

NOTICE: THIS POLICY PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE.

IF A POLICY IS ISSUED, IT WILL BE ON CLAIMS MADE AND REPORTED BASIS.

I. APPLICANT

Applicant shall include the Insurance Company listed in (1) below and Subsidiaries of the Insurance Company.

- 1. Insurance Company Name: _____
- 2. Names of Insurance Company Subsidiaries _____
: _____

- 3. Address: _____

- 4. State of Incorporation: _____
- 5. State of Domicile: _____

II. INSURANCE AMOUNTS REQUESTED

- 1. Limits:
 - A. Agent: Per Claim \$ _____ Aggregate/Agent \$ _____
 - B. General Agents: Per Claim \$ _____ Aggregate/GA \$ _____
 - C. Other: (please specify) _____ Per Claim \$ _____ Aggregate/Other \$ _____
 - D. Insurance Company Vicarious Liability - Separate Limit? Yes _____ No _____
If yes, separate limit requested Per Claim. \$ _____
- 2. Retentions: Agents and General Agents (Applicant sponsored/outside products)
\$ _____ / \$ _____
- 3. Total Policy Aggregate Limit of Liability: \$ _____

III. EXPIRING COVERAGE

- 1. Limits:
 - A. Agent: Per Claim \$ _____ Aggregate/Agent \$ _____
 - B. General Agents: Per Claim \$ _____ Aggregate/GA \$ _____
 - C. Other: (please specify) _____ Per Claim \$ _____ Aggregate/Other \$ _____
 - D. Insurance Company Vicarious Liability - Separate Limit? Yes _____ No _____ If yes,
separate limit requested Per Claim. \$ _____
- 2. Retentions: Agents and General Agents (Applicant sponsored/outside products)
\$ _____ / \$ _____
- 3. Total Number of each insured under the expiring policy:
Agents _____ General Agents _____
Other (please specify _____) _____
Other (please specify _____) _____
- 4. Total Policy Aggregate: \$ _____



5. Policy Period: _____

6. Carrier: _____

IV. GENERAL APPLICANT INFORMATION

1. (a) Is the Applicant currently certified by IMSA (Insurance Marketplace Standards Association) or in the process of becoming certified? Yes _____ No _____ Certification

Pending: _____

(b) If yes, please attach a copy of Assessment Questionnaire: Principles of Life Insurance Ethical Market Conduct (Appendix A of the IMSA Assessment Handbook).

(c) If no, does the Applicant anticipate becoming certified? Yes _____ No _____
If yes, when does the Applicant anticipate beginning the process? _____

2. Please list the insurance company subsidiaries through which Agents will be placing business:

<u>Name of Insurance Subsidiary</u>	<u>Lines of Business Placed Through Subsidiary</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. Total Number of Agents:

- (a) Agents: _____
- (b) General Agents: _____
- (c) Other (please specify): _____
- (d) Other (please specify): _____

4. Total number of Agent contracts at the end of the year for the past 3 calendar years:
Prior Yr. _____ 2nd Prior Yr. _____ 3rd Prior Yr. _____

5. Agent Status: Employees _____ Independent Contractors _____

6. Agent's average length of service with the Applicant: _____

7. Agent's total average length of experience as an insurance agent: _____

8. Average number of insurance carriers represented by agents: _____

9. Please list the five (5) largest states in terms of the number of Agents:

<u>State</u>	<u>Number of Agents in the State</u>
(i) _____	_____
(ii) _____	_____
(iii) _____	_____
(iv) _____	_____
(v) _____	_____

10. Please list the five (5) largest states in terms of calendar year Direct Written Premium produced by Agents: (1)____(2)____(3)____(4)____(5)_____

11. Does the Applicant have the right of first refusal? Yes _____ No _____



12. Please list any securities broker/dealer subsidiaries through which Agents/Registered Representatives will be placing business: (For the purposes of this application, these subsidiaries shall hereinafter be referred to as "Subsidiary Broker/Dealers".)

