SHAND MORAHAN & COMPANY, INC.
MARKEL®
Ten Parkway North, Deerfield, IL 60015
(847) 572-6000 Fax (847) 572-6137
Underwriting Manager
A Markel Company

- DEERFIELD INSURANCE COMPANY
- EVANSTON INSURANCE COMPANY
- ESSEX INSURANCE COMPANY
- MARKEL AMERICAN INSURANCE COMPANY
- MARKEL INSURANCE COMPANY

APPLICATION FOR INSURANCE AGENTS AND BROKERS ERRORS AND OMISSIONS COVERAGE

(Claims Made Basis)

APPLICANT'S INSTRUCTIONS:

1. Answer all questions. If the answer requires detail, please attach a separate sheet.
2. Application must be signed and dated by owner, partner or officer.
3. PLEASE READ CAREFULLY THE STATEMENTS AT THE END OF THIS APPLICATION.

(PLEASE TYPE OR PRINT IN INK)

1. APPLICANT INFORMATION

a. Full name of applicant agency: _____

b. Phone: _____ Telex Number: _____ Fax Number: _____

c. Address: _____
Street City State Zip Code

d. [ ] Corporation [ ] Partnership [ ] Individual

e. Number of Employees: Full time _____ Part time _____ Total_____

f. Year business established _____ (Please provide resume of principal(s) if less than 10 years old.)

g. Member of agents/brokers associations: [ ] PIA [ ] NAPLSO [ ] AAMGA [ ] IIAA

h. (i) Number of branches:_____

(ii) Please attach list of each branch location.

2. APPLICANT OPERATIONS

a. (i) Do you or any of your principals own, control or act as director or officer of any other insurer, reinsurer or other insurance-related entity?.....[ ] Yes [ ] No
If yes, please identify entity and relationship. _____

_____

(ii) During the past five years, has your name been changed, or has any other business purchased, merged or consolidated with you? .....[ ] Yes [ ] No
If yes, give dates, names, premium volumes and details. _____

_____

_____

b. (i) Name of each shareholder and percentage owned: _____

_____

_____

(ii) Are you owned or controlled by or under common ownership or associated with any other business or entity? .....[ ] Yes [ ] No
If yes, provide name, percentage or ownership and description of business of parent or controlling interest. _____

_____

c. Names of owned or controlled subsidiary operations and percentage owned:

_____ % _____

_____ % _____

_____ % _____

_____ % _____

Note: Indicate at the left with an "X" those entities 100% owned to be shown as additional Insureds, and provide narrative description of operations on a separate sheet.

d. Please List:

(i) Types of commercial accounts written (e.g., restaurants, manufacturing, light industrial, municipalities, etc.):

_____

_____

(ii) Classes of business in which you specialize: _____

_____

e. Do you place any business in or have any involvement with any self-insured captive or Risk Retention Act Program, Multiple Employer Trust or Multiple Employer Welfare Arrangement?.....[ ] Yes [ ]No

If yes, please describe, including premium volume and fees: _____

_____

f. List the complete names of the insurance companies in which you place business and which account for at least 85% of your total premium volume. (Attach separate sheet if necessary.)

_____ _____%

_____ _____%

_____ _____%

g. (i) Give number of your total staff (including part-time):

_____ Active partners, directors, officers, owners

_____ Employed solicitors, brokers

_____ Other employees

_____ Total

(ii) Provide list of names of partners or officers on a separate sheet.

h. Reinsurance placed: Volume $_____

Facultative _____%

Treaty _____%

Total ____100%

i. Do you operate outside of the U.S.A? [ ] Yes [ ] No If yes, attach a description of operations, locations and annual premium volume.

3. APPLICANT REVENUE

a. What percentage of total income comes from:

(i)

Insurance	_____%	Annuities:	
Premium Financing	_____%	Fixed	_____%
Real Estate	_____%	Variable	_____%
Mutual Funds	_____%	_____	_____%
Other – specify			
		Total	___100%

(ii) Give dollar volume of mutual funds sales in last 12 months:

Fees generated in the last 12 months from operations listed below:

Claims Adjusting	$_____
Counseling (Insurance Programs)	$_____
Real Estate Appraisal	$_____
Engineering	$_____
*Third Party Administrator	$_____
Administrator for Insured Plans	$_____
Other_____	$_____

*If operations, include third party administration, supplemental application must be completed.

