
The Financial Services Insurance Program

APPLICATION FOR "CLAIMS-MADE AND REPORTED" PROFESSIONAL LIABILITY INSURANCE INVESTMENT ADVISERS, FINANCIAL PLANNERS, LIFE INSURANCE AGENTS AND REGISTERED REPRESENTATIVES

GENERAL INSTRUCTIONS AND INFORMATION

IMPORTANT: Please carefully read the information and follow the instructions set forth below. Please type all answers or print answers legibly in ink.

The following words have the meanings set forth below when used in this Application for Insurance and any Supplemental Application or Exhibit made a part hereof:

Applicant refers, individually and collectively, to the individual(s) / entity(ies) named in 1a., below, the Applicant's officers, directors, partners, employees and any affiliated business organizations for which insurance coverage is sought under this Application pursuant to paragraph 1h., below.

Application refers, individually and collectively, to this Application for Insurance and any Supplement attached hereto.

Each question or information request on this Application and any attached Supplement must be fully and accurately answered on behalf of Applicant; all blanks must be appropriately filled in, and all additional required information supplied. You may not provide all of the services covered by this Application. Your answer to some questions may be "none" or "not applicable"; if that is the case, state "none" or "NA". Use the Supplemental Information Form ("S.I.F.") where additional space is required to provide requested information, or explanations and any additional information which is material to this Application. An incomplete Application cannot be considered.

The policy for which Applicant is applying covers only written professional liability claims first made against an insured and reported to the Company during the policy period while said insured is covered under the policy, and which arise from the performance of professional services after the said insured's applicable retroactive date shown in the Declarations or an amendment to the policy. If Applicant has any questions concerning this coverage, please contact Applicant's insurance professional.

The Financial Services Insurance Program

QUESTION 2d. PRIOR ACTS COVERAGE

The Company offers “prior acts” coverage which applies to professional liability claims (1) arising out of wrongful acts or incidents occurring prior to the policy inception date, while an insured was insured by another carrier, but on or after the applicable “retroactive date” for said insured under the policy, and (2) which are first reported in writing to the Company during the policy period while the insured is covered by the policy.

“Prior acts” coverage does not apply to the following:

- wrongful acts or incidents occurring prior to the insured’s applicable “retroactive date” under the policy;
- claims or suits made against an insured prior to the effective date of the insured’s coverage under the policy;
- claims or suits growing out of wrongful acts, incidents or fact situations occurring during a time when the insured was uninsured; or
- claims or suits growing out of wrongful acts, incidents or fact situations in insured’s business or professional practice that might reasonably be expected to result in a claim or suit against the insured of which the insured was aware, or reasonably should have been aware, prior to the effective date of the insured’s coverage under the policy.

Applicant may be able to obtain coverage for such claims, suits, wrongful acts or incidents by reporting them to Applicant’s present insurer or by purchasing an extended reporting period (“tail”) endorsement from Applicant’s present insurer. In order to prevent a gap in coverage, which may result from Applicant’s failure to report claims, suits or incidents to Applicant’s present insurer, it is recommended that Applicant carefully review Applicant’s records and report to Applicant’s current insurer any claim or suit Applicant may have received or any incident or fact situation within Applicant’s business or professional practice that might result in a claim or suit being filed against Applicant at some later date. The latter may be indicated, without limitation, by the following incidents: actual or anticipated bankruptcy of a limited partnership sold to a client; client complaints about financial services or investment advice; failure to maintain confidentiality of financial records; or fee disputes.

After reporting any such wrongful acts or incidents to Applicant’s current insurer, Applicant should then evaluate whether Applicant wishes to purchase “prior acts” coverage from the Company or “tail” coverage from Applicant’s current insurer. If Applicant wishes to purchase “prior acts” coverage from the Company, answer “yes” on question 2d, below, and indicate the desired “retroactive date” for commencement of such coverage.

The Financial Services Insurance Program

APPLICATION FOR “CLAIMS-MADE AND REPORTED” PROFESSIONAL LIABILITY INSURANCE

The undersigned, for and on behalf of the below indicated Applicant (including its officers, directors, partners, employees, and independent contractors, and any affiliates for which insurance coverage is sought under this Application), hereby makes Application for “claims-made and reported” securities broker/dealer professional liability insurance coverage, and in connection therewith furnishes Company the following information.

