

# Lending Professional Liability Coverage Application (Claims-Made)





# LENDING PROFESSIONAL LIABILITY COVERAGE APPLICATION (CLAIMS-MADE)

- Markel American Insurance Company
- Evanston Insurance Company

**THIS IS AN APPLICATION FOR A CLAIMS-MADE POLICY. THE POLICY REQUIRES THAT A CLAIM BE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER IN WRITING DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF PURCHASED, OR WITHIN 60 DAYS AFTER THE EXPIRATION OF THE POLICY PERIOD.**

**PLEASE NOTE THAT DEFENSE COSTS WILL REDUCE THE LIMIT OF LIABILITY AVAILABLE AND WILL BE APPLIED AGAINST THE RETENTION AMOUNT.**

### Instructions To The Applicant

- Please answer all questions. This information is required to make underwriting and pricing evaluation. Your answers to these questions are considered material to that evaluation.
- If a question is not applicable, state N/A. If more space is required, please attach a separate exhibit with the question number.
- Application must be signed and dated by an authorized representative of the company.

### General information:

NAME OF APPLICANT: \_\_\_\_\_ Date: \_\_\_\_\_

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ NAICS: \_\_\_\_\_

Company Website: \_\_\_\_\_ Phone: \_\_\_\_\_

Executive Officer Authorized As The Company Contact:

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Email: \_\_\_\_\_

Nature Of Operations: \_\_\_\_\_ Total Assets: \_\_\_\_\_

Date Established: \_\_\_\_\_ State Of Incorporation: \_\_\_\_\_ Deposits Insured By: \_\_\_\_\_

Number Of:

Directors: \_\_\_\_\_ Officers: \_\_\_\_\_ Employees: \_\_\_\_\_

Full Service Branches: \_\_\_\_\_ Limited Facilities: \_\_\_\_\_

Corporate Structure:     C-Corporation     S-Corporation     Limited Liability Company

Type Of Ownership:     Privately Held     Mutual Company     Stock Company

### Subsidiaries

List all subsidiaries and their most recent year-end results below or by attachment:

Name, City, State	Date Established	% Owned	Net Income	Total Assets	Nature Of Business
		%		\$	
		%		\$	
		%		\$	

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### Coverage Information

	Requested Limit Of Liability	Requested Retention
Combined Aggregate Limit Of Liability	\$	N/A
<input type="checkbox"/> Investment Adviser Professional Liability Insurance	\$	\$
<input type="checkbox"/> Professional Liability Insurance	\$	\$
<input type="checkbox"/> Directors And Officers Liability Insurance	\$	\$
<input type="checkbox"/> Employment Practices Liability	\$	\$
<input type="checkbox"/> Third Party Discrimination Liability	\$	\$
<input type="checkbox"/> Fiduciary Liability	\$	\$

### Services Information

Identify any services provided by the applicant, or planned to be provided, including annual revenue:

Service	Annual Revenue	Service	Annual Revenue
<input type="checkbox"/> Insurance Agency Or Company	\$	<input type="checkbox"/> Notary Public	\$
<input type="checkbox"/> Investment Advisory	\$	<input type="checkbox"/> Real Estate Appraisal	\$
<input type="checkbox"/> IRA/Keogh Account Administration	\$	<input type="checkbox"/> Security Broker/Dealer	\$
<input type="checkbox"/> Loan Servicing For Others	\$	<input type="checkbox"/> Tax Preparation	\$
<input type="checkbox"/> Other Operations:	\$	<input type="checkbox"/> Trust Services	\$

### Management Information

1. Are specific errors and omissions insurance policies written by another company maintained for each of the listed services offered? ..... Yes  No
2. Has there been a change in controlling ownership of 10% or more in the past 5 years? ..... Yes  No
3. Have there been any changes in chairman of the board, president, executive vice president, chief financial officer, chief operating officer, chief lending officer or other senior management in the past 5 years? ..... Yes  No
4. Has the applicant completed during the past 18 months, or contemplate during the next 18 months, any stock-offering, merger, acquisition, consolidation, conversion, or going-private transaction? ..... Yes  No
5. Has any regulatory agency denied or indicated that they would deny any contemplated merger, acquisition, or divestment in the past 5 years? ..... Yes  No
6. Is the applicant operating under, or does management anticipate, any cease and desist order, memorandum of understanding, or similar agreement with any regulatory agency? ..... Yes  No
7. Does the applicant have a continuous audit by an internal auditor who reports directly to the board of directors? ..... Yes  No   
 Monthly     Quarterly     Annually
8. Have all criticisms from the most recent regulatory exam been reviewed by the board of directors and have appropriate corrective actions been taken? ..... Yes  No
9. Is there a formal program requiring the segregation of duties, review of employees' accounts, and time away from work of at least 9 consecutive days? ..... Yes  No
10. During the past 3 years, has any director or officer become aware of any concentration of credit that warrants reduction or correction, extension of credit that exceeds the legal lending limit, or conflict of interest transaction? ..... Yes  No

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### Company Liability

Indicate all brokerage services offered or contemplated offering within next 12 months:

- Referral-basis only   
  Discount brokerage only   
  Investment advisory services only   
  Full-service brokerage  
 Economic forecasting   
  Market making   
  Market timing   
  Private placements   
  Underwriting activities

Total assets under management: \_\_\_\_\_ Total number of accounts: \_\_\_\_\_

1. If employees are also managed and compensated by a third-party broker/dealer, does the applicant's contract specify that the broker/dealer is responsible for supervision of the dual employees? ..... Yes  No   
**If yes**, what is name of third-party broker/dealer? \_\_\_\_\_
2. Are all securities and funds forwarded directly to the client or deposited directly into the client's account? ..... Yes  No
3. Are account statements forwarded directly to the client from a central location at least quarterly? ..... Yes  No
4. Is a process established to ensure that all transactions over \$5,000 are verified with the client by an individual other than the broker/dealer? ..... Yes  No
5. Are all employees prohibited from accessing client funds? ..... Yes  No

### Employment Practices Liability

1. Number of employees: Full Time \_\_\_\_\_ Part Time \_\_\_\_\_
2. Have any branch or office closings, layoffs, terminations, or reorganizations occurred in the past 12 months or are any contemplated in the next 12 months? ..... Yes  No
3. Does the applicant have written human resource policies, including policies against discrimination and sexual harassment, and have such policies been reviewed by an attorney? ..... Yes  No
4. Does the applicant use written employment applications that include employment-at-will statements? ..... Yes  No
5. Has employee turnover exceeded 25% in either of the past 2 years? ..... Yes  No

### Fiduciary Liability

1. Is any plan an Employee Stock Ownership Plan (ESOP)? ..... Yes  No   
**If yes**, what is the percentage of company stock owned: \_\_\_\_\_%
2. Are any plan assets (other than ESOP) invested in the securities, bank deposits, or investment vehicles of the applicant or any subsidiary? ..... Yes  No
3. Does any plan have a funding deficiency? ..... Yes  No
4. Is any plan currently under examination or is any issue related to a plan currently pending before the Internal Revenue Service, Department of Labor, the Pension Benefit Guaranty Corporation, or any court? ..... Yes  No
5. Did any of the past 3 actuarial assessments or external audit reports contain any qualifications? ..... Yes  No
6. Complete the following for all plans:

Name Of Plan	Asset Value	Year Established	Number Of Participants
	\$		
	\$		
	\$		

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### Lender Liability

1. Who conducts loan reviews, and how frequently?  
[ ] Employees [ ] External Firm [ ] Monthly [ ] Quarterly [ ] Annually
2. Is a written loan application required for every extension of credit? ..... Yes [ ] No [ ]
3. Does the applicant participate in any of the following?
  - a. Loans originated by others ..... Yes [ ] No [ ]
  - b. Loans sold with recourse..... Yes [ ] No [ ]
  - c. Unsecured commercial lending ..... Yes [ ] No [ ]
  - d. Construction lending for speculative buildings or homes..... Yes [ ] No [ ]
  - e. Dealer floor planning ..... Yes [ ] No [ ]
  - f. Subprime lending ..... Yes [ ] No [ ]
  - g. Payday lending ..... Yes [ ] No [ ]
  - h. Purchase of brokered loans or books of loans..... Yes [ ] No [ ]
  - i. Use of third-party mortgage brokers or loan producers ..... Yes [ ] No [ ]
  - j. Origination of loan syndications or securitizations ..... Yes [ ] No [ ]
4. For loans originated by applicant or third party, are signatures obtained in the presence of a bank employee, attorney, closing agent, escrow agent, or title company employee? ..... Yes [ ] No [ ]
5. Does out-of-territory lending exceed 25% of total loans? ..... Yes [ ] No [ ]

### Trust Department Liability

Please explain the professional services being provided as the trustee or escrow agent of the trust or escrowed property or money. Provide detailed information as to the type of trust or fund or which professional services are being provided.

**Please provide resumes of all Trustees seeking coverage and a copy of the Trust agreement.**

Year established: \_\_\_\_\_ Number of trust officers: \_\_\_\_\_  
Average years of experience of trust officers: \_\_\_\_\_ Number of locations with trust operations: \_\_\_\_\_  
Trust asset size: \$ \_\_\_\_\_ Annual gross revenues: \$ \_\_\_\_\_

If your trust department was examined by a state, federal, or joint authority in the past 12 months, provide the ratio of adversely classified assets to equity capital. \_\_\_\_\_%

1. Are there written trust department policies and procedures addressing approval of new accounts, closing accounts, reviewing accounts on a periodic basis for compliance with trust terms, approval of the purchase and sale of trust assets, the need for legal review of trust documents and changes to trust terms, acceptable criteria for trust investments, conflict of interest, providing financial reports to clients, and the use of formal checklists to document which administrative trust duties are performed and when they are performed? ..... Yes [ ] No [ ]
2. Have you been involved in sub-prime lending (directly, via a subsidiary or through investing) in funds or securities backed by sub-prime loans in the past 5 years? If yes, please provide details including the size of your sub-prime portfolio or investments, the type of sub-prime loans, and the amount of such loans which are past due? ..... Yes [ ] No [ ]
3. Does the trust department have an approved list of securities? If not, provide the criteria used for investment selections..... Yes [ ] No [ ]
4. Do the Trustees have the authority to invest in any way the money in the trust or the fund? ..... Yes [ ] No [ ]

**If yes:**

  - a. Is the authority provided in writing? ..... Yes [ ] No [ ]
  - b. Is the authority discretionary? ..... Yes [ ] No [ ]
  - c. Is an independent investment counselor used?..... Yes [ ] No [ ]
  - d. Are trust funds commingled with any other funds? ..... Yes [ ] No [ ]

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5. Please describe the controls in place to monitor the investment of funds, distribution of trust assets, and third parties who oversee such activity: \_\_\_\_\_
6. Is Directors & Officers coverage in place for any entities operated within the trust?..... Yes [ ] No [ ]  
**If yes**, please provide the following information.  
Carrier: \_\_\_\_\_  
Limit of Liability: \$ \_\_\_\_\_  
Effective Dates: \_\_\_\_\_
7. Is a Certified Public Accountant used to prepare and file tax returns for the trusts or accounts? ..... Yes [ ] No [ ]
8. Have any funds of the Trust been invested in any entity, real estate, or other venture or project in which a Trustee has an interest either indirectly or directly, or from which a Trustee will derive any benefit, or have any Trustees had a loan from the trust?..... Yes [ ] No [ ]  
**If yes**, please provide details:
9. Are any of the Trustees beneficiaries of the Trust? ..... Yes [ ] No [ ]  
**If yes**, please provide details:
10. Does the trust department manage any common trust funds? ..... Yes [ ] No [ ]  
**If yes**, please attach a copy of the most recent CPA audit of each fund.
11. Are financial reports sent to trust department clients on a monthly basis and meetings held with trust department clients at least semi-annually?..... Yes [ ] No [ ]
12. Are notices of securities transactions or portfolio changes sent to discretionary clients within 3 days of such transactions or changes? ..... Yes [ ] No [ ]
13. Is a hold harmless agreement protecting the trust department from the liabilities of a previous trustee obtained when the trust department succeeds an outside trustee? ..... Yes [ ] No [ ]
14. Does the trust department control 5% or more of the stock of any corporation?..... Yes [ ] No [ ]  
**If yes**, attach listing of such corporations including the percentage held.
15. Does the trust department perform security holder accounting services for mutual funds? ..... Yes [ ] No [ ]  
**If yes**: Number of funds: \_\_\_\_\_ Number of security holders: \_\_\_\_\_ Total asset value of the funds: \_\_\_\_\_
16. Does the trust department provide actuarial services for clients? ..... Yes [ ] No [ ]  
**If yes**, please provide the circumstances in which the services are offered and the extent of the services provided.
17. Is the trust department involved in the actual operations of any farms, ranches, or other real estate, oil, gas, mineral, timber, or other natural resource leases, or other types of client business? ..... Yes [ ] No [ ]  
**If yes**, please provide full details including the number of clients and total assets involved.
18. Are any services provided outside a trust agreement, such as investment advice or tax planning?..... Yes [ ] No [ ]  
**If yes**, please provide full details including the qualifications of the persons providing such services.

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### Pending And Prior Losses And Litigation

1. During the past 5 years, have there been or are there now any lawsuits, oral or written demands, civil or criminal proceedings, employee grievances, formal civil administrative or regulatory proceedings, employee grievances, or negotiated settlements involving:
    - a. Any past or present director, officer, or employee? ..... Yes [ ] No [ ]
    - b. The applicant or any subsidiary? ..... Yes [ ] No [ ]
  2. Has the applicant sustained any loss in excess of \$5,000, whether reimbursed or not, under its Financial Institution Bond within the past 5 years? ..... Yes [ ] No [ ]
  3. Does the undersigned or any director or officer of the applicant have any knowledge about any act, error, or omission involving the applicant, its subsidiaries, or any past or present director, officer, or employee, which could reasonably be expected to give rise to a future liability claim or bond loss? ..... Yes [ ] No [ ]
- If any of the answers of this section are **yes**, provide details by attachment.

### Required Attachments

Please attach a copy of the following for every applicant seeking coverage:

1. The 2 latest annual reports, including audited financial statements which should include loan performance
  2. Loan underwriting guidelines
  3. The 2 most recent CPA letters to management on internal controls, together with management's response
  4. All registration statements of securities made in the past year
  5. Details of any actual or potential claims reported under prior insurance for which this policy would provide coverage.
- If none**, check here. [ ] None

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## Fraud Warnings

**Applicable in AL, AR, DC, LA, MD, NM, RI and WV:** Any person who knowingly (or willfully)\* presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully)\* presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. \*Applies in MD only.

**Applicable in CO:** 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.

**Applicable in FL and OK:** 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)\*. \*Applies in FL only.

**Applicable in KS:** Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

**Applicable in KY, NY, OH and PA:** 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 (not to exceed five thousand dollars and the stated value of the claim for each such violation)\*. \*Applies in NY only.

**Applicable in ME, TN, VA and WA:** 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 and denial of insurance benefits. \*Applies in ME only.

**Applicable in MN:** A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

**Applicable in NJ:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**Applicable in OR:** Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

**Applicable in VT:** Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

**Applicable in all other states:** 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.

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## Representation Statement

The undersigned authorized officer of the applicant declares that the statements set forth herein are true to the best of his or her knowledge. The undersigned authorized officer agrees that if the information supplied on the application changes between the date of the application and the effective date of the insurance, he/she (undersigned) will immediately notify the insurer of such changes, and the insurer may withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance. Signing of this application does not bind the applicant to the insurer to complete the application.

**NOTE:** Coverage cannot be bound until the Company approves your completed application. The Company's receipt of premium does not bind coverage until a written quote has been issued. Before electronically signing this document, verify your information is correct. Electronically signing will disable further editing of your application.

\_\_\_\_\_  
Name of applicant

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of applicant

\_\_\_\_\_  
Date

(Florida only) Agent license number: \_\_\_\_\_

