

Surplus Lines New Business Application – Title Agents & Abstractors

Underwritten by Hanover Atlantic 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 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 contact name: _____

Title: _____ Phone #: _____

Email: _____

Website: _____

3. Does the **Applicant** have any additional locations? Yes No
 If "Yes," please provide address(es): _____

4. Has the **Applicant** ever operated under any other name? Yes No
 If "Yes", please explain: _____

5. 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

6. Date business commenced: _____

7. Does any person or entity with any equity or ownership interest in the **Applicant** also own, control, manage, or operate a law firm, real estate agency, real estate development or investment firm, construction firm, mortgage or financial institution, title insurance underwriting company, or another title insurance agency? Yes No

If "Yes," please explain: _____

8. In the past FIVE (5) years, has the name of the **Applicant** been changed, or has any other business been purchased, merged, or consolidated with the **Applicant**? Yes No

If "Yes," please explain: _____

9. Please provide the ownership structure and the respective percentage of ownership:

	Name	Ownership Percentage	Active in this Operation?
a.	_____	____%	<input type="checkbox"/> Yes <input type="checkbox"/> No
b.	_____	____%	<input type="checkbox"/> Yes <input type="checkbox"/> No
c.	_____	____%	<input type="checkbox"/> Yes <input type="checkbox"/> No
d.	_____	____%	<input type="checkbox"/> Yes <input type="checkbox"/> No

10. Please list all states where the **Applicant** performs professional services: _____

11. Has the **Applicant** ever performed any title services for properties located outside of the United States? Yes No
 If "Yes," please explain: _____

12. Total Number of Personnel: _____

13. Please list all officers, directors, partners and professional employees. Check all boxes that apply for each. (Use a separate sheet if necessary.)

Name	Title Agent	Abstractor / Searcher	Lawyer	Closing / Escrow Agent	Other (Specify)	Years of Experience



Name	Title Agent	Abstractor / Searcher	Lawyer	Closing / Escrow Agent	Other (Specify)	Years of Experience

14. Please provide **Applicant's** annual revenue

- a. Revenue for LAST 12 months: \$ _____
- b. Projected revenue for NEXT 12 months: \$ _____

15. Please detail the percentage of annual revenue and the average number of monthly transactions from each professional service:

	Percentage of Annual Revenue	Average Number of Monthly Transactions
a. Title Agent Commissions	%	_____
b. Abstractor/Searcher	%	_____
c. Escrow/Closing/Settlement Fees	%	_____
d. Witness Closer/Signing Agent	%	_____
e. Other (specify) _____	%	_____
Must Total	100%	

16. Please detail total revenue percentage by type of service performed.

a. Residential	%	e. Mining/Minerals	%
b. Commercial	%	f. Other (specify) _____	%
c. Agricultural	%	g. Other (specify) _____	%
d. Oil/Gas	%	Must Total	100%

17. Please detail the percentage of revenue derived from the following types of clients:

a. Title Companies	%	e. Attorneys	%
b. Real Estate Agents	%	f. Other (specify) _____	%
c. Builders/Developers	%	g. Other (specify) _____	%
d. Banks/Mortgage Companies	%	Must Total	100%

18. Do **Applicant's** two largest clients make up more than 50% of the **Applicant's** revenue? Yes No



If "Yes," please, provide the following:

	Percentage of Annual Revenue	Business/Industry of Client
a. _____	%	_____
b. _____	%	_____

19. Please list the premium volume percentages remitted for all title underwriting companies represented.

If not applicable, please indicate by checking this box:

	% of Prem Volume
a. _____	%
b. _____	%
c. _____	%
d. _____	%

20. Has any TITLE underwriting company cancelled or non-renewed their contract with the **Applicant** other than for low remittance? Yes No

If "Yes," please list the company, reason, and year for each:

21. Is the **Applicant** ALTA Best Practices Certified? Yes No

If "Yes," please provide date of certification:

C. ABSTRACT/SEARCHING SERVICES

22. Who performs the **Applicant's** title searches?

a. Applicant's employees	_____	%
b. Independent Contractors	_____	%
c. Title Underwriting Companies	_____	%
d. Other (specify)	_____	%
Must Total	100%	

23. Please confirm the standard number of years searched on each search request: _____ years

a. If less than 40 years, does **Applicant** receive written confirmation of the number of years required for each search from the client? Yes No

If "No," please explain:



- b. Does **Applicant** perform a post-closing title search to ensure that all filings have been officially recorded and appear in the public record? Yes No
- c. If **Applicant** uses Independent Contractors to perform title searching services, does **Applicant** require Independent Contractors to carry and maintain Errors and Omission insurance coverage? Yes No
 If "No," please explain:

- d. Does **Applicant** annually collect updated certificates of insurance or updated carrier declaration pages from all independent searchers? Yes No

D. ESCROW/CLOSINGS/SETTLEMENTS **Applicant does not perform these services:**

24. Who performs **Applicant's** escrow/closings/settlements?

<u>Category</u>	<u>Percentage of Total Business</u>
Applicant's employees	_____ %
Managed Disbursement Systems	_____ %
Title Underwriting Company	_____ %
Other: _____	_____ %
Must Total	100 %

25. Does **Applicant** require written closing instructions for every closing/settlement? Yes No
26. Does **Applicant** require a cashier's check or wire of funds for every escrow/closing? Yes No
27. Does **Applicant** require signatures on every change to a closing/settlement? Yes No
28. Does **Applicant** use software for all escrow, closing or settlement activities? Yes No
29. Does **Applicant** permit independently contracted witness closers, signing agents, mobile closers, or notary closers to disburse funds? Yes No

If "Yes," please provide details:

If "Yes,"

- a. Does **Applicant** require Independent Contractors to carry errors and omission coverage? Yes No
- b. Does **Applicant** annually collect updated certificates of insurance or updated carrier declaration pages from all Independent Contractors? Yes No
30. Does **Applicant** obtain a "gap" or "date shown" search on chain of title and any liens prior to closing? Yes No
31. Does **Applicant** ever close without title insurance or title opinion? Yes No

If "Yes," please explain:

32. Does **Applicant** handle 1031 tax deferred real estate exchanges? Yes No

If "Yes":

- a. As Escrow/Closing/Settlement agent? Yes No



b. As Intermediary/Accommodator? Yes No

If "Yes," what percentage of total escrow fees? _____%

33. During the past two years, what percentage of **Applicant's** revenues were derived from disbursement of funds for construction escrow: _____% N/A

34. Are **Applicant's** computer systems, portable electronic devices and removable electronic media protected with regularly updated firewall, anti-virus and anti-malware software? Yes No

35. Are **Applicant's** portable electronic devices and removable electronic media protected by encryption? Yes No

36. Does **Applicant** require annual training on information security for all personnel? Yes No

E. THEFT OF FUNDS COVERAGE

Coverage not requested

37. Requested limit: \$25,000 \$50,000 \$100,000

38. Does **Applicant** utilize multi-factor authentication (MFA) to access **Applicant's** computer systems? Yes No

39. Does **Applicant** have SPAM and Phishing protection from **Applicant's** email service provider? Yes No

40. Does **Applicant** have procedures and tools in place to back up and restore sensitive data and critical systems? Yes No

41. What is the average daily number of fund transfers? _____ Maximum? _____

42. What is the average dollar amount **per transaction** of electronic funds transfer? \$ _____
Maximum? \$ _____

43. How does **Applicant** accept funds transfer instructions from clients or customers? (Check all that apply)

Telephone Email Text message Other _____

44. What written procedures are used to authenticate all such instructions received by the communication methods checked above? (Check all that apply):

Call the customer or client at a predetermined phone number

Send a text message to a predetermined number?

Require a secret code or other method of identification known only to the customer/client to confirm identity?

Require all funds and wire transfers over \$25,000 to be authorized and verified by at least two employees prior to execution?

45. Are background checks performed on all employees prior to hiring? Yes No

If "No," please explain:

46. Do all employees receive fraud, social engineering and cyber security training at least annually that includes:

a. How to detect and identify fraudulent emails and phone calls from purported vendors and clients requesting changes to their bank account information? Yes No

b. How to detect and identify fraudulent emails and phone calls from purported owners and employees requesting a wire transfer? Yes No

If "No" to either of the above, how are all employees trained to identify fraudulent schemes, and how frequently does the training occur?

47. Does **Applicant** carry a crime policy that includes social engineering coverage? Yes No

If "Yes," please provide the limit and deductible: _____



48. Does **Applicant** carry a cyber policy? Yes No

If "Yes," please provide the limit and deductible: _____

F. CURRENT INSURANCE INFORMATION

49. Please provide the following information regarding the **Applicant's** most recent insurance policies. If no coverage is currently in-force, please indicate by checking this box:

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

50. 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.

51. 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.

52. 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.

G. REQUESTED COVERAGE

53. Limit requested:

- \$100,000/\$300,000
 \$250,000/\$250,000
 \$250,000/\$500,000
 \$500,000/\$500,000
\$500,000/\$1,000,000
 \$1,000,000/\$1,000,000
 Other: \$ _____

54. Deductible requested:

- \$2,500 \$5,000 \$7,500 \$10,000 \$15,000
\$25,000 Other: \$ _____

H. 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.

Broker's Signature: _____

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