I. THE APPLICANT

1a. Legal Name (Include D.B.A. or T/A, if any) _____ CRD or SEC No: _____ Employer Identification No.: _____

1b. Home Office Address (Street and No., City, County, State, Zip Code) _____ Office Telephone _____

1c. Mailing Address (Street and No., City, County, State, Zip Code) _____ FAX Number _____

1d. Contact Person: _____ Telephone Number _____

1e. Does Applicant have other offices? Yes No
 If “yes”, on the S.I.F. list for each office its address, the number of professionals working out of that office and any specialized services provided by that office. Yes No

1f. Type of Organization: Individual (Sole Proprietorship) Corporation Partnership
 Limited Partnership Limited Liability Co. Other (Describe): _____

1g. Year Established: _____ State of Organization: _____

1h. List below all affiliated business organizations, including without limitation parents and subsidiaries, either owning or owned or controlled by Applicant or Applicant’s parents, subsidiaries, officers, directors or employees. List each affiliate’s full name, its relationship to Applicant, its business, and indicate for each such listed affiliate by “yes” or “no” whether it should be insured under this policy. Use the S.I.F. if more space is needed.

1. Name: _____ Relationship: _____
 Business: _____

Coverage Requested? Yes No

2. Name: _____ Relationship: _____
 Business: _____

Coverage Requested? Yes No

1i. Has Applicant or any affiliate requesting coverage under 1h. undergone any structural changes (e.g., merger, acquisition, divestiture, change of business, gone public) in the past five years, or does it anticipate any such change in the coming year? If “yes”, explain on the S.I.F. Yes No _____

The Financial Services Insurance Program

II. REQUESTED PROFESSIONAL LIABILITY INSURANCE COVERAGE.

2a. The Company offers Limits of Liability that cover each wrongful act, with an annual policy aggregate. Indicate the Each Wrongful Act/Annual Policy

Aggregate Limits of Liability for which Applicant is applying:

\$100,000/\$200,000	\$500,000/\$500,000	\$1,000,000/\$1,000,000	\$2,000,000/\$2,000,000
\$250,000/\$500,000	\$500,000/\$1,000,000	\$1,000,000/\$2,000,000	Other: \$ _____

2b. **Requested Retention:**

\$2,500	\$10,000	\$50,000	
\$5,000	\$25,000	Other _____	

(Any requested increase in Limits of Liability or decrease in retention would apply to wrongful acts occurring on and after the effective date of the renewal policy.)

2c. **Desired Effective Date of Policy)** _____

2d. "Prior acts" coverage may be available if Applicant has been continuously insured for professional Liability (E & O).

Does Applicant wish to purchase "prior acts" coverage from the Company?

If "yes", indicate the desired "retroactive date": _____

Note: Applicant must have been continuously insured for E & O after this date to be considered for "prior acts" coverage. Yes No

2e. **Extended Coverage**

The policy for which Applicant is applying may provide, as applicable, protection for Applicant's activities as an investment adviser, financial planner, securities registered representative and life insurance agent. Please indicate whether Applicant wishes to apply to extend the policy to cover the following activities:

1. Vicarious Liability Coverage for the acts of independent contractors ((Applicant can be held liable for the acts of independent contractors working on Applicant's behalf. This coverage provides protection for Applicant but not the independent contractors.) Yes No Not Applicable

2. Securities Principal Coverage.

(A securities principal supervises registered representatives on behalf of a securities broker/dealer and can be held responsible for a registered representative's acts or the failure to supervise the registered representatives. This coverage provides protection for this type of exposure.) Yes No Not Applicable

3. Discretionary Money Management - Stocks and Bonds.

(Our standard policy can provide coverage for investment advice, non-discretionary money management and discretionary money management of mutual funds under an asset allocation / market timing agreement. The discretionary money management supplemental coverage provides protection for full discretionary management of portfolios of stock and bonds. If this coverage is desired, complete and attach the Discretionary Money Management Supplement.)

Yes No Not Applicable

The Financial Services Insurance Program

III. LIST ALL PROFESSIONAL LIABILITY INSURANCE FOR THE LAST TEN YEARS. (Use the S.I.F. if additional space is needed. Copy this page and attach to the S.I.F. to list additional professional liability insurance policies. Please attach a copy of your current policy.)

