



**SHAND MORAHAN
& COMPANY, INC.**

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Underwriting Manager
A Markel Company

- o DEERFIELD INSURANCE COMPANY
- o EVANSTON INSURANCE COMPANY
- o ESSEX INSURANCE COMPANY
- o MARKEL AMERICAN INSURANCE COMPANY
- o MARKEL INSURANCE COMPANY

APPLICATION FOR INFORMATION TECHNOLOGY PROFESSIONAL LIABILITY INSURANCE

NOTICE: THE POLICY FOR WHICH APPLICATION IS MADE APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE POLICY PERIOD. THE LIMITS OF LIABILITY SHALL BE REDUCED BY "CLAIM EXPENSES" AND "CLAIM EXPENSES" SHALL BE APPLIED AGAINST THE DEDUCTIBLE. PLEASE READ THE POLICY CAREFULLY.

If space is insufficient to answer any question fully, attach a separate sheet.

I. GENERAL INFORMATION

1. Full name of Applicant: _____

2. Principal business premise address: _____
(Street) (County)

(City) (State) (Zip)

3. Web Site Address(es): _____ 4. Phone Number: _____

5. Number of employees including principals: Full-time ____ Part-time ____ Seasonal /Temporary ____ Total : ____

6. Business is a: [] corporation [] partnership [] individual [] other _____

7. Date organized (MM/DD/YYYY): _____

8. List owners, partners and officers and percentage of ownership of each of the Applicant(s) named in Item 1. above.

9. (a) Is the Applicant controlled by, owned by, or commonly owned, affiliated or associated with any other organization? Yes [] No []

(b) If Yes, are any services provided to such organization(s)? Yes [] No []

(c) If Yes, to either of the above, provide details. _____

10. During the last year has the Applicant been involved in, or are they presently considering or contemplating:

(a) Any merger, consolidation or acquisition? Yes [] No []
If Yes, provide a complete explanation detailing liabilities assumed and any professional liability coverage purchased by any predecessor organization. _____

(b) A change in the nature of business operations? Yes [] No []
If Yes, provide details. _____

11. During the last year has the name of the Applicant been changed? Yes [] No []
If Yes, provide details. _____

II. ADDITIONAL INFORMATION

1. If you are a new Applicant with this company, attach:

(a) Latest annual financial statements (annual report or income statement and balance sheet). (Omit if gross revenues are \$500,000 or less.)

(b) Professional qualifications (i.e. resume or c.v.) of each of the owners, partners, officers and key employees of the Applicant(s) named in Part I. Item 1. above.

(c) Professional societies and organizations to which the Applicant and its owners, partners, officers and key employees belong(s).

(d) Advertisements, brochures, and descriptive literature on the Applicant's business.

- (e) Sample contract for services between the Applicant and its clients.
- (f) A list of and description of affiliations with any organization owned by any owner, partner or officer of any Applicant.

2. **If the Applicant is applying for renewal with this company, attach:**

- (a) Latest annual financial statements (annual report or income statement and balance sheet). (Omit if gross revenues are \$500,000 or less.)
- (b) Any changes in any items provided last year pursuant to Items (b), (c), (d), (e) or (f) above.

III. PROFESSIONAL ACTIVITIES AND SPECIALTY

1. Describe all professional services performed for others, including the purpose or function of all software, systems or programs developed by the Applicant and indicate the percentage of gross revenues derived from each activity.

Professional Services	Percent of Gross Revenues
_____	_____ %
_____	_____ %
_____	_____ %

2. (a) Estimated annual gross revenues for the coming year: \$ _____

(b) Percentage of annual gross revenues for the coming year:

- (i) Domestic: _____ %
- (ii) Foreign: _____ % Identify countries: _____

(c) Annual gross revenues for the last three years:

- (i) last twelve months: Year: _____ \$ _____
- (ii) 1st prior year: Year: _____ \$ _____
- (iii) 2nd prior year: Year: _____ \$ _____

