership  Limited Partnership  Other: \_\_\_\_\_  
 (a) Is the Applicant owned or controlled by, or affiliated with, any other entity?  Yes  No  
 (b) Has the name of the Applicant ever been changed?  Yes  No  
 (c) Is the Applicant a franchisee or franchisor?  Yes  No  
 (d) Are there any branch offices or additional locations?  Yes  No

**If the response to any part of Question 2 is “YES,” please attach complete details.**

3. (a) Is the Applicant a successor-in-interest to any predecessor business or has the Applicant ever been involved in any merger, acquisition, consolidation, divestiture, bankruptcy or dissolution?  Yes  No  
 (b) In the next 12 months, does the Applicant have any plans for any merger, acquisition, consolidation, divestiture, bankruptcy, dissolution, or creation of a new business, subsidiary or division?  Yes  No

**If the response to any part of Question 3 is “YES,” please attach complete details.**

4. (a) Please provide the following information for all subsidiaries **for which coverage is desired.**

| Name of Subsidiary | Location | Nature of Business | Applicant's % of Ownership |
|--------------------|----------|--------------------|----------------------------|
|                    |          |                    | %                          |
|                    |          |                    | %                          |
|                    |          |                    | %                          |
|                    |          |                    | %                          |
|                    |          |                    | %                          |

(b) Please provide the following information for all additional entities **for which coverage is desired.**

| Name of Entity | Location | Nature of Business | Relationship to Applicant |
|----------------|----------|--------------------|---------------------------|
|                |          |                    |                           |
|                |          |                    |                           |
|                |          |                    |                           |

**To enter more information for Question 4(a) and/or 4(b), please attach a separate page to the Application.**

5. Does the Applicant or any of its principals or partners own, control or manage any other entity not shown in Question 4?  Yes  No **If "YES," please attach complete details.**

**PROFESSIONAL ACTIVITIES:**

6. Please indicate which of the following services or activities the Firm performed in the past 5 years or intends to perform in the next 18 months (Check all that apply): **For activities in bold, please also complete the supplemental application.**

- Asset Management**                       Foreclosures                                       Real Estate Consulting
- Auctioneering                               **Mortgage Banking**                                       Sale of Commercial Property
- Appraisals**                                       **Mortgage Brokering**                                       Sale of Residential Property
- Construction Management**               Leasing     Sale of Industrial/Income
- Other Construction Services               **Commercial Property Management**              Producing Property
- Escrow**     **Residential Property Management**               **Title Services**
- Facility Management**                       Real Estate Development                               Other: \_\_\_\_\_

7. (a) During the past 5 years or within the next 12 months, has the Firm been engaged in, or plan to engage in, any services or business activity other than those indicated in Question 6?  Yes  No  
 (b) Does the Firm provide any Professional Services over the Internet?  Yes  No  
 (c) Does the Firm provide any Professional Services outside the United States?  Yes  No  
 (d) Does the Firm provide 1031 exchange services?  Yes  No

**If the response to any part of Question 7 is "YES," please attach complete details and estimated revenues.**

8. (a) Please provide the total gross revenue for the next 12 months and for each of the past 3 fiscal years derived from those services and activities indicated in Question 6.

| <u>Fiscal Year End (Month/Year)</u> | <u>Revenues</u> |
|-------------------------------------|-----------------|
| Next 12 Months                      | \$ _____        |
| ____ / 20____                       | \$ _____        |
| ____ / 20____                       | \$ _____        |

(b) Please provide the projected gross revenue for the next 12 months and the actual gross revenue for the most recent fiscal year end arising out of the rendering of the following services:

| Services   | Next 12 Months | Most Recent Fiscal Year End |
|--|----------------|-----------------------------|
| Asset Management   | \$             | \$                          |
| Auctioneering  | \$             | \$                          |
| Appraisals   | \$             | \$                          |
| Construction Management  | \$             | \$                          |
| Other Construction Services  | \$             | \$                          |
| Escrow   | \$             | \$                          |
| Facility Management  | \$             | \$                          |
| Foreclosures   | \$             | \$                          |
| Mortgage Banking   | \$             | \$                          |
| Mortgage Brokering   | \$             | \$                          |
| Leasing  | \$             | \$                          |
| Commercial Property Management   | \$             | \$                          |
| Residential Property Management  | \$             | \$                          |
| Real Estate Development  | \$             | \$                          |
| Real Estate Consulting   | \$             | \$                          |
| Sale of Commercial Property  | \$             | \$                          |
| Sale of Residential Property   | \$             | \$                          |
| Sale of Industrial/Income Producing Property   | \$             | \$                          |
| Title Services   | \$             | \$                          |
| Formation/Management of Group Investments/<br>Syndications (including Partnerships or REITs) | \$             | \$                          |
| Other (Specify):   |                |                             |
|  | \$             | \$                          |
| <b>TOTAL</b>   | \$             | \$                          |