<p>3a. Current Insurer:</p> <p>Initial Effective Date: (Month / Day / Yr.)</p> <p>_____</p>	<p>Annual Premium:</p> <p>Deductible / Retention:</p> <p>Limits Per Occurrence/Aggregate: _____/_____</p> <p>Retroactive Date (if claims-made): _____</p>	<p>Type of Policy:</p> <p>Claims-Made Occurrence</p> <p>Will "tail" be purchased (if claims-made)?</p> <p>Yes No</p>	<p>Coverage Obtained Under:</p> <p>Applicant's Individual Policy Security Broker/Dealer Policy Life Insurance Agency Policy Accounting Firm Policy Other (Describe)</p> <p>_____</p> <p>_____</p>	<p>Activities Covered: (Check each that applies)</p> <p>Money Management Financial Planning Mutual Fund Sales Only Life, Health and Disability Insurance Sales Accounting Tax Preparation Security Sales Other (Describe on S.I.F.)</p>
<p>3b. Current Insurer:</p> <p>Initial Effective Date: (Month / Day / Yr.)</p> <p>_____</p>	<p>Annual Premium:</p> <p>Deductible / Retention:</p> <p>Limits Per Occurrence/Aggregate: _____/_____</p> <p>Retroactive Date (if claims-made): _____</p>	<p>Type of Policy:</p> <p>Claims-Made Occurrence</p> <p>Will "tail" be purchased (if claims-made)?</p> <p>Yes No</p>	<p>Coverage Obtained Under:</p> <p>Applicant's Individual Policy Security Broker/Dealer Policy Life Insurance Agency Policy Accounting Firm Policy Other (Describe)</p> <p>_____</p> <p>_____</p>	<p>Activities Covered: (Check each that applies)</p> <p>Money Management Financial Planning Mutual Fund Sales Only Life, Health and Disability Insurance Sales Accounting Tax Preparation Security Sales Other (Describe on S.I.F.)</p>
<p>3c. Current Insurer:</p> <p>Initial Effective Date: (Month / Day / Yr.)</p> <p>_____</p>	<p>Annual Premium:</p> <p>Deductible / Retention:</p> <p>Limits Per Occurrence/Aggregate: _____/_____</p> <p>Retroactive Date (if claims-made): _____</p>	<p>Type of Policy:</p> <p>Claims-Made Occurrence</p> <p>Will "tail" be purchased (if claims-made)?</p> <p>Yes No</p>	<p>Coverage Obtained Under:</p> <p>Applicant's Individual Policy Security Broker/Dealer Policy Life Insurance Agency Policy Accounting Firm Policy Other (Describe)</p> <p>_____</p> <p>_____</p>	<p>Activities Covered: (Check each that applies)</p> <p>Money Management Financial Planning Mutual Fund Sales Only Life, Health and Disability Insurance Sales Accounting Tax Preparation Security Sales Other (Describe on S.I.F.)</p>

The Financial Services Insurance Program

3d. Has Applicant or any of its parents, subsidiaries or affiliates, or any of its directors, officers, partners, employees, independent contractors or supervised registered representatives, if a security principal, ever had a professional liability insurance policy or fidelity bond declined, canceled, issued on special terms, renewal refused or had a request that an application for insurance or for a bond be withdrawn?

Yes No

If "yes", explain on the S.I.F.

3e. Does Applicant have any independent contractors who do not work full time for Applicant?

Yes No

If "yes", are the independent contractors insured for professional liability?

Yes No

If "yes", name their insurance company(ies) and their limits on the S.I.F.

Yes No

Does Applicant obtain certificates of insurance from their carriers?

Yes No

IV. EMPLOYEES AND INDEPENDENT CONTRACTORS.

(Note: Independent contractors will only be covered if specifically named as an insured in this policy, and then only for services performed on behalf of Applicant ; otherwise, they must apply separately.)

4a. Number of professionals (investment advisers, financial planners, registered representatives, life insurance agents, others) associated with Applicant:

Prior Year: _____

Current: _____

Next Year: _____

4b. Split the current year's total staff into the following applicable categories:

Employees	Full Time	Part Time
Professionals:	_____	_____
Para-Professionals 1:	_____	_____
Clerical:	_____	_____
Other (Describe):	_____	_____
Independent Contractors:	_____	_____

1E.g., para-planners running computer programs or performing numerical calculations, but having no client contact.