<u>Name of Subsidiary</u>	<u>Lines of Business Placed Through Subsidiary Broker/Dealer</u>
_____	_____
_____	_____
_____	_____
_____	_____

13. (a) Number of Agents who are also Registered Representatives: Total _____
Series 6 _____ Series 7 _____ Other (please specify) _____

(b) Of this number, how many are Registered Representatives of a Subsidiary Broker/Dealer? _____

(c) Total number of Registered Representatives of the Subsidiary Broker/Dealer (please distinguish between Agent/Registered Representatives and Registered Representatives only): _____

14. With respect to Registered Investment Advisory activities:

(a) Is any Subsidiary Broker/Dealer registered as an Investment Adviser with the SEC?
Yes ___ No ___

(b) If yes, how many Agents/Registered Representatives provide services under that corporate RIA?

(c) Does the Applicant allow Agents/Registered Representatives to hold individual RIA designations? Yes ___ No ___ If yes, how many? _____

(d) What types of Investment Advisory Services or Management Services are provided either under the corporate or by the individual RIAs? Please indicate if any accounts are being handled on a discretionary basis. _____

(e) Please attach a copy of the Investment Advisory Services or Management Services client contract used by subsidiary broker/dealers.

15. Please attach a complete list of products approved for sale through Subsidiary Broker/Dealers listed in 12 above.

16. Name of Risk Manager and General Counsel (or equivalent positions) and number of years in current position. _____

17. (a) Has the Applicant been the subject of any mergers or acquisitions during the past three years?
Yes ___ No ___ If yes, please attach full details.

(b) Has the Applicant revealed publicly that it is the subject of any pending mergers or acquisitions?
Yes ___ No ___ If yes, please attach full details.



V. PRODUCT INFORMATION

1. Please provide gross company revenues with respect to the following products or services.

<u>Product/Service</u>	<u>Gross Company Revenue (last year)</u>
Individual Life	_____
Group Life	_____
Accident & Health	_____
Disability Income Products	_____
Employee Benefit Plans	_____
Property & Casualty	_____
Structured Settlements	_____
Variable Annuities	_____
Flexible/Scheduled Premium Annuities	_____
Fixed Annuities	_____
Equity Indexed Annuities	_____
Pension & Profit Sharing Plans	_____
Mutual Funds	_____
Proprietary Limited Partnerships	_____
Non-Proprietary Limited Partnerships	_____
Municipal Bonds	_____
Other Bonds	_____
Listed and OTC Stocks	_____
Unlisted Stocks	_____
MicroCap or SmallCap Securities	_____
Options Contracts	_____
Unit Investment Trusts	_____
Investment Advisory Services	_____
Fee Based Financial Planning	_____
Other Financial Products/Services: (please specify)	_____
_____	_____
_____	_____
_____	_____
_____	_____

Attach by addendum if more space is necessary.

2. If coverage is currently being requested for the sale and servicing of disability income products, please supply the following information.

(a) Five year history of gross company revenues from the sale of disability income products:

Current Year:

Second Year:

Third Year:

Fourth Year:

Fifth Year:

(b) Please attach a list of the disability income products from which such revenues are generated and their respective carriers.

3. If coverage is currently being requested for the sale and servicing of variable annuities, please supply the following information.



(a) Five year history of gross company revenues from the sale of variable annuity products:

Current Year:

Second Year:

Third Year:

Fourth Year:

Fifth Year:

(b) Are these variable annuities sold through a Subsidiary Broker/Dealer? Yes _____ No _____

If not, what is the name of the Broker/Dealer(s) through which variable annuities are sold?

- 4. Does the Applicant have written procedures with respect to the use of marketing material and illustrations? Yes _____ No _____ (If yes, attach a copy of such policies and procedures. If no, please provide a written description of the standard procedures that are implemented in the use of marketing materials and illustrations.)
- 5. Do the Applicant's procedures with respect to the use of marketing material and illustrations regarding variable annuities conform with the National Association of Variable Annuities' (NAVA's) guidelines pertaining to the use of such materials and illustrations? Yes _____ No _____
- 6. Do the Applicant's procedures with respect to the use of marketing material and illustrations conform with the NAIC's Model Regulations pertaining to the use of such materials and illustrations? Yes _____ No _____

VI. RECRUITMENT OF AGENTS

- 1. Does the Applicant have written policies and procedures relating to the selection and contracting/recruiting of Agents? Yes _____ No _____ (If yes, attach a copy of such policies and procedures. If no, please provide a written description of the standard procedures implemented in the selection and contracting/recruiting of Agents.)
- 2. In selecting and contracting/recruiting Agents, does the Applicant:
 - (a) Review the prior experience of the Agent in selling life insurance and/or financial products? Yes _____ No _____
 - (b) Request references from other insurance carriers familiar with the Agent's performance? Yes _____ No _____
 - (c) Contact references in (b) above? Yes _____ No _____
 - (d) Review the litigation history of the Agent? Yes _____ No _____If any of the above responses are no, please explain what other alternate methods are utilized by the Applicant to review such items.
- 3. Are all services and agreements between the Applicant and the Agent defined under a written agency contract between the Applicant and the Agent? Yes _____ No _____ (If yes, please provide a copies of standard agency contracts. If no, please explain.)
- 4. Is the selection and contracting/recruiting of Agents performed by the Applicant? Yes _____ No _____ (If no please explain)



VII. MONITORING/COMPLIANCE/TRAINING OF AGENTS

- 1. Does the Applicant have written policies and procedures relating to the monitoring of the performance of an Agent? Yes_____ No_____ (If yes, attach a copy of such policies and procedures. If no, please provide a written description of the standard procedures that are implemented in monitoring the performance of an Agent)
- 2. Does the Applicant regularly monitor or audit the activities of an Agent? Yes_____ No_____
- 3. How often is an Agent's performance reviewed ?
Semi-annually _____ Annually_____ Bi-Annually_____ Other_____ (If "other" please explain)
- 4. Who is responsible for monitoring the performance of an Agent - please identify person and job title or department. _____
- 5. In the past year, has the Applicant terminated any Agents as the result of a review of an Agent's operations or performance? Yes_____ No_____ (If yes, please attach details)
- 6. Does the Applicant have written compliance policies and procedures that must be followed by the Agents? Yes_____ No_____ (If yes, attach a copy of such. If no, please provide a written description of the standard procedures that are implemented to ensure compliance.)
- 7. Does the Applicant have a specific training procedure that is followed for educating new Agents? Yes_____ No_____ (If yes, please describe those training procedures. If no, please provide a written description of the education process of new Agents.)
- 8. Does the Applicant regularly hold seminars to update Agents on training and new products? Yes_____ No_____ (If yes please describe such training. If no, please provide a written description of how the Applicant ensures that Agents are knowledgeable of current developments.)

VIII. INSURANCE PROGRAM SPECIFICATIONS

- 1. Indicate by an "X" the Professional Services for which coverage is requested:
Fee Based Financial Planning _____ Investment Advisory Services _____
Administration of Employee Benefit Plans _____
Services as a Notary Public _____
Other (Please Specify) _____
Sale/attempted sale/servicing of:
Life _____ Variable Annuities _____
Accident & Health _____ Pension & Profit Sharing Plans _____
Disability Income Insurance/Annuities _____
Flexible and Scheduled Premium Annuities _____
24 Hour Care Coverage _____ Property & Casualty _____
Employee Benefit Plans _____ IRAs _____
KEOGH plans _____ Mutual Funds _____
Fixed Annuities _____ Financial Planning _____
Equity Indexed Annuities _____ Limited Partnerships _____
Structured Settlements _____ Options _____
Stocks/Bonds _____
Other Financial Products (please specify) _____



- 2. (a) Does the Applicant require that Agents carry professional liability insurance?
 Yes _____ No _____ If yes, will this professional liability program be mandatory for all Agents of the Applicant? Yes _____ No _____
- (b) If the Applicant requires that the Agent carry professional liability insurance but not necessarily enroll in the company sponsored program, is there a minimum amount of professional liability insurance required? Yes _____ No _____ If yes, that minimum amount is _____

3. Indicate the number of Agents insured under this program under the expiring policy and anticipated enrollment the following year:

Total Number of Agents:	Expiring	Anticipated
(a) Agents:	_____	_____
(b) General Agents:	_____	_____
(c) Others (please specify)	_____	_____

**IX. PRIOR INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
 LOSS/CLAIM INFORMATION**

1. Please provide loss history of prior Agents E&O policies sponsored by the Applicant during the past six years. This information should include the agent counts for each year's loss experience. Indicate the valuation date of the loss data below (e.g. loss information is as of June 30, 1996):

2. Have there been any or does the Applicant anticipate any E&O claims which have/will exceed \$100,000 in ultimate costs? Yes _____ No _____ If yes, please attach individual claim detail with the following information:

- (i) Identify claim number;
- (ii) Date on which claim was reported to insurance carrier;
- (iii) Agent name;
- (iv) Paid loss, paid legal and outstanding case reserves and a valuation date as I indicated above;
- (v) Estimated ultimate cost of claim;
- (vi) Brief description of circumstances surrounding claim.

