

New England Excess Exchange, Ltd.

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www.neee.com

PROFESSIONAL LIABILITY INSURANCE FOR FINANCIAL ADVISORS / PLANNERS NEW BUSINESS APPLICATION CLAIMS MADE BASIS

THE POLICY FOR WHICH APPLICATION IS MADE, SUBJECT TO ITS TERMS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES IS REDUCED BY THE AMOUNTS INCURRED AS DEFENSE EXPENSES AND DEFENSE EXPENSES ARE SUBJECT TO THE DEDUCTIBLE.

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1. List all **employed (W-2)** financial advisors **including self**. Independent Contractors (1099) are not covered under the firm's policy and require separate applications or, if requested, can be added as additional insureds. **CPA firms** should list **only** those involved in financial planning / investment advisory services.

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|--|--|--|--|
| PROFESSIONAL ASSOCIATION AFFILIATIONS | | | |
| | | | |
| | | | |
| | | | |

2. Do you have any independent contractors (**non-employees**) giving investment advice on behalf of your RIA? Yes No Please list names: _____

3. List all **professional liability** insurance carried (e.g. accountants, tax preparation, group broker-dealer, life agent) _____

| | | | |
|-------------------------|--|--|--|
| RETROACTIVE DATE | | | |
| | | | |

4. Select **Standard Limits and Deductibles** OR **Higher Limits and Deductibles**

| | Per Claim Aggregate | Deductible | | Per Claim | Aggregate | Deductibles |
|--------------------------|-----------------------------|------------|--------------------------|--------------|--------------|-------------|
| <input type="checkbox"/> | \$ 50,000 / \$ 100,000 | \$ 1,000 | <input type="checkbox"/> | \$ 1,000,000 | \$ 1,000,000 | \$ 5,000 |
| <input type="checkbox"/> | \$ 100,000 / \$ 200,000 | \$ 1,000 | <input type="checkbox"/> | \$ 2,000,000 | \$ 2,000,000 | \$ 10,000 |
| <input type="checkbox"/> | \$ 250,000 / \$ 500,000 | \$ 2,500 | <input type="checkbox"/> | \$ 3,000,000 | \$ 3,000,000 | \$ 15,000 |
| <input type="checkbox"/> | \$ 500,000 / \$ 1,000,000 | \$ 2,500 | <input type="checkbox"/> | \$ 4,000,000 | \$ 4,000,000 | \$ 20,000 |
| <input type="checkbox"/> | \$ 1,000,000 / \$ 2,000,000 | \$ 5,000 | <input type="checkbox"/> | \$ 5,000,000 | \$ 5,000,000 | \$ 25,000 |

5. Has any professional liability claim, complaint or proceeding been made against the firm or any associated professionals or is the applicant **aware of any circumstances** which may result in any claim being made against the applicant, its predecessors in business, or any of the applicant's present or past partners, officers, directors, employees or associated professionals? YES NO If yes, please **attach complete details** on a separate sheet.

6. **Conflicts of Interest - Do you or any member or associated person of your firm:**

| | | | |
|-----|----|--------------------------|--------------------------|
| | | | |
| Yes | No | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No | <input type="checkbox"/> | <input type="checkbox"/> |

7. Do you use a Compliance Attorney or Consultant? Yes No Name: _____

8. Indicate **gross** annual revenues **derived from financial planning, advisory activities, commissions and/or product sales**. Do **not** include professional accounting services revenues.

| | | | |
|---------------------------|--|--|--|
| FINANCIAL ADVISORS | | | |
| | | | |
| | | | |

9. Indicate professional services by approximate percentage. Must equal 100%. Indicate **all services** provided by the practice regardless of whether the revenues are declared in Question 8.

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| PROFESSIONAL SERVICES (Continued) | |
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10. **As an advisor**, do you provide **advice** on, recommend or invest in any of the following specialty investments (**other than in mutual funds**) on behalf of your clients? Yes No If yes, indicate % of advice or use in portfolios for each type of investment.

| % | TYPE OF INVESTMENT |
|---|---|
| | Real Estate |
| | Oil & Gas Leases |
| | Mortgages, Mortgage Pools, Mortgaged Backed Securities |
| | Viatical Agreements / Senior Settlements / Life Settlements |
| | Commodities or Other Futures |
| | Precious Metals |
| | Guaranteed Investment Contracts |
| | Non-investment Grade Bonds (lower than BBB) |

| % | TYPE OF INVESTMENT |
|---|---------------------------------------|
| | Derivatives |
| | Private Placements |
| | Real Estate Investment Trusts (REITS) |
| | General or Limited Partnerships |
| | Unregistered Securities |
| | Foreign Securities / ADR'S |
| | Hedgefunds |
| | Options Contracts |