4c. On the S.I.F. describe Applicant's relationship to its independent contractors (other than those working full time for Applicant), including the services each provides to the other and how this relationship is presented to Applicant's clients.

The Financial Services Insurance Program

4d. For each professional associated with Applicant (including Applicant, if an individual), its employees, independent contractors, and supervised registered representatives, complete the following information. If additional space is needed, use the S.I.F. Copy this page for additional professionals and attach to the S.I.F.

	Professional Number 1	Professional Number 2	Professional Number 3
Name:			
Social Security #:			
CRD Number:			
Relationship to Applicant: (Check all that apply)	Employee Independent Contract Officer Director Shareholder Partner Supervised Registered Rep. Other - Explain: _____ _____	Employee Independent Contract Officer Director Shareholder Partner Supervised Registered Rep. Other - Explain: _____ _____	Employee Independent Contract Officer Director Shareholder Partner Supervised Registered Rep. Other - Explain: _____ _____
Services Provided:	Financial Planning Security Sales Life, Health, Disability Insurance Sale Investment Management Services Other - Specify: _____ _____	Financial Planning Security Sales Life, Health, Disability Insurance Sale Investment Management Services Other - Specify: _____ _____	Financial Planning Security Sales Life, Health, Disability Insurance Sale Investment Management Services Other - Specify: _____ _____
Years of Related Experience			

Professional Designations and Academic Training:

(Include professional credentials received, e.g., CFP, ChFC, CPA, LL.B., JD, IAFP Registry, CFA, Enrolled Agent, and whether studying for such credentials, or other training in the profession).

Securities Licenses Held:	Series 7 Series 63 Series 24 Series 6 Other - Specify: _____ _____	Series 7 Series 63 Series 24 Series 6 Other - Specify: _____ _____	Series 7 Series 63 Series 24 Series 6 Other - Specify: _____ _____
States Where Securities Licensed:	Life, Health & Disability - Specify States: _____ _____ _____	Life, Health & Disability - Specify States: _____ _____ _____	Life, Health & Disability - Specify States: _____ _____ _____

The Financial Services Insurance Program

Insurance Licenses Held:	Property/Casualty - Specify States: _____ _____	Property/Casualty - Specify States: _____ _____	Property/Casualty - Specify States: _____ _____
Society Memberships:			
Continuing Education	i. In compliance with his/ her Society's recommendations? Yes No ii. Describe other continuing education: _____ _____ _____ _____	i. In compliance with his/her Society's recommendations? Yes No ii. Describe other continuing education: _____ _____ _____ _____	i. In compliance with his/her Society's recommendations? Yes No ii. Describe other continuing education: _____ _____ _____ _____

4e. Does Applicant, or any of its officers, directors, partners, employees or independent contractors practice any other profession or engage in any other business? Yes No

If "yes", describe here of on the S.I.F.

V. REVENUE, PRODUCTS AND SERVICES

5a. List Applicant's gross revenue for the past three years, and estimates for the current year and next year:

Prior Year	(20 _____):	\$ _____
Prior Year	(20 _____):	\$ _____
Prior Year	(20 _____):	\$ _____
Current Year	(20 _____):	\$ _____
Next Year	(20 _____):	\$ _____

Additional notes: _____

The Financial Services Insurance Program

5b. Split Applicant's estimated current year's gross revenue into percentages by the following categories, and assets under management as indicated:

Fees	_____ %	\$'s Under Mgmt.	Commissions	_____ %
1. Financial Planning Services:	_____ %		Securities Sales:	_____ %
2. Investment Adviser Services	_____ %		Life, Health, Disability Insurance Sales:	_____ %
3. Management of a client's assets with no discretionary authority:	\$ _____ %	\$ _____	Property/Casualty Insurance Sales:	_____ %
			Other (Describe): _____	_____ %
			Sub Total:	_____ %
4. Discretionary Authority Over Trades of Mutual Funds Only (e.g., market timing or asset allocation services under a limited power of attorney):	_____ %	\$ _____	Other (Describe all such in detail on S.I.F.)	_____ %
			Pension Fund Consulting or Administration:	_____ %
			Benefit Consulting or Administration:	_____ %
			Management Consulting:	_____ %
			Tax Preparation Services:	_____ %
			Accounting Services, Other than Tax Prep.:	_____ %
			Investment Income:	_____ %
			Notary Services:	_____ %
			Other (describe): _____	_____ %
6. Other (describe): _____	_____ %	\$ _____		
	_____ %		Sub Total:	_____ %
			Total	_____ %
Sub Total:	_____ %			
Total	100%			

