

COMPLETE THIS APPLICATION ONLY IF REQUESTING COVERAGE FOR FRANCHISERS ERRORS AND OMISSIONS LIABILITY COVERAGE. Please submit with the 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. Length of time Applicant been providing franchising services _____
3. Does the franchisor provide financing to franchisors?
a) Operations? Yes No
b) Acquisition? Yes No
4. What is the total number of units franchised? _____
5. How many franchises does the Applicant own? _____
6. Does any subsidiary of the Applicant provide services to the franchisees? Yes No
If yes, provide details. _____
(Provide complete answer on another sheet of paper, if necessary)
7. Does the Applicant have a franchise disclosure compliance program? Yes No
If yes, provide details _____
8. Does the Applicant have a franchise disclosure regulation or general compliance officer?
Yes No
Please describe such officer's qualifications? _____
9. Does the franchisor create or set standards of care, provide quality assurance programs, prescribe standards for delivery of services, offer training programs, provide continuing professional education, offer human resource services? Yes No
Please describe the services offered to franchisors. _____
(Provide complete answer on another sheet of paper, if necessary)
10. Briefly describe the process for selecting and qualifying prospective franchisees. _____

11. Does the Applicant debrief prospective franchisees prior to execution of franchise agreement?

Yes No

If yes, describes the process. _____

12. Please answer the following questions relative to documentation you maintain within your due diligence process for each Franchise sold.

	Yes	No	N/A
Date of first contact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Method of first contact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Method by which franchisee learned about franchisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franchise applications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investigative reports or test regarding prospective franchisees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales related correspondence, memoranda and notes of conference	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identity and involvement of professional advisor(s) to franchisee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of offering circular(s) and contract(s) delivered & dates of delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Descriptions of any negotiations of the terms of a Franchise agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of all executed agreements and riders, addends and exhibits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Properly completed, signed receipts to all offering circulars, contracts and other disclosure materials delivered to franchisees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consideration and date paid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Date and place(s) training was commenced and completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evidence that franchisees successfully completed training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site selection and the Applicant's role therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Construction of the outlet and the Applicant's role therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Applicant's assistance in connection with the opening of the franchisee's business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Does the Applicant sell franchises utilizing salespersons who are not employed by the Applicant? Yes No

If yes, please indicate the number of salespersons _____

14. Has the Applicant conducted a background check on its current personnel? Yes No

If yes, briefly explain the procedure _____

15. Does the Applicant have programs for instructing sales personnel on legal restrictions?

Yes No

If yes, briefly explain the procedure _____

16. Describe any established procedures, precautions or safeguards the Applicant has in place with respect to resolving disputes with franchisees. _____

17. Provide the name of the law firm(s) (if any) which has assisted or currently assists the Applicant with franchise contracts and/or registration/disclosure matters and/or franchise disputes. _____

18. Provide the name and address of the Applicant's current accounting firm. _____

Please attach the following documents:

- Copy of most recent audited annual financial statements or Form 10K or 10Q
- Copy of the franchise offering circular and all exhibits and amendments
- Schedule of all current franchisees listed by state
- Number of terminated franchises within the past 24 months and the reason(s) for termination.
- Schedule of franchisees currently in default under their franchise agreements and type of default
- Copy of operating manual and/or similar materials

Signed: _____

Title: _____

Date: _____

Broker: _____

Address: _____