9. (a) For the projected gross revenue for the next 12 months, please indicate the percentage of: Commercial transactions: \_\_\_\_% Residential transactions: \_\_\_\_%  
 (b) What percentage of transactions have property inspections been performed? \_\_\_\_%  
 (c) What is the dollar amount of the Firm's authority for capital improvements, repairs, etc.? \$ \_\_\_\_\_
10. Does any client represent more than 25% of annual gross revenue?  Yes  No **If "YES," please explain:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
11. What percentage of revenue is subcontracted out to others? \_\_\_\_%. Subcontractors perform the following services: \_\_\_\_\_  
 (a) Subcontractors are required to carry the following minimum E&O limits: \$ \_\_\_\_\_  
 (b) Subcontractor contracts have hold harmless/indemnity agreements benefiting the Firm:  Yes  No
12. During the past 5 years or within the next 12 months, has any principal, partner, managing member, director, officer, professional employee, leased employee or independent contractor of the Firm been engaged to provide, or plan to provide, professional services for or in connection with any entity or any real property in which he, she, the Applicant, or any other proposed insured had/has an ownership or

financial interest?  Yes  No **If “YES,” please attach complete details including the total dollar value of revenue related to such activities.**

**TRAINING AND RISK MANAGEMENT:**

13. For each category, please indicate the number of personnel, the average years of experience and the average years with the Applicant.

|   | Number of Full Time | Number of Part Time | Average Years of Experience | Average Years With Applicant |
|---|---------------------|---------------------|-----------------------------|------------------------------|
| Licensed Agents (Non-Independent Contractors) |                     |                     |                             |                              |
| Licensed Agents (Independent Contractors)     |                     |                     |                             |                              |
| Other Professional Employees (Specify):       |                     |                     |                             |                              |
| Non-Professional Employees                    |                     |                     |                             |                              |
| Leased Employees                              |                     |                     |                             |                              |

14. Please indicate the total number of independent contractors providing professional services on behalf of the Firm: \_\_\_\_\_. Coverage desired:  Yes  No **If, “NO,”** are independent contractors required to maintain their own E&O insurance?  Yes  No **If “YES,”** minimum limits required: \$\_\_\_\_\_

15. Does the Firm always:  
 (a) Require a signed seller disclosure form?  Yes  No  
 (b) Disclose in writing when it represents the buyer and seller in the same transaction?  Yes  No

16. Does the Firm handle any client funds?  Yes  No **If “YES,” please complete (a)–(d) below:**  
 (a) Are funds deposited into a separate account?  Yes  No  
 (b) How often are accounting statements prepared for each client? \_\_\_\_\_  
 (c) Are accounts reconciled by someone not authorized to make deposits or withdrawals?  Yes  No  
 (d) Does the Firm perform annual audits or reviews of these accounts?  Yes  No  
 (e) Does the Firm have internal control procedures to prevent theft of client funds or other client assets?  Yes  No

17. Does the Firm or any individual proposed for coverage have written or oral arrangements with any other company or individual involving the referral of business to or from the Firm?  Yes  No **If “YES,” please attach complete details including the names of the parties involved in the arrangement, the nature of the arrangement, how compensation is exchanged, how the relationships between the companies are disclosed to the individuals involved in the transactions involving these referrals, and whether an attorney has reviewed the arrangement and any such disclosures.**

18. Does the Firm have:  
 (a) Written procedures to escalate complaints to senior management?  Yes  No  
 (b) Written risk management procedures in place including written procedures to ensure compliance with all federal, state and local statutes and regulations including fair housing and other anti-discrimination laws and regulations?  Yes  No  
 (c) A formal training program for personnel?  Yes  No  
 (d) Network security management procedures to prevent breaches of security including identity theft and the spread of computer viruses?  Yes  No



- (e) Written procedures in place to protect, or provide training for the protection of, the personal and confidential information of clients and prospective clients?  **Yes**  **No**
- (f) Legal/Clearance procedures for media and marketing material and content?  **Yes**  **No**
- (g) Written procedures in place for screening tenants and ensuring all managed properties are safe, secure and maintained according to tenants' and property owners' standards?  **Yes**  **No**

19. Written contracts are used with clients:  **Always**  **Sometimes:** \_\_\_\_\_%  **Never**
- (a) Are all written contracts developed by a recognized professional association or always reviewed and approved by legal counsel before they are entered into?  **Yes**  **No**
- (b) If written contracts are developed by a professional association, what is the full legal name of that association? \_\_\_\_\_
- (c) If written contracts are not always used, how are responsibilities defined with the client? \_\_\_\_\_

20. Does the Firm ever warrant or guarantee its Professional Services?  **Yes**  **No** **If "YES," please attach complete details.**

**PRIOR INSURANCE:**

21. List all professional liability insurance carried for each of the past three years. If none, the reason for the present insurance inquiry is: \_\_\_\_\_

| Insurance Company | Limits | Retention | Premium | Policy Period |
|-------------------|--------|-----------|---------|---------------|
|                   | \$     | \$        | \$      |               |
|                   | \$     | \$        | \$      |               |
|                   | \$     | \$        | \$      |               |

Retroactive Date on current policy: \_\_\_\_\_  
 Prior and Pending Litigation Date on current policy or, if none, Date of first E&O policy: \_\_\_\_\_

22. Has the Applicant had any Professional Liability Insurance declined, cancelled or non-renewed within the past three years?  **Yes**  **No** **If "YES," please attach complete details.**

**CLAIMS EXPERIENCE:**

23. Have any claims, suits or proceedings (including without limitation: any shareholder action or derivative suit; or any civil, criminal, or regulatory action, or any complaint, investigation or proceeding related thereto) been made during the past five years against: (a) the Applicant; (b) its predecessors in business; (c) any subsidiary or affiliate of the Applicant; (d) any other entity proposed for coverage; or (e) any past or present principal, partner, managing member, director, officer, employee, leased employee or independent contractor of the Applicant, its predecessors in business, any subsidiary or affiliate of the Applicant or any other entity proposed for coverage?  **Yes**  **No**
24. Is the Applicant (after diligent inquiry of each principal, partner, managing member, director or officer) aware of any fact, circumstance, incident, situation, or accident (including without limitation: any shareholder action or derivative suit; or any civil, criminal, or regulatory action, or any complaint, investigation or proceeding related thereto) that may result in a claim being made against: (a) the Applicant; (b) its predecessors in business; (c) any subsidiary or affiliate of the Applicant; (d) any other entity proposed for coverage; or (e) any past or present principal, partner, managing member, director, officer, employee, leased employee or independent contractor of the Applicant, its predecessors in business, any subsidiary or affiliate of the Applicant or any other entity proposed for coverage?  
 **Yes**  **No**



25. Has the Applicant or any individual or entity proposed for coverage ever been the subject of a reprimand, or a disciplinary or criminal action by any federal, state or local authority, professional association or state licensing board?  Yes  No
26. Has the Applicant or any individual or entity proposed for coverage been involved during the past five years in any disputes with respect to fees or other compensation which may be due for professional services rendered by the Applicant, any subsidiary or affiliate of the Applicant, or any other entity proposed for coverage?  Yes  No
27. Is the Applicant or any individual or entity proposed for coverage aware of any actual or alleged deficiencies, errors or omissions in work performed by the Applicant, any subsidiary or affiliate of the Applicant, any other entity proposed for coverage, or by others for whom the Applicant is legally responsible?  Yes  No

**If the response to Question 23, 24, 25, 26 and/or 27 is "YES," please attach complete details.**

**NOTE: It is agreed that any claim or lawsuit against the Applicant, or any principal, partner, managing member, director, officer or employee of the Applicant, or any other proposed insured, arising from any fact, circumstance, act, error or omission disclosed or required to be disclosed in response to Questions 23, 24, 25, 26 and/or 27, is hereby expressly excluded from coverage under the proposed insurance policy.**

28. Has the Applicant reported the matters listed in Questions 23-27 to its current or former insurance carrier?  
 Yes  No  Not Applicable

#### **NOTICE – PLEASE READ CAREFULLY**

The undersigned, as authorized agent of all individuals and entities proposed for this insurance, declares that, to the best of his/her knowledge and belief, after diligent inquiry of each principal, partner, managing member, director, officer and employee of the Firm, the statements in this Application are true and complete and will be relied upon by the Insurer in issuing any policy. The undersigned agrees that if the information provided in this Application changes between the time this Application is executed and the time the proposed insurance policy is bound or coverage is commenced, the Applicant will immediately notify the Insurer in writing of such changes, and that the Insurer may withdraw or modify any outstanding quotations or agreements to bind the insurance. The undersigned hereby authorizes the Insurer to make any inquiry in connection with the information, statements and disclosures provided in this Application and further authorizes the release of claim information from any prior insurer to the Insurer.

The undersigned declares that all individuals and entities proposed for this insurance understand and accept that the policy applied for provides coverage for only those claims that are first made against the Insured and reported in writing to the Insurer during the policy period or any extended reporting period (if applicable) and that the limits of liability contained in the policy will include both Damages and Claim Expenses.

The signing of this Application does not bind the Insurer to offer nor the undersigned to purchase the insurance, but it is agreed this Application shall be the basis of the insurance and shall be considered physically attached to and become part of the Policy should a Policy be bound and issued. All attachments and information submitted to or obtained by the Insurer in connection with this Application are hereby incorporated by reference into this Application and made a part hereof.

**The Application must be signed and dated by a Principal, Partner, Managing Member or Senior Officer of the Applicant. Electronically reproduced signatures will be treated as original.**

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Date (Mo./Day/Yr.)

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Applicant Signature

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Print or Type Name

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Title