5c. Split Applicant's estimated current year's commission revenue listed in 5b.2, above, into the products listed below:

TOTAL STOCKS:	_____ %	COMMERCIAL PAPER, REPURCHASE AGREEMENTS, & OTHER SHORT TERM INVESTMENTS:		TOTAL ANNUITIES:	_____ %
Listed: _____ %				Variable: _____ %	
Unlisted: _____ %				Other: _____ %	
Penny (unlisted securities traded for less than \$5): _____ %				_____ %	LIFE, HEALTH, DISABILITY:
		OPTION CONTRACTS:	_____ %	Life Insurance:	
		(Stocks, indexes etc.)		Health & Disability	
TOTAL BONDS:	_____ %	FUTURES CONTRACTS:	_____ %	Insurance: _____ %	
Investment Grade: _____ %		(Commodities, currency etc.)		TANGIBLES:	_____ %
"Junk": _____ %		MUTUAL FUNDS:	_____ %	Rare Coins: _____ %	
UNREGISTERED STOCKS & BONDS:	_____ %	Hedge Funds: _____ %		Gold/Silver: _____ %	
		Other Than Hedge Funds: _____ %		Other (Specify): _____ %	
DERIVATIVES:	_____ %	TOTAL LIMITED PARTNER- SHIPS:	_____ %	OTHER (Specify on S.I.F.):	_____ %
PROPERTY/CASUALTY INSURANCE:		Registered: _____ %		Total	100%
		Unregistered: _____ %			

The Financial Services Insurance Program

5d. Does Applicant, its parents, subsidiaries, affiliates or any of their officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, have any financial interest (other than sales commission), ownership or control or other relationship with any of the products sold or recommended, or the organizations offering such products or services (e.g., acts as a general partner for a limited partnership, owns part of its broker/dealer etc.)? Yes No
 If "yes", explain on the S.I.F.

5e. Does Applicant participate in sales contests? Yes No
 If "yes", are these contests disclosed to clients? Yes No

5f. Does Applicant anticipate that more than 5% of its gross revenue for next year will be derived from any product or service not listed in 5b. or 5c.? Yes No
 If "yes", explain on the S.I.F.

Does Applicant anticipate that the distribution of its gross revenue among the products and services listed in 5b. and 5c. will change Substantially next year? Yes No

Was it substantially different in any of the past five years? Yes No
 If "Yes" to either question, explain on the S.I.F.

5g. Does Applicant specialize in any products or services? Yes No
 If "yes", describe on the S.I.F.

Does Applicant differentiate itself from its competitors in any special way in marketing its products or services? Yes No

If "yes", explain on the S.I.F.

Describe how Applicant obtains clients on the S.I.F.

Can Applicant's clients be characterized in any particular way (e.g., predominately physicians, individuals with invested assets greater than \$1,000,000, etc.)? If "yes", describe on the S.I.F.

Yes No

The Financial Services Insurance Program

VI. BUSINESS & ADMINISTRATIVE PRACTICES

6a. Name and address of securities broker/dealer: _____

If any of the professionals listed in 4.d use a different broker/dealer, list their names, their broker/dealer, and answer these questions for them on the S.I.F.

Does Applicant's broker/dealer's client account form contain an arbitration clause? Yes No

Does Applicant perform any due diligence on products sold to clients beyond that provided by Applicant's broker/dealer? Yes No

I 6b. Is Applicant or an affiliate of Applicant a licensed life insurance agent? Yes No
If "yes", name of the affiliate. _____

1. Split Applicant's Life, Health and Disability commission income for the current year into the following categories according to the role played by Applicant:

_____ % Agent
 _____ % General Agent (# of Sub Agents _____)
 _____ % Managing General Agent (# of Sub Agents _____)
 _____ % Other; Describe: _____

2. Split the Life, Health and Disability commission income for the current year into the following categories according to Applicant's source of business:

_____ % Directly From Applicant's Clients
 _____ % From Applicant's Sub Agents
 _____ % From Other Agents

3. Does Applicant represent or use any insurance companies rated less than "A" by Bests or the equivalent rating by another rating agency? Yes No

If "yes", list the companies and explain why on the S.I.F.