11. If you receive **commissions**, indicate the breakdown of **total commission income** by percent. Must equal 1 00%.

| % | TYPE OF PRODUCT |
|---|--|
| | Mutual Funds |
| | Variable Annuities |
| | Life / Health / Disability / Accident Sales / Long Term Care |
| | Viatical Agreements / Senior Settlements / Life Settlements |
| | Listed Stocks |
| | Unlisted Stocks |
| | investment Grade Bonds |
| | Junk Bonds |

| % | TYPE OF PRODUCT (Continued) |
|---|---|
| | Commercial Paper |
| | Private Placements |
| | REIT Shares |
| | Limited Partnerships |
| | Unregistered Securities |
| | Foreign Securities / ADITS |
| | Hedgefunds |
| | Options / Futures / Tangibles/CMO's/Derivatives |

12. What % of revenue is derived from **professional** entertainers, celebrities, athletes and musicians? None OR _____%

13. Does the applicant provide personal management services (e.g. sports management / bill paying) to any client? No Yes

14. Is any advisory client an investment company (mutual fund), REIT, limited partnership or private placement? No Yes If yes, provide details.

15. Please **CIRCLE** yes or no. All YES answers, please supply details. Has the Applicant or any associated professional ever:

| | | |
|-----|----|---|
| Yes | No | Had a professional license/reg istration denied, suspended, revoked, non-renewed or restricted? |
| Yes | No | Been formally reprimanded by any court/administrative/regulatory agency? |
| Yes | No | Had a complaint filed with consumer agencies, applicant's broker-dealer, the SEC, NASD, the IRS, state securities dept., insurance dept., or other regulatory agency? |
| Yes | No | Been audited by the SEC, NASD, state securities dept., or other licensing or regulatory agency? If yes, please supply audit letter and firm's response to regulator. |
| Yes | No | Been formally accused of violating any professional association's code of ethics? |
| Yes | No | Been convicted of a felony? |
| Yes | No | Been involved in or is aware of any fee disputes including suits? |

16. If you manage client assets, do you:

A. Use a written Investment Policy Statement for other than ERISA accounts? YES NO

B. Have Limited Power of Attorney to direct trades in the client's account? If yes: please answer: YES NO

- I use full discretion to trade without prior consent of the client
 I use discretion to trade within an Investment Policy Statement or written parameters
 I decline to exercise the discretion and obtain prior consent for each and every trade.

C. Excluding advisory fees, do you have power to withdraw/disburse funds in the account? YES NO

D. Do you use limited partnerships, options, futures, derivatives in your portfolios? YES NO

E. For custodians I use: Fidelity Waterhouse Schwab First Trust/Data Lynx Vanguard NATC Other: _____

F. **On a separate sheet**, please briefly describe your investment philosophy.

G. **On a separate sheet**, please list the types/percentages of investments used in portfolios.

H. Number of Discretionary Accounts: _____

Amount of Assets Under Management: _____

1. Number of Non-Discretionary Accounts: _____

Amount of Assets Under Management: _____

Applicant **declares and warrants** that the statements, including additional sheets, are true and that no material facts have been suppressed or misstated, that Applicant understands and agrees this application will be made a part of any policy issued and **any such policy is issued in reliance upon the representations made herein**. Applicant further understands and agrees that **failure to provide a true and accurate response** to any of the foregoing questions **may**, at the option of the company, **result in the voiding of insurance issued in reliance on the application and / or denial of claim asserted**.

NOTICE TO APPLICANT: Any person who knowingly 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 also punishable by civil penalties in certain jurisdictions.

Print Name: _____ Title: _____
(Owner, Partner, Senior Officer)

Signature: _____ Date: _____

SIGNING THIS FORM OR REMITTANCE OF DEPOSIT DOES NOT BIND FSIC OR THE APPLICANT OR THE UNDERWRITER TO COMPLETE THE INSURANCE CONTRACT. YOU WILL BE NOTIFIED WHEN COVERAGE IS ACCEPTED AND BOUND.