

Real Estate Agent Broker New Business Application

Underwritten by The Hanover Insurance Company

Notice: THIS APPLICATION IS FOR A CLAIMS-MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY WILL APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY. PLEASE READ THE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

RISK PURCHASING GROUP NOTICE

This Miscellaneous Professional Liability Risk Purchasing Group Policy may not be protected by an insurance insolvency guaranty fund in this state, and the insurer or Risk Purchasing Group may not be subject to all the insurance laws and rules of this state.

IMPORTANT NOTICE REGARDING RISK PURCHASING GROUPS

Disclosure Pursuant to Federal Law Regarding Purchasing Groups [15 U.S.C. SEC. 3901, et seq] the Norman-Spencer Real Estate Risk Purchasing Group, Inc. is a "Purchasing Group", as defined under Federal law, formed to purchase liability insurance on a group basis for its Members to cover the similar or related liability exposure(s) to which the Members of the Purchasing Group are exposed by virtue of their related, similar, or common businesses or services. Members do not share limits and each member is provided with its own policy and/or evidence of insurance.

INSTRUCTIONS

Whenever used in this application, the term Applicant shall mean the Named Insured proposed for insurance, and You or Your(s) shall mean the persons, entities and subsidiaries, proposed for insurance unless otherwise stated.

A. CONTACT INFORMATION

1. Full Legal Name of Applicant (include all firm names, franchise affiliations, trading names and DBAs under which the Applicant operates):

Applicant is a: Sole Proprietor Partnership Corporation LLC LLP Independent Contractor Other:

2. Mailing and Physical Address of Applicant, including contact information:

Mailing Address: City: State: Zip Code: Physical Address (if different): Primary Applicant contact name: Title: Phone #: Email: Website:

3. Has the Applicant ever operated under any other name? Yes No

If "Yes", please explain:

4. Is the Applicant controlled, affiliated with or owned by any other firm or business enterprise? Yes No

If "Yes", please explain:

B. GENERAL BUSINESS INFORMATION

5. Date Applicant was established:

6. List all states where professional services are provided:

7. Does the **Applicant** have any subsidiaries for which coverage is requested? Yes No

If "Yes", please complete the schedule below:

Subsidiary Information

Full Legal Name	% Owned	Year Started	Description of Operations

IMPORTANT: It is understood and agreed that coverage is not provided for subsidiaries not fully disclosed in response to Question 7.

8. Does the **Applicant**, or any of **You**, including any Independent Contractors, own, manage, or control any other entity, including any **Subsidiary**, related to the Real Estate Industry? Yes No

If "Yes", please explain: _____

C. APPLICANT OPERATIONS

9. Provide the following information for all owners and managers with 5% or greater ownership interest:

(Please use a separate sheet for additional owners and managers)

Name	Position	Percentage of Ownership	First Year Licensed
		%	
		%	
		%	

10. How many owners, employees, and independent contractors perform services on behalf of the **Applicant**?

Full Time: _____ Part Time: _____ Average years of experience: _____

11. a. Complete the following chart for each service provided. If this is a start-up, please provide projections.

Service	Most Recent 12 Months (Not Fiscal Year)	
	Number of Transactions/Sides	Gross Commissions and/or Fees (not Total Sales)
Residential: Sales		\$
Leasing		\$
Land and Lots		\$
Vacation Rentals		\$
Property Management		\$
Appraising		\$
Auctioneering		\$
Commercial: Sales		\$
Leasing		\$
Land and Lots		\$

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Vacation Rentals		\$
Property Management		\$
Appraising		\$
Auctioneering		\$
Broker Price Opinions		\$
Real Estate Consulting (please explain in Box below)		\$
Other: (Please explain in box below)		\$
Explanations:		
TOTALS		

- b. Total Gross Commissions & Fees Prior 12 Months: \$ _____
- c. Total Gross Commissions & Fees Projected Coming 12 Months: \$ _____
- d. Approximate % of Most Recent 12 Months Total Revenue derived from Foreclosures or Short Sales: _____%
- e. Approximate % of **Your** Foreclosures or Short Sales where **You** represented the Seller: _____%

12. Complete the below chart for the most recent 12 months:

Property Type	Average Sale Price	Highest Sale Price	Number of Transactions > \$1 Million
Residential	\$	\$	
Commercial	\$	\$	

13. Do any of **You** provide any of the following Services? *If answers to all are "No" check here* .

a. Construction / Development	<input type="checkbox"/> Yes <input type="checkbox"/> No	e. Sale/Lease/Mgt. of Time Shares	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Construction Management	<input type="checkbox"/> Yes <input type="checkbox"/> No	f. Business Brokering	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Mortgage Brokering	<input type="checkbox"/> Yes <input type="checkbox"/> No	g. Condo/Assoc. Management	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Formation/Management of REITS	<input type="checkbox"/> Yes <input type="checkbox"/> No	h. General Contracting	<input type="checkbox"/> Yes <input type="checkbox"/> No

If "Yes" to any of the above, is separate Errors and Omissions coverage in place for these services? Yes No

14. Does the **Applicant** derive more than 10% of Total Commission from any one development, subdivision, or builder? Yes No

If "Yes", please complete an Exclusive Agreement with Builder/Developer Supplemental Questionnaire

15. Does the **Applicant** sell properties owned in whole or in part by any Agent, Broker, Independent Contractor, or the **Applicant** itself? Yes No