3. Does the Applicant have any other policies in force with any member company of CNA? If yes, please detail below:



X. SUBMISSION REQUIREMENTS:

Please attach the following:

- Copy of Agent contract
- Annual Statements
- Compliance Manual
- Copy of marketing materials

IN GRANTING COVERAGE TO ANY OF THE INSUREDS, THE INSURER HAS RELIED UPON THE DECLARATIONS AND STATEMENTS IN THIS APPLICATION FOR COVERAGE. ALL SUCH DECLARATIONS AND STATEMENTS ARE THE BASIS OF COVERAGE AND SHALL BE CONSIDERED INCORPORATED IN AND CONSTITUTING PART OF THE POLICY SHOULD ONE BE ISSUED.

THE UNDERSIGNED AUTHORIZED REPRESENTATIVE OF THE APPLICANT HEREBY DECLARES THAT THE STATEMENTS SET FORTH HEREIN ARE TRUE. THE UNDERSIGNED AGREES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE EFFECTIVE DATE OF THE INSURANCE, HE/SHE (UNDERSIGNED) WILL, IN ORDER FOR THE INFORMATION TO BE ACCURATE ON THE EFFECTIVE DATE OF THE INSURANCE, IMMEDIATELY NOTIFY THE INSURER OF SUCH CHANGES AND THE INSURER MAY WITHDRAW MODIFY ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATION OR AGREEMENT TO BIND THE INSURANCE.

SIGNING OF THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE INSURER TO COMPLETE THE INSURANCE, BUT IT IS AGREED THAT THIS APPLICATION SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED, AND IT WILL BE ATTACHED TO AND BECOME PART OF THE POLICY.

ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE INSURER IN CONJUNCTION WITH HIS APPLICATION AND MADE A PART HEREOF. NOTHING CONTAINED HEREIN OR INCORPORATED HEREIN BY REFERENCE SHALL CONSTITUTE NOTICE OF A CLAIM OR POTENTIAL CLAIM SO AS TO TRIGGER COVERAGE UNDER ANY CONTRACT OF INSURANCE.

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY AND SIGN BELOW WHERE INDICATED. IF A POLICY IS ISSUED THIS STATEMENT IS INCORPORATED IN AND BECOMES A PART OF SUCH POLICY.

The undersigned authorized representative of the Applicant hereby acknowledges that he/she is aware that the limit of liability contained in this policy shall be reduced, and may be completely exhausted, by the costs of legal defense and, in such event, the Insurer shall not be liable for the costs of legal defense or for the amount of any judgment or settlement to the extent that such exceeds the limit of liability of this policy.

The undersigned authorized representative of the Applicant hereby further acknowledges that he/she is aware that legal defense costs that are incurred shall be applied against the retention amount.

Signed: _____
Print Name: _____
Title: Chief Compliance Officer/General Counsel

Date: _____

Signed: _____
Print Name: _____
Title*: _____

Date: _____

Broker: _____

* Must be signed by the President, if a corporation, and a General Partner if a partnership.



FOR ARKANSAS APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

FOR COLORADO APPLICANTS: IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, FOR MISLEADING FACTS OR INFORMATION TO AN INSURED 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.

FOR FLORIDA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR ANY APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF FELONY IN THE THIRD DEGREE.

FOR KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.

FOR MINNESOTA APPLICANTS: ANY PERSON WHO SUBMITS AN APPLICATION OR FILES A CLAIM WITH INTENT TO DEFRAUD OF HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

FOR NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

FOR 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 PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

FOR OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD A AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

FOR PENNSYLVANIA 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 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.

Signed: _____

Date: _____

Print Name: _____

Title: Chief Compliance Officer/General Counsel

Signed: _____

Date: _____

Print Name: _____

Title*: _____

* Must be signed by the President, if a corporation, and a General Partner if a partnership.