(iii) Other than those listed above, are you or any of your principals engaged in any other business? ..[ ] Yes [ ] No

If yes, please describe. _____

(iv) Approximate percentage of the total annual volume you do as:

1.		2.	
Agent	_____%	Retailer or Business direct from Insureds	_____%
Broker	_____%	Wholesale or Business accepted from other agents	_____%
Managing General	_____%		
Surplus Lines Broker	_____%		
Consultant (for fee)	_____%		
Other (specify)_____	_____%		
Must Total	100%	**Must Total**	100%

b. Total **annual premium volume** for:

Surplus Lines: _____%

Assigned Risk, Governmental Pool and Fair Plan: _____%

c. Total annual premium volume:

(i) Life and Accident/Health:

1. Group Life, Accident/Health:	$_____	Volume ____%
2. Individual Life, Accident/Health:	$_____	Volume ____%
Total :	$_____	Volume ____%

(ii) Personal Lines:

Automobile:	$_____	Volume _____%
Homeowners:	$_____	Volume _____%
Other Personal Lines written by line:		
_____	$_____	Volume _____%
_____	$_____	Volume _____%
Total:	$_____	Volume _____%

(iii) Commercial Lines:

General Liability:	$_____	Volume _____%
Workers' Compensation:	$_____	Volume _____%
Commercial Auto:	$_____	Volume _____%
Commercial MultiPeril:	$_____	Volume _____%
Other Commercial Property:	$_____	Volume _____%
Inland Marine:	$_____	Volume _____%
Wet Marine*:	$_____	Volume _____%
Bonds - Surety:	$_____	Volume _____%
Bonds - All Other:	$_____	Volume _____%
Aviation*:	$_____	Volume _____%
Umbrella/Excess:	$_____	Volume _____%
Physicians & Hospital Professional Liability:	$_____	Volume _____%
Other Professional Liability/D&O:	$_____	Volume _____%
Other (specify):		
_____	$_____	Volume _____%
_____	$_____	Volume _____%
Total:	$_____	Volume _____%

* If 20% or more of agency's volume is wet marine or aviation, supplemental application must be completed.

d. (i) Premium Volume:

	Year	
Two Years Prior	_____	$_____
One year Prior	_____	$_____
Current Year	_____	$_____
Next Year	_____	$_____

(ii) Commission:
Actual last fiscal year: $_____ through ____/____/___
Estimated next fiscal year: $_____ through ___/___/___

(iii) Premium written under your surplus lines license:$_____

(iv) Number of policies

Next 12 months	Current 12 months
_____	_____
_____	_____
_____	_____

e. List all insurance companies and volume of business you placed with companies having an A.M. Best Rating of B or below, or with companies not currently rated:

Companies	Volume
_____	$_____
_____	$_____
_____	$_____

f. What volume of total annual premium for the agency is currently placed with:

(i) Lloyd's of London: $_____

(ii) Other foreign insurers: $_____

(iii) Please list foreign insurers and brokers below:

_____

_____

_____

g. List subagents, independent contractors or office brokers (individuals paid on a commission only basis) to be NAMED as Limited Additional Insureds, and **annual premium volume** for each:

Name	Premium Volume*
_____	$_____
_____	$_____
_____	$_____

*Note: This premium volume must be included in items 3(c) and 3(d).

4. FOR MANAGING GENERAL AGENTS AND ADMINISTRATORS OF INSURED PROGRAMS

a. List all companies for whom you are Managing General Agency or Program Administrator or have binding authority. (Attach separate sheet if necessary.)

Company	Lines of Insurance	Number of Years	Premium Volume	Loss Ratio Each of Last Three Years		
_____	_____	_____	_____	_____%	_____%	_____%
_____	_____	_____	_____	_____%	_____%	_____%
_____	_____	_____	_____	_____%	_____%	_____%

b. Producers:

(i) Number from whom you receive business:_____

(ii) Number that you have appointed as agents with binding authority:_____ Premium Volume: $_____

(iii) Lines of business for which they are granted authority: _____

(iv) What supervision do you exercise over them? _____

c. List all other companies for which you have been Managing General Agent or Program Administrator or agent with binding authority in the past five years. _____

_____

_____

d. List all functions you perform as Managing General Agent or Program Administrator or agent with binding authority, including rating, quoting, claims handling, policy issuance, etc. _____

_____

_____

e. Specify the maximum limit and claim handling authority for each carrier with which you have binding authority:

	Limits	Carriers	Claim Handling Authority
Marine/Inland	$_____	/ _____	/ _____
Marine/Wet	$_____	/ _____	/ _____
Property	$_____	/ _____	/ _____
Casualty	$_____	/ _____	/ _____
Aviation	$_____	/ _____	/ _____
Life/Accident	$_____	/ _____	/ _____
Medical	$_____	/ _____	/ _____

5. APPLICANT HISTORY

a. List prior Insurance Agents & Brokers E&O coverage for the past three years. If none, state none.

Insurer	Policy Number	Limits of Liability	Deductible	Expiring Premium	Effective & Expiration Mo/Day/Yr

b. Has any application for similar insurance on behalf you, or any of your partners, executive officers or directors, or to your knowledge, on behalf of the predecessors in business, ever been declined, canceled or renewal refused? ..... [ ] Yes [ ] No

If yes, please explain: _____

_____

c. Have any claims been made during the past five years against you, or any of your past or present partners, officers, directors, solicitors, office brokers, or employees, any predecessors in business or against any corporation that any proposed Insured was formerly employed by, associated with or had an interest in? ..... [ ] Yes [ ] No

If yes, please attach a statement giving details and status of each claim including dales, basis of claim, amount of claim, deductibles, payments, open reserves.

d. Are you, or any of your partners, officers, directors, solicitors, office brokers or employees, aware of any circumstances or any allegations or contentions of any incident which may result in a claim against you, your predecessors in business or any past or present partner, officer, director, solicitor, office broker or employee? ..... [ ] Yes [ ] No

If yes, please attach a statement giving details.

* NOTICE TO APPLICANT: The coverage applied for is SOLELY AS STATED IN THE POLICY, which provides coverage on a "CLAIMS MADE" basis for ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD unless the extended reporting period option is exercised in accordance with the terms of the policy.

Any person who knowingly defrauds any insurance company by filing an application for insurance containing any false information or concealing, for the purpose of misleading, information concerning any fact thereto commits a fraudulent insurance act, which is subject to criminal and civil penalties.

WARRANTY: I warrant to the Insurer, that I understand and accept the notice stated above and that the information contained herein is true and that it shall be the basis of the policy of insurance and deemed incorporated therein, should the Insurer evidence its acceptance of this application by issuance of a policy. **I authorize the release of claim information from any prior insurer to Shand Morahan & Company, Inc., Ten Parkway North, Deerfield, Illinois 60015**..

Name of Applicant*	Title (Officer, partner, etc.)
Signature of Applicant	Date

SIGNING this application does not bind the Applicant or the Insurer or the Underwriting Manager to complete the insurance, but one copy of this application will be attached to the policy, if issued.

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OFFICE PROCEDURES SUPPLEMENT FOR INSURANCE AGENTS & BROKERS APPLICATION

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(PLEASE TYPE OR PRINT IN INK)

1. Please attach a detailed description of your diary system.
2. Please describe procedures for handling incoming mail: _____
3. Do you have a form and/or procedure for making a written record of all business-related telephone conversations and require that all employees follow that procedure? [ ] Yes [ ] No.
4. Do you maintain a policy expiration list (including Direct Bill) and make certain all policies are reviewed and replaced at expiration? [ ] Yes [ ] No.
5. a. Are verbal binders given? [ ] Yes [ ] No. If yes, how and when are verbal binders confirmed in writing? __
   _____
   (Please attach specimen binder.)
   b. How and when is the company notified? _____
   _____
6. Do you confirm to the Insured, in writing, all declinations of coverage? [ ] Yes [ ] No
7. Do you check all policies and endorsements for accuracy and completeness before mailing? [ ] Yes [ ] No
8. Do you check all notices of cancellations to assure compliance with policy cancellation conditions and statutory requirements? [ ] Yes [ ] No
9. Do your files document the need to notify regulatory agency, mortgagee, certificate holder or others of cancellation? [ ] Yes [ ] No
10. Do you identify for special handling all monies due Assigned Risk or other pool plans? [ ] Yes [ ] No
11. Do you conduct credit checks or other investigation of new clients? [ ] Yes [ ] No
12. Are credit and other investigations made in compliance with the provisions of the Fair Credit Reporting Act? [ ] Yes [ ] No
13. How are staff members kept informed of changes in legislation, regulations and procedures that might affect your firm, clients or their insurance carriers? _____
    _____
14. How do you monitor the solvency and financial condition of the insurers with which you place business and give notice to everyone in the agency of possible insurer financial trouble? _____
    _____
15. State how and how long records are retained. _____
16. What, if any, in-house training do you do? _____
    _____
17. Do you encourage employees, through incentives, to take outside training courses such as IIA, CPCU, LOMA, etc.? [ ] Yes [ ] No
18. Do you have a formal orientation program for all new employees? [ ] Yes [ ] No
19. Do you have a procedure to provide information to Insureds whose coverage has changed from occurrence to claims made and from claims made to occurrence? [ ] Yes [ ] No

20. Has any principal, solicitor or employee ever had his/her license suspended or revoked or been investigated or disciplined by a state insurance department? [ ] Yes [ ] No. If yes, attach a detailed description.

21. Does the agency have a procedure to verify that its principals are appropriately licensed in all states in which it is doing business? [ ] Yes [ ] No

I understand that the information submitted herein becomes a part of my Insurance Agents & Brokers Errors and Omissions Application and is subject to the same representation and conditions.

Name of Applicant Agency:_____

_____	_____
Name of Applicant	Title (Officer, partner, etc.)
_____	_____
Signature of Applicant	Date