

A.M. FREDERICKS UNDERWRITING MANAGEMENT LTD.

PROFESSIONAL LIABILITY APPLICATION

Important Notice to Applicant

This is an application for insurance and the insurer is not obligated to accept the applicant for coverage. If a policy is issued, one signed copy of the application will be attached to the policy or certificate. Signature on the application form and submission of a premium payment does not bind the insurer to complete an insurance transaction with the applicant. This policy provides Errors and Omissions insurance that applies on a claims-made basis. The following provides a general description of this coverage and is subject to the terms and provisions of the actual policy.

- A.** The policy will not cover any losses from incidents which take place before the Retroactive Date, if any, or after the expiration of the policy period (subject to the Extended Reporting Period provision).
- B.** The policy will provide coverage for losses from incidents which take place on or after the Retroactive Date, if any, but before the beginning of the policy period only if the insured did not know of the incident before the beginning of the policy period.
- C.** The policy will not cover any loss for which a claim is first made after:
 - 1.** The expiration of the policy period or its earlier termination date, if any; or
 - 2.** The Extended Reporting Period if any and then only in accordance with the terms described in the policy.
- D.** The policy will only cover claims which are first made:
 - 1.** During the policy period; or
 - 2.** During an Extended Reporting Period if any and then only in accordance with the terms and conditions described in the Extended Reporting Period Section of the policy.
- E.** Please request a copy of the Policy and review the terms and conditions to obtain more information.
- F.** The limits for Defense Costs are included in the policy limit except where the laws of the province of Quebec apply.

Please answer **ALL** the questions. This information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to such evaluation. If a question is not applicable, state "not applicable", **not** "N/A." If more space is required to answer a question, continue on applicant's letterhead. The application and any supplement(s) must be signed and dated by a principal, partner, or officer of the prospective insured's organization.

1. Applicant's Name: _____

2. Head Office Address: _____

Telephone Number: _____

Fax Number: _____

3. Date established: _____

4. Is the applicant firm controlled, owned, affiliated or associated with any other firm, corporation or company?
___ Yes ___ No If Yes, please attach an explanation.

5. Please list addresses of all branch offices and/or subsidiaries. Include a brief description of their operations and indicate if coverage is desired for these offices.

6. During the past 5 years has the name of the firm been changed or has any other business been acquired, merged into or consolidated with the applicant firm? If Yes, attach a complete explanation detailing any liabilities assumed. ___ Yes ___ No

7. Describe **in detail** the nature of your firm's business.

8. Staffing - Provide a breakdown of your staff into the following categories:

a) Principals, partners or officers _____

b) Professionals (not included in a) _____

c) Support staff (including part-time) _____

d) Part-time professionals (less than 20 hours/week) _____

Total: _____

9. Are any staff members considered "Licensed Professionals" or do any staff members hold any Professional Designations or belong to any Professional Societies/associations? ___ Yes ___ No

If Yes, provide individual's name and designation/affiliation below:

Note: Questions 10 through 14 refer to total gross revenue for a 12 month period, whether or not collected. Such revenue figures should include sub-contracted revenue.

10. Dates of applicant firm's current fiscal period: From: _____, 20___ To: _____, 20___

	<u>Past Fiscal Year</u>	<u>Current Fiscal Year</u>	<u>Estimate for Next Fiscal Year</u>
Total Gross Revenue:	\$ _____	\$ _____	\$ _____
Less Direct Recovery Expenses: (travel, per diem, copies, etc.): (-)\$ _____	(-) \$ _____	(-) \$ _____	(-) \$ _____
TOTAL NET BILLINGS:	\$ _____	\$ _____	\$ _____

12. Provide the percentage of your firm's gross revenue from the last fiscal period attributable to the following:

Federal government	_____ %
Provincial, county or local government and agency thereof.	_____ %
Institutional (schools, hospitals, etc.)	_____ %
Lending institutions	_____ %
Manufacturing	_____ %
Other (describe) _____	_____ %
Total:	_____ % (Total should equal 100%)

13. Does your firm provide services for any clients in which a principal, partner, officer or employee of your firm is also a principal, partner, officer, employee or a more than 3% shareholder of said client?
 Yes No

If Yes, please provide a) Client Name, b) Applicant's relationship with client, and c) Approximate annual revenue generated from client.

14. Were more than 50% of your total gross billings for any one year derived from a single client or contract?
 Yes No

If Yes, please specify a) Client, b) Services rendered, and c) How long you expect this relationship to continue.