3. Provide the percentage of the Applicant's revenues from the following for the current year:

- | | | |
|---|---|--|
| ___% Application Service Provider* | ___% Hardware Sales | ___% Search Engines |
| ___% Computer Related Training | ___% Help Desk Service | ___% Systems Analysis/Design |
| ___% Content Provider for Web Page* | ___% Industrial Systems Integration/
PLC Programming** | ___% Telecommunications |
| ___% Custom Software Development | ___% Internet Service Provider* | ___% Web Page Development/
Maintenance* |
| ___% Customization of Packaged Software | ___% Network Design/Installation | ___% Web Page Hosting* |
| ___% Data Processing | ___% Network or Systems Security | |
| ___% Data Base Administration | ___% Packaged Software Development | |
| ___% Domain Name Registration* | ___% Programming | |
| ___% General I.T. Consulting | | |
| ___% Other (describe) _____ | | |

* If any of the above services are provided, complete Internet Related Services Supplement.

** If this service is provided, complete System Integrator Supplement.

4. Describe Applicant's five largest jobs in the last three years:

Client Name	Professional Services	Gross Revenues
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Is the Applicant engaged in any business or profession other than as described in Item 1. above? Yes [] No []
If Yes, explain. _____

6. Were more than 50% of the Applicant's gross revenues for any of the last three years derived from any one contract? Yes [] No []
 If Yes, specify client, professional services and duration of contract. _____
7. Does the Applicant utilize the services of independent contractors or sub-consultants? Yes [] No []
 If Yes, indicate percentage of billings and whether a certificate of professional liability insurance is required of each. _____
8. Does the Applicant provide services or products that enable or affect the following?
- | | | | |
|--|----------------|------------------------------------|----------------|
| (a) Aerospace | [] Yes [] No | (g) Emergency/911 | [] Yes [] No |
| (b) Aviation/Aircraft | [] Yes [] No | (h) Gambling/Online Gaming | [] Yes [] No |
| (c) CAD (computed aided design) | [] Yes [] No | (i) Lottery/Sweepstakes/Contests | [] Yes [] No |
| (d) Commodity/Stock Trading | [] Yes [] No | (j) Medical Diagnosis or Treatment | [] Yes [] No |
| (e) Confidential Medical Information or
Confidential Consumer Information | [] Yes [] No | (k) Nuclear Industry Facilities | [] Yes [] No |
| (f) Electronic Funds Transfer or
A.C.H. Processing | [] Yes [] No | (l) Weapon Systems | [] Yes [] No |
| | | (m) Pornography | [] Yes [] No |

If Yes to any of the above, provide the percentage of the Applicant's operations attributable to each and the nature of involvement. _____

9. Does the Applicant, any of its subsidiaries and/or affiliates:
- (a) Build, service, repair, install, manufacture or fabricate anything? Yes [] No []
- (b) Sell any product other than computer software? Yes [] No []
- If Yes, to either (a) or (b) describe. _____

IV. RISK MANAGEMENT

1. Does the Applicant have a(n):
- (a) Policy for the testing and documentation of all software and system development? Yes [] No []
- (b) Pre-implementation review or evaluation process in place? Yes [] No []
- (c) Procedure for testing for security vulnerabilities throughout the lifecycle of the Applicant's product(s)?
 Yes [] No []
 If Yes,
 (i) Describe the Applicant's procedure for contacting clients in the event a potential problem is found: _____
 (ii) Does the Applicant provide patches, bug fixes or other corrections free of charge? Yes [] No []
 (iii) Does the Applicant have a designated security manager? Yes [] No []
- (d) Intellectual property review process in place for all software or products the Applicant develops? Yes [] No []
 If Yes,
 (i) Describe the process: _____
 (ii) Does the Applicant consult with outside legal counsel regarding intellectual property issues? Yes [] No []
 If Yes, what is the name of the firm? _____
- (e) Formal process for customer complaint resolution? Yes [] No []
 If Yes, describe. _____
2. Does the Applicant perform internal network security audits? Yes [] No []
 If Yes,
 (a) How often does the Applicant perform audits? _____
 (b) When was the last audit completed? _____
 (c) Does the Applicant use an outside and unrelated security assessment firm to verify results? Yes [] No []
3. Do all of the Applicant's clients provide written acceptance of all software and/or system development prior to production and/or implementation? Yes [] No []

4. Has the Applicant ever discontinued or replaced any product for reasons other than a routine technology upgrade?..... Yes [] No []
If Yes, provide details. _____
5. In the past three years, has the Applicant filed any suits to collect fees? Yes [] No []
If Yes, how many? _____
6. Has the Applicant ever filed an intellectual property suit against another party? Yes [] No []
If Yes, provide details. _____

V. CLAIMS/HISTORY

1. During the last five years, have there been any professional liability claims against the Applicant, its predecessors, subsidiaries, affiliates, employees and/or against any other person or entity proposed for this insurance? Yes [] No []
If Yes, attach complete details including description of allegations, status of claim, amounts demanded or paid, date of claim, and action taken to prevent the same type of claim in the future.
2. Has any suit or allegation of intellectual property right infringement been made against the Applicant, its predecessors, subsidiaries, affiliates, employees and/or against any other person or entity proposed for this insurance? Yes [] No []
If Yes, attach complete details including description of allegations, status, date of suit or allegation made and action taken to prevent the same type of incident in the future.
3. Is (are) any person(s) or entity(ies) proposed for this insurance aware of any fact, circumstance or situation which might afford grounds for any claim, such as would fall under the proposed insurance? Yes [] No []
If Yes, provide details. _____
-
4. Has any insurer cancelled, rescinded, nonrenewed or declined any similar insurance for the Applicant, its predecessors, subsidiaries, affiliates, employees and/or for any other person or entity proposed for this insurance in the last five years? Yes [] No []
If Yes, attach a copy of such insurer's notice(s).
5. Has the Applicant and/or any of its directors, officers and/or employees its predecessors, subsidiaries, affiliates, employees and/or any other person or entity proposed for this insurance been involved in or have knowledge of any pending or completed governmental regulatory, investigative or administrative proceedings? Yes [] No []
If Yes, attach a copy of the status or outcome of such proceedings.

6. Previous Professional Liability Insurance:

Policy Period	Insurer	Indicate whether Claims Made or Occurrence policy	Limits of Liability	Deductible	Retro Date

7. Does the Applicant carry General Liability Insurance? Yes [] No []
If Yes, provide: Insurer: _____ Limits: _____
Does coverage include Products/Completed Operations Hazards? Yes [] No []

NOTICE TO THE APPLICANT - PLEASE READ CAREFULLY

No fact, circumstance or situation indicating the probability of a claim or action for which coverage may be afforded by the proposed insurance is now known by any person(s) or entity(ies) proposed for this insurance other than that which is disclosed in this application. It is agreed by all concerned that if there be knowledge of any such fact, circumstance or situation, any claim subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.

This application, information submitted with this application and all previous applications and material changes thereto of which Shand Morahan & Company, Inc. receives notice is on file with Shand Morahan & Company, Inc. and is considered physically attached to and part of the of the policy if issued. Shand Morahan & Company, Inc. and the Company will have relied upon this application and all such attachments in issuing the policy.

For the purpose of this application, the undersigned authorized agent of the person(s) and entity(ies) proposed for this insurance declares that to the best of his/her knowledge and belief, after reasonable inquiry, the statements in this application and in any attachments, are true and complete. Shand Morahan & Company, Inc. or the Company is authorized to make any inquiry in connection with this application. Signing this application does not bind the Company to provide or the Applicant to purchase the insurance.

If the information in this application or any attachment materially changes between the date this application is signed and the effective date of the policy, the Applicant will promptly notify Shand Morahan & Company, Inc., who may modify or withdraw any outstanding quotation or agreement to bind coverage.

The undersigned declares that the person(s) and entity(ies) proposed for this insurance understand that:

- (i) The policy for which this application is made applies only to "Claims" first made during the "Policy Period";
- (ii) Unless amended by endorsement, the limits of liability contained in the policy shall be reduced, and may be completely exhausted by "Claim Expenses" and, in such event, the Company will not be liable for "Claim Expenses" or the amount of any judgment or settlement to the extent that such costs exceed the limits of liability in the