6c. 1. Is Applicant a Registered Investment Adviser ("RIA")? Yes No

2. If "yes", list the states where Applicant is registered (Use S.I.F. if necessary):

The Financial Services Insurance Program

3. If "No", and Applicant provides financial planning or investment adviser services, indicate on the S.I.F. either:
- (1) the exception to the SEC's and states' registration requirements the Applicant is relying upon or
 - (2) the name and address of the RIA which

Applicant uses for financial planning and investment adviser service and explain the Applicant's relationship to that RIA.

4. Does Applicant function as an RIA for independent financial planners or investment advisers? Yes No

If "yes", list each of these independent contractors in 4d. and on the S.I.F. explain the relationship between Applicant and such independent financial planners or investment advisers, and the procedures used on behalf of Applicant's RIA to review the plans prepared by or investment advise given by the independent contractors.

5. Does Applicant use outside investment managers in the management of client funds? Yes No
 If "yes", explain on the S.I.F.

- 6d. Does Applicant provide Financial Planning services? Yes No
 If "yes", answer the following questions here or on the S.I.F.

- 1. Indicate the number of hours typically spent preparing a financial plan: _____
- 2. Identify the software used in such preparation: _____
- 3. Are other professionals used (e.g. accountants) to help prepare the financial plan? Yes No
 If "yes", explain on the S.I.F.

4. Are clients referred to other professionals? Yes No
 If "yes", are referral fees received? Yes No
 If "yes", are these referral fees disclosed to clients? Yes No

- 6e.
- 1. Is incoming mail date stamped? Yes No
 - 2. Is there a procedure for documenting telephone conversations? Yes No
 - 3. Is there a diary/suspense system for follow-ups? Yes No
 - 4. Are all insurance applications, policies, endorsements etc. checked for accuracy? Yes No
 - 5. Are all security purchases, sale orders and confirmations checked for accuracy? Yes No

The Financial Services Insurance Program

6. Are there procedures for verifying the suitability of client security purchases? Yes No
7. Are there procedures for verifying a client's receipt of prospectuses? Yes No
8. Are there procedures to explain and document client understanding of security investment risks? Yes No
9. Are there procedures to determine and document client investment goals and risk tolerance? Yes No
- 6f. Does Applicant have control or possession of client funds or securities (e.g., as a trustee for client)?
If "yes", explain on the S.I.F. Yes No

6g. Indicate whether Applicant has been audited by any of the following organizations?					
	Yes or No	If yes, when?		Yes or No	If yes, when?
SEC:			State Insurance Department:		
FINRA:			Security Broker/Dealer:		
State Securities Department:			Insurance Companies:		

VII. CLAIMS AND COMPLAINTS

7a. Has any claim, suit or arbitration for alleged malpractice, error, omission, mistake or other wrongful act been made against Applicant, its predecessor in business, its officers, directors, partners, employees, independent contractors or supervised registered representatives if a securities principal? If "yes", complete a Claim Information Form for each claim, lawsuit or arbitration, whether or not Applicant or others listed above were insured at the time and regardless of the outcome or current status. Yes No

7b. After a review of Applicant's records, does Applicant, or any of its partners, directors, officers, employees, independent contractors or supervised registered representatives, if a security principal, have any knowledge or information of any fact situation (e.g. a limited partnership sold by Applicant encountering financial difficulties, or any sale of securities sold to a client or a client of a supervised registered representative, if a security principal, which is likely to result in a substantial loss to the client), allegation or incident which may result in a claim, suit or arbitration against Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives? If "yes", complete a Claim Information Form for each such fact situation, allegation or incident. Note: No coverage will be provided for any claim arising out of any such incident or fact situation. If presently insured, Applicant should consider reporting these facts, allegations or incidents to, and purchasing "tail" coverage from Applicant's current insurer. Yes No

7c. Is Applicant aware of or involved in any fee dispute with a client? If "yes", explain on the S.I.F. Yes No

The Financial Services Insurance Program

VIII. DISCIPLINARY ACTION (If any of the following are answered “yes”, give full details, including disciplinary and corrective action taken, on the S.I.F.)