15. Describe your firm's five (5) largest jobs or projects during the past three (3) years.

	Client Name	Services Provided	Total Gross Billings
1.			
2.			
3.			
4.			
5.			

16. a) Do you utilize the services of independent contractors or sub-consultants? Yes No

b) Approximate percentage of billings attributable to sub-contractors/consultants? _____%

c) Are all sub-contractors and consultants required to show proof of General Liability and Professional Liability coverages showing you as an additional insured, and if so for what limits?

17. Do you ever enter into contracts where your fees for services provided are contingent upon the client achieving cost reductions or improved operating results? If Yes, attach a detailed description of such arrangements.
 Yes No

18. a) Does your firm secure a standard written contract or agreement for every project? (Please attach a sample copy) Yes No

b) Provide the percentage of your revenue where a written contract is secured. _____%

c) Do your contracts contain any of the following: **(Check all that apply.)**

Hold harmless or indemnification clauses in your favor?

Hold harmless or indemnification clauses in your client's favor?

Guarantees or warranties?

A specific description of the services you will provide?

Payment terms?

19. Describe steps taken to minimize/manage business risks:

20. Has any policy of or application for similar insurance on your behalf or on the behalf of any of your principals, partners, officers, employees, or on behalf of any predecessors in business ever been declined, canceled, or renewal refused? Yes No

21. Do you currently carry Commercial General Liability insurance? Yes No
If Yes, show policy limit: _____

22. Please provide the following information on your professional liability (E&O) insurance for the past three (3) years:

<u>Name of Insurer</u>	<u>Limits of Liability</u>	<u>Deductible</u>	<u>Policy Period</u>	<u>Premium</u>
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Retroactive Date of current policy (if any): _____

Please attach a copy of the Declarations Page from your current policy.

CLAIMS EXPERIENCE

23. Have any claims, suits, or demands for arbitration been made against the firm, its predecessor(s) or any past or present principal, partner, officer or employee within the past five (5) years? ___Yes ___No

If Yes, provide details on a separate sheet, including:

- a) Name of claimant;
- b) Type of service provided and allegations made;
- c) Date claim made;
- d) Demand amount; and
- e) Final disposition including indemnity and expense amounts.

24. Having inquired of all principals, partners and officers, are you aware of any act, error, omission, unresolved job dispute or any other circumstance that is, or could be, a basis for a claim under the proposed insurance? ___Yes ___No

If Yes, provide details on a separate sheet for each situation, including

- a) Name of potential claimant,
- b) Nature of situation,
- c) Dates, and
- d) Amount of potential damages.

With regard to Questions 23 and 24 above, it is understood and agreed that if any such claim, act, error, omission dispute or circumstance exists, then such claim and/or any claim arising from such act, error, omission, dispute or circumstance is excluded from coverage that may be provided under this proposed insurance and, further, failure to disclose such claim, act, error, omission, dispute or circumstance may result in the proposed insurance being void, and/or subject to rescission.

25. Coverage requested:

LIMITS OF LIABILITY (check one):

- ___ \$ 500,000 Per claim \$1,000,000 Aggregate
- ___ \$ 1,000,000 Per claim \$1,000,000 Aggregate
- ___ \$ 1,000,000 Per claims \$2,000,000 Aggregate

DEDUCTIBLE / RETENTION: _____

26. Attach the following items in support of this application:

- a) The Firm's **Statement of Qualifications** including **resumes** of all key (technical) personnel along with any available marketing material or company brochures.
- b) A copy of the firm's formalized **standard client contract**.
- c) A copy of the outline from firm's **Quality Assurance / Quality Control (QA/QC) manual**.

Consumer and previous insurer reports containing personal, credit, factual or investigative information about the applicant may be sought in connection with this Application for Insurance or any renewal, extension or variation thereof. All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present Application for Insurance.

The Policy may be deemed to be void and claims may be deemed not covered where:

1. An applicant for a contract:
 - a) gives false or erroneous information to the prejudice of the Insurer; or
 - b) knowingly misrepresents or fails to disclose in the Application any fact required to be stated therein; or
2. The Insured contravenes a term of the Contract or commits a fraud; or
3. The Insured willfully makes a false statement in respect of a claim under the Contract.

Policy Language Request: (applicable to Quebec applicants only):

In connection with this application for insurance coverage, we hereby request and consent that all insurance policy documents be prepared and executed in the English language.

Language de la police d'assurance (pour les résidents du Québec seulement):

Considérant la demande de protection d'assurance, par la présente nous demandons et consentons que tous les documents d'assurance soient préparés et rédigés en anglais.

Our Privacy Policy and Commitment to Protecting Your Privacy

A.M. Fredericks Underwriting Management Ltd. values you as a customer and we thank you for your confidence in choosing our company to place your insurance with one of our approved insurance companies. As a policyholder, you trust us with your personal information. We respect that trust and want you to be aware of our commitment to protect the information you share with us in the course of doing business with us.

How We Use and Disclose Your Information

When you purchase insurance from us, you share personal information so that we may provide you with the products and services that best meet your needs and provide the insurance protection you have requested. In order to do this, we may use and disclose your personal information to:

- Communicate with you.
- Assess your application for insurance including underwriting and pricing your policies.
- Evaluate claims.
- Detect and prevent fraud.
- Analyze business results.
- Act as required or authorized by law.

We assume your consent for our company to use this information in an appropriate manner.

All personal information is safeguarded with appropriate security measures.

What We Will NOT Do With Your Information

We do not sell customer information to anyone. Nor do we share customer information with organizations outside of our associated companies.

We Strive to Protect Your Personal Information

All employees, agents, independent brokers and suppliers who are granted access to customer records understand the need to keep this information protected and confidential. They know they are to use the information only for the purposes intended. This expectation is clearly communicated and reinforced.

We have also established physical and systems safeguards, along with the proper processes, to protect customer information from unauthorized access or use.

Your Privacy Choices

You may withdraw your implied consent at any time (subject to legal or contractual obligation and on providing us reasonable notice) by contacting our Privacy Officer. Please be aware that withdrawing your consent may prevent us from providing you with the requested product or service.

If You Need More Information

For more information about our privacy policies and procedures, please contact our Privacy Officer, Anthony Fredericks, at:

A.M. Fredericks Underwriting Management Ltd.
 201-339 Westney Rd. S.
 Ajax, Ontario
 L1S 7J6
 Tel: 905-428-1269 Ext 109
 Fax: 905-428-3977

Our Insurers' privacy contacts are as follows:

Director of Compliance Echelon General Insurance Company 1550 Enterprise Road, Suite 310 Mississauga, Ontario L4W 4P4 Tel No: 905-564-9215 Ext. 7912 Fax No: 905-565-7992	Corporate Compliance Officer Kingsway General Insurance Company 5310 Explorer Drive, Suite 200 Mississauga, Ontario L4W 5H8 Tel No: 905-629-7888 Ext. 8843 Fax No: 905-629-5008	Privacy Officer Temple Insurance Company Munich Re Centre 390 Bay Street, 22 nd Floor Toronto, Ontario M5H 2Y2 Tel No: 416-366-9206 or 1-800-444-5321 Fax No.: 416-361-1163
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SIGNATURES AND ACKNOWLEDGEMENTS

Applicant acknowledges receipt of and agrees to the Privacy Disclosure and Consent provisions contained in this form.

I have reviewed the information in this Application, gathered information from all partners/directors/officers/employees/agents under this entity whether present or prior regarding their knowledge or awareness any error, omission, or negligent act in the performance of professional services for others.

The Claim Information Forms, if any, that are attached to this Application include the details of:

- a. All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the Applicant);
- b. All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the applicant) in the future. All such claims, suits and incidents have been reported to our (Applicant's) current or prior insurer(s). It is understood and agreed that all such claims, suits, arbitrations, fact situations and incidents will be excluded from coverage under any policy issued by the Company.

I HEREBY DECLARE that the above statements and particulars are true to the best of my knowledge, that I have not suppressed or misstated any facts and I agree that this application shall form part of the insurance policy. I also acknowledge that I am obligated to report any changes that could affect the disclosures in this application that occur after the date of signature, but prior to the effective date of coverage.

 Signature of Applicant or Authorized Representative

 Print Name and Title

 Date

QUESTIONS TO BE ANSWERED BY BROKER

1. Do you know the Applicant personally? _____

If yes, for how long? _____

2. Did you receive the order direct from the Applicant? _____

If no, from whom and why? _____

3. Do you handle other Insurance for Applicant? _____

4. Do you recommend this risk in every respect? _____

5. Is this risk a renewal to your Office? Yes ____ No ____

If yes, how long have you placed insurance on this risk? _____

DATE: _____

BROKER'S SIGNATURE: _____