If "Yes", please provide the number of transactions:

- a. Residential Property _____
- b. Commercial Property _____
- c. Land _____

16. Do any of **You** sell properties Constructed/Developed by any Agent, Broker, or Independent Contractors ("IC"), the **Applicant** itself, or Spouse of any Agent, Broker, or IC? Yes No

If "Yes", please complete a Construction/Development Supplemental Application

17. For the most recent 12 months, what percentage of sales transactions included:
- a. A signed seller's disclosure statement: _____%
 - b. A property inspection: _____%
18. For the most recent 12 months, indicate the % of sales transactions in which the **Applicant**, or any of **You**, including Independent Contractors, received commission on BOTH the buyer AND the seller sides of the transactions (aka Dual Agency): _____%
19. Does the **Applicant**:
- a. Document each file with recommendations and client instructions: Yes No
 - b. Have written procedures in place to notify management of problem transactions: Yes No
 - c. Have a written internal policy or procedure manual: Yes No
 - d. Use in-house legal counsel, legal counsel on retainer, or a risk manager on retainer: Yes No
20. Are the **Applicant's** computer systems protected with regularly updated firewall, anti-virus and anti-malware software? Yes No

D. INSURANCE INFORMATION

21. Please provide the following information regarding the **Applicant's** most recent insurance policies. **(Please attach a copy of the current policy Declarations Page.)** If no coverage is currently in-force please indicate by checking this box:

Insurance Carrier		Expiration Date	Limit of Liability	Deductible	Premium
Current Year			\$<< >>/\$<< >>	\$	\$
Prior Year 1			\$<< >>/\$<< >>	\$	\$
Prior Year 2			\$<< >>/\$<< >>	\$	\$
Prior Year 3					
Prior Year 4					
Retroactive Date:	<i>(This is the date the Applicant first purchased claims made coverage that has been continuously in-force without interruption.)</i>				

22. During the past 5 years, has any professional liability claim or suit ever been made against the **Applicant**, any **Subsidiary** or any of the **Applicant's** current or former professional staff? Yes No
If "Yes", please indicate how many: _____. Please submit 5 year loss runs and complete a Supplemental Claim Form for each claim.
23. Do any of **You** know of any incident, negligent act, error or omission, or other circumstance that could result in a claim or suit against the **Applicant**, any **Subsidiary** or any of the **Applicant's** current or former professional staff? Yes No
If "Yes", indicate how many: _____ and complete a Supplemental Claim Form for each potential claim.
24. Have any of **You** ever been subject to a disciplinary inquiry, complaint, grievance, or proceeding, or had their license revoked or suspended, or been reprimanded? Yes No
If "Yes", please provide complete details on a separate sheet.

E. REQUESTED COVERAGE

25. Limit requested:

\$500,000/\$500,000 \$1,000,000/\$1,000,000 \$2,000,000/\$2,000,000 Other: \$ _____

26. Deductible requested:

\$1,000 \$2,500 \$5,000 \$10,000 \$15,000 \$25,000 \$50,000 Other: \$ _____

F. DECLARATIONS AND NOTICE

The undersigned, acting on behalf of the **Applicant**, represents that the statements set forth in this application are true and correct and that thorough efforts were made to obtain requested information from all of **You** to facilitate the proper and accurate completion of this application.

The undersigned agree that the information provided in this application and any material submitted herewith are the representations of all of **You** and that they are material and are the basis for issuance of the insurance **Policy** provided by **Us**. The undersigned further agree that the application and any material submitted herewith shall be considered attached to and a part of the **Policy**. Any material submitted with the application shall be maintained on file (either electronically or paper) with **Us**.

It is further agreed that:

- If any of **You** discover or become aware of any material change which would render the application inaccurate or incomplete between the date of this application and the **Policy** inception date, notice of such change will be reported in writing to **Us** as soon as practicable;
- Any **Policy** issued will be in reliance upon the truthfulness of the information provided in this application.
- The signing of this application does not bind the **Applicant** to purchase insurance.

The information requested in this application is for underwriting purposes only and does not constitute notice to **Us** under any policy of a **Claim** or **Potential Claim**.

GENERAL FRAUD NOTICE: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly provides false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

ATTENTION APPLICANTS IN THE FOLLOWING JURISDICTIONS

ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, LOUISIANA, MARYLAND, NEW MEXICO, RHODE ISLAND AND WEST VIRGINIA: Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

COLORADO: 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.

FLORIDA AND OKLAHOMA: 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 in FL).

KANSAS: 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.

KENTUCKY, OHIO AND PENNSYLVANIA: 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.

MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON: 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.

NEW HAMPSHIRE AND NEW JERSEY: Any person who includes any false or misleading information to the best of her/his knowledge on an application for an insurance policy is subject to criminal and civil penalties.

OREGON: 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.

PUERTO RICO: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

NEW YORK: 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 civil penalties not to exceed five thousand dollars and the stated value of the claim for each such violation.

SIGNATURE OF **APPLICANT's** AUTHORIZED REPRESENTATIVE

Date

Signature**

Title

This application must be signed by the chief executive officer, president, chief financial officer, managing partner or owner of the **Applicant acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

Agent's Signature: _____

Produced By: Agent: _____ Agency: _____

Agency Taxpayer ID or SS No.: _____

Agent License No.: _____ Agent Signature: _____

Address (Street, City, State, Zip): _____

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED.