

- ACE American Insurance Company
- Illinois Union Insurance Company
- Westchester Fire Insurance Company
- Westchester Surplus Lines Insurance Company

COMPLETE THIS APPLICATION ONLY IF REQUESTING COVERAGE FOR REAL ESTATE PROFESSIONAL RELATED ERRORS AND OMISSIONS LIABILITY COVERAGE. Please submit with the ACE Advantage[®] Miscellaneous Professional Liability Application. Please complete in ink. A principal must sign both the supplement and the miscellaneous professional liability application.

THIS APPLICATION IS FOR A CLAIMS-MADE INSURANCE POLICY.

Instructions to the applicant:

- Please answer all questions. This information is required to make an underwriting and pricing evaluation. Your answers hereunder 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 person of the company.

1. Applicant name _____

2. Limits of Liability Requested:

- \$1mm / \$1 mm
- \$2mm / \$2 mm
- \$3mm / \$3mm
- \$4mm / \$4mm
- \$5mm/\$5mm
- Other _____

Deductible (including claims expenses):

- \$ 5,000
- \$ 10,000
- \$ 25,000
- \$ 50,000
- \$100,000
- Other _____

3. Indicate the number of employees and/or staff by categories listed below (count each person only once):

<u>Description</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Total</u>
Principals			
Licensed Brokers (employed & independent contractors)			
Licensed Agents (employed & independent contractors)			
Property Management, staff & employees			
Appraisal Employees			
Insurance Department Employees			
Clerical Employees			
Other	_____	_____	_____

Total Staff

4. Indicate gross income from activities by categories below (Gross income includes all fees and commissions before expenses and split with agent)

<u>Description</u>	<u>Gross Income Last 12 Months</u>	<u>Number of Transactions</u>	<u>% Sold with Warranty</u>	<u>Projected Income Next 12 Months</u>	<u>Projected Transactions</u>
Residential sales (including family owned farms)					
Commercial sales (including residential property over 5 units)					
Vacant land zoned for residential usage					
Property Management Fees (residential)					
Property Management Fees (commercial)					
Farm Management Fees					
Real Estate Leasing Fees (residential)					
Real Estate Leasing Fees (commercial)					
Real Estate Consulting					
Real Estate Mortgage Brokerage					
Referral Fees					
Other					
<i>Total</i>					

5. Please indicate the average sales price of the company's prior year closed residential sales transactions: \$_____
6. What was the highest residential sales price? \$_____
7. Is the applicant a member of any national franchise, referral or relocation organization?
 Yes No If yes, please indicate names: _____
8. Do they require to be named as additional insured? Yes No
9. In the last twelve (12) months, please indicate the total number of transactions in which the applicant represented both the buyer and the seller in the proposed sale of real property. _____ Please describe any risk management procedures or formalized process undertaken by the Applicant to reduce potential for claims arising out of such dual representation. Please explain below and utilize a separate exhibit if necessary: _____

10. Is the applicant or any subsidiary, parent or other related organization or any officer, director or employee of the applicant or officer or employee of the applicant or any subsidiary engaged in any of the following?:

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| Real Estate Development, Construction or Construction Management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Mortgage Brokerage | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Mortgage Banking | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Business Opportunity Brokerage | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Formation, management, organization or sales of group investments syndications including limited partnerships, general partnerships, real estate investment trusts or corporations | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Insurance Agency or Brokerage | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Title Search, Abstractor or Agency | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Escrow Agency | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Property Inspection | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

If answered yes to any of the above items, please provide a complete description of services provided and revenue derived from each specific activity on a separate sheet of paper.

11. Does any client represent more than 10% of the firm's annual gross income? Yes No
If yes, please identify the client and describe services performed and any relationship to client _____

12. Does the applicant ever have any direct or indirect beneficial ownership interest as a buyer or seller of real property? Yes No **If answered "yes"**, please indicate the number of transactions in which the Applicant sells property in which any ownership interest is maintained, the percentage of ownership maintained by the Applicant in each property sold, and the total revenue derived from the sale of each property. If necessary, please provide your answers on a separate exhibit: _____ What quality control procedures are currently in place to assist in avoidance of potential self dealing claims and provide the proper disclosures to all parties involved in the transaction where the Applicant maintains ownership interest in the property? _____

13. Firm's internal procedures, practices and risk management:

- | | | |
|------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| a. Does the firm have an in-house procedures manual? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b. Does the firm have in-house training sessions? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. Does the principal broker have a specific training program for new sales associates? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d. Does the firm use: | | |
| Standard real estate trade association purchase/sale contracts? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Require all agents to perform a physical inspection of the property? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| All applicable state required disclosure forms? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Standard file construction requirements? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Closing document checklist? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e. Does the firm employ legal counsel to review contracts, disclosure forms and handle compliance matters? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

PROPERTY MANAGERS

14. Please provide a breakdown below of all properties managed during the past fiscal year:

<u>Market Property Type</u>	<u>Number of Units</u>	<u>Gross Property Management Income</u>	<u>Estimated Property Value</u>
a. 1-4 Family Residential		\$	\$
b. Apartments		\$	\$
c. Condos & Co-Ops		\$	\$
d. Shopping Centers		\$	\$
e. Office Buildings		\$	\$
f. Commercial/Industrial		\$	\$
g. Farms		\$	\$
h. Other		\$	\$

15. Does the applicant or any principal, owner, director, officer, partner or employee of the applicant have any ownership interest in any property managed? Yes No **If answered "yes"**, please indicate the number of transactions in which the Applicant manages property in which any ownership interest is maintained, the percentage of ownership maintained by the Applicant in each property managed, and the total revenue derived from the management of each property. If necessary, please provide your answers on a separate exhibit: _____. What quality control procedures are currently in place to assist in avoidance of potential self dealing claims and provide the proper disclosures to all parties involved in the transaction where the Applicant maintains ownership interest in the property? _____

16. Is the applicant certified as a property manager? Yes No
If yes, please indicate certification. _____

17. Is a budget prepared for each property managed? Yes No
If no, please explain. _____

18. Is a credit report and reference check obtained on each prospective tenant? Yes No
If no, please explain. _____

19. Does the applicant manage any properties under contract with a financial institution, regulatory body or on behalf of any trustee for properties in receivership or other forms of bankruptcy protection? Yes No
If yes, please explain. _____

20. Is the property manager responsible for maintaining insurance coverage on properties managed? Yes No

21. Are all properties insured for comprehensive general liability with limits of liability of at least \$1 million? Yes No
If no, please explain. _____

22. Are certificates of insurance obtained on all properties? Yes No
If no, please explain. _____

Please attach a copy of the contract for each type of property managed.

23. Disaster Recovery Planning

- a. Does the Applicant have a Disaster Recovery Plan currently in place for catastrophic events? Yes No
- 1) Does plan contain Threat Analysis Process? Yes No
 2) Does plan contain Risk Assessment Procedure? Yes No
 3) Does plan contain Disaster Mitigation Steps? Yes No
 4) Does plan contain Response and Recovery Plans? Yes No
- b. Does the Disaster Recovery Plan include planning for terrorist events? Yes No
- c. Has the Applicant tested the Disaster Recovery Plan within the past 6 months?
 Yes No
- d. For commercial structures currently managed by you, are evacuation plans currently in place to address unforeseen/disastrous events? Yes No
- e. How often are these evacuation plans reviewed to make sure they are current and properly designed? _____
- 1) Are test evacuations performed? Yes No
 2) If yes, how often?: every 6 months Annually Other _____ Never
- f. Are contingency plans currently in place to deal with HVAC system failure due to potential terrorist actions? Yes No
- g. Do you provide any security services for properties you manage? Yes No
- h. Are those services provided directly to the client or do you subcontract out to a third party? Yes No Not Applicable
- If security services are subcontracted out to a third party, please attach a copy of contract between yourself and subcontractor providing the security services.**
- i. Does the Applicant have a Disaster Recovery Team, with specific assignments for team members? Yes No
- j. Is Disaster Recovery Team Leader a part of Senior Management within Applicant's organization?: Yes No

REAL ESTATE APPRAISERS

24. Please provide breakdown of real estate appraisals and fees for the most recent fiscal year.

Type of Property	Number of Appraisals	Appraisal Fees
a. Single Family Dwelling		
b. Commercial Property		
c. Industrial Property		
d. Multi Unit Residential		
e. Farms and Ranches		
f. Land		
g. Personal Property		

25. Are appraisal fees charged always independent of the appraisal value? Yes No
 If no, please explain. _____

26. Has the applicant ever conducted an appraisal on property in which the applicant or any principal, owner, partner, director, officer or employee of the applicant had an ownership interest? Yes No

If yes, please explain. _____

27. Does or has the applicant or any principal, owner, director, officer or employee of the applicant have an ownership interest in any bank, savings and loan, mortgage broker or mortgage company or similar financial institution? Yes No

If yes, please explain. _____

28. Does or has any bank, savings and loan, mortgage broker or mortgage company or similar financial institution have an ownership interest in the applicant or any firm of the applicant?

Yes No

If yes, please explain. _____

29. Please provide a background of appraisal clients by category for the most recent fiscal year.

Type of Client	Number of Appraisals	Appraisal Fees
a. Seller		
b. Prospective Buyer		
c. Owner (for purposes other than sale)		
d. Lender/Financial Institution		
e. Estate or Tax		
f. Developer		
g. Investor/Syndicator		
h. Other, describe		

30. Do applicant's appraisals always include:

- a. Name of client? Yes No
- b. A statement of purpose of the appraisal? Yes No
- c. A definition of the value estimated? Yes No
- d. A description of the property and interest being appraised? Yes No
- e. A summary of facts upon which the appraisal is based? Yes No
- f. A statement of conclusions reached; any qualifications or limitations? Yes No
- g. A statement of assumptions and conditions? Yes No
- h. A statement that the appraiser does not (or does) have a present for interest in the property, and, if so, a description of interest? Yes No
- i. Photographs of the property? Yes No

31. Furnish the following for all individuals involved in conducting appraisals:

Name of Appraiser	Years of Experience	Professional Association Membership	Type of License

Signed: _____

Title: _____

Date: _____

Broker: _____

Address: _____