- 8a. Has any professional license or registration of Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, ever been denied, suspended, revoked, non-renewed or restricted in any way?
- Yes No
- 8b. Has Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, ever been disciplined, fined, or suspended by the SEC, FINRA, a state securities, corporation or insurance department or other regulatory body, or formally reprimanded by any court or administrative agency?
- Yes No
- 8c. Has any complaint ever been filed against Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, with a consumer agency, Applicant’s broker/dealer, the SEC, FINRA, a state insurance, corporations or securities department or other regulatory body?
- Yes No
- 8d. Has Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, ever been formally accused of violating any professional association’s code of ethics?
- Yes No
- 8e. Has Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, ever been convicted of a criminal offense other than minor traffic violations?
- Yes No
- 8f. Has any contract between Applicant or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, and their insurance company, broker/dealer or others been suspended, terminated, non-renewed or restricted for cause?
- Yes No

The Financial Services Insurance Program

IX. MISCELLANEOUS

9a. Was Applicant's business different in any way from the business described in this Application during the period for which Applicant is requesting "prior acts" coverage, i.e., the time between the requested retroactive date and the policy inception date (e.g. did Applicant sell substantially more limited partnerships or other types of products or services, employ more planners etc.)? If "yes", please describe on the S.I.F.

Yes No

9b. Is there any additional information material to this Application which has not been otherwise disclosed?

Yes No

If "yes", please specify on the S.I.F.

X. ADDITIONAL INFORMATION.

Attach a copy of the following documents. Indicate with "NA" any that do not apply to Applicant.

10a. Filed Forms

1. Current complete Form ADV and updates.
2. Other disclosure document(s) if Form ADV, Part II is not used for that purpose.
3. U-4's for all registered representatives listed in 4d., above.

10b. Contracts/Engagement Letters Used By Applicant

1. Client financial planning contract forms.
2. Client financial adviser or investment management service contract forms.
3. Independent contractor contract forms.
4. Others, if any.

10c. Marketing

1. Corporate brochures.
2. All advertisements run within the last year.

10d. The most recent audits by SEC, FINRA, state securities and insurance departments, Applicant's broker/dealer or insurance companies and Applicant's reply.

10e. A copy of all current professional liability insurance policies.

The Financial Services Insurance Program

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Notice: Please read the following carefully before signing this Application.

On behalf of Applicant (including its officers, directors, partners, employees and independent contractors for whom insurance is sought under this Application, and any affiliates for which insurance coverage is sought under this Application) the undersigned makes the following representations, warranties and agreements:

1. I have been duly authorized, for and on behalf of Applicant, to apply for this insurance and to complete this Application.
2. Applicant has reviewed the information in this Application describing “prior acts” and “tail” coverage and the ramifications of failing to identify and report claims and incidents to Applicant’s current or prior insurer(s).
3. The Claim Information Forms, if any, that are attached to this Application include the details of: (a) all claims, suits and arbitrations which have been brought against Applicant; and (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 Applicant in the future. All such claims, suits and incidents have been reported to 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.
4. It is understood that completion of this Application does not constitute acceptance of this Application or obligate the Company to complete the insurance applied for. It is understood and agreed that the language of the policy that is issued, if any, and not any summary language in this Application or any Company marketing materials, will determine actual insurance coverage.
5. It is understood and agreed: (a) that this Application, including, without limitation, all information submitted verbally or in writing in connection herewith and not contained herein, will be relied upon by the Company in making a decision whether to issue a policy; (b) that this Application will be made a part of any such policy; and (c) that any such policy will be issued in reliance upon the representations made in connection with this Application.

The Financial Services Insurance Program

6. It is understood and agreed that failure to provide a true and complete response to any of the questions, statements or requests for information in this Application or to provide any other information material to this Application may, at the sole option of the Company, result in the voiding of the insurance policy issued in reliance on this Application and/or denial of coverage for specific claims asserted against Applicant or any other insured under the policy. The undersigned, on behalf of Applicant and all other insureds under any policy issued by the Company, hereby waives any defense to an action by the Company for rescission of such policy based upon misrepresentation of fact or failure to disclose material information in connection with this Application. Applicant agrees to hold the Company harmless from all loss as a result of any such misrepresentation or failure to disclose, including, without limitation, all costs and attorney fees incurred by the Company in connection with said action for rescission.

7. Applicant authorizes and consents to investigation of information bearing upon Applicant's moral character, professional reputation, and qualifications to engage in the activities to be insured, including, without limitation, authorization to every person or entity, public or private, to release to the Company, its agents and authorized representatives, any documents, records or other information bearing upon the foregoing. It is understood and agreed that these investigations may not be confined to information submitted in this Application, but may include any other information deemed relevant by the Company. It is understood and agreed that organizations releasing such information, their agents, servants and employees shall not incur any liability as a result of any information released or furnished pursuant to this authorization, including any errors, omissions or mistakes contained in such released information.

8. Applicant will notify the Company within 10 days of any material change in the nature of Applicant's business (including, without limitation, any changes in location, the kind of products sold or services provided or the answers to the questions posed in Articles VII and VIII of this Application) while this Application is pending and throughout the term of any policy issued by the Company.

Notice to **New York** Applicants: 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 purposes of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall be subject to civil penalty not to exceed five thousand dollars and the stated value of the claim for the violation.

The Financial Services Insurance Program

Notice to Applicants: 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 purposes of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall be subjects the person to criminal and civil penalties.

Applicant's Name: _____ By: _____

Print/Title Name: _____ Date: _____

NOTICE: Any person who knowingly and with intent to defraud an insurance company or its representatives files an application for insurance containing false information, or conceals information on a fact material thereto, commits a fraudulent insurance act which is a crime.

Where applicable, Applicant is also applying for membership in Financial Services Professional Liability Risk Purchasing Group, Inc. There is no charge for membership.

APPLICATION COMPLETION CHECK LIST

1. Review the Application and any completed Supplements to insure that full, accurate information has been provided, with each question answered and all blanks filed in with the requested information or "N.A." or "none", and that the Supplementary Information Form ("S.I.F.") contains all requested information and any additional information for which additional space is needed or which is material to making this Application accurate and complete.
2. Attach a completed Claim Information Form for each claim or suit brought against Applicant, and for each fact situation or incident that may reasonably result in such a claim or suit.
3. Review Article X and attach all additional information requested by that Article.
4. Attach any Supplements called for under this Application.
5. Sign and date the Application and each Supplement..
6. Mail the Application to ProSurance Group, Inc. at the address shown above. An incomplete Application cannot be considered for insurance.

The Financial Services Insurance Program

SUPPLEMENTAL FINANCIAL CRISIS QUESTIONS

INSTRUCTIONS: Print Applicant's name below. Please provide complete explanations to any "Yes" answers below. Sign and date the supplemental application.

Applicant: _____

1. Has Applicant sold or have Applicant's' clients invested in auction rate securities? If yes, how much? Have applicant's clients experienced difficulties redeeming them due to current market conditions? How much remains unredeemed?

2. Have Applicant's clients experienced liquidity issues or other problems with any Reserve Management mutual funds? If yes, how much of Applicant client's funds remained unredeemed? How much money have Applicant clients lost?

3. Has Applicant sold or have Applicant's' clients invested in Oppenheimer Champion Income Fund, Evergreen Ultra-Short Opportunities Fund, Schwab Yield Plus Fund, Lehman Brothers structured notes or other securities with substantial losses due to sub prime mortgages or the recent credit crises? If yes, how much did Applicant's clients invest? How much did they lose?

4. Has Applicant sold or have Applicant's' clients invested in securities backed by sub prime mortgages or other investments now experiencing difficulties (e.g. CMO's, CDO's) due to current market conditions? If yes, how much did Applicant's clients invest? How much did they lose?

The following should be answered in adequate detail to allow proper evaluation. Attach relevant copies of Claimant's file and any correspondence relating to the claim or incident including, without limitation, copies of any legal pleadings, lawyer status reports, insurance company letters, any legal evaluations by experts or attorneys. Submit sufficient information to fully explain the claimant's case and Applicant's defense. Attach additional sheets as required.

14. Dates and Descriptions of Services Provided and/or Products Sold to Claimant:

15. Nature and Description of Problem:

I understand that the information submitted herein becomes part of the Applicant's Professional Liability Insurance Application.

Date: _____

Signed: _____

Print Name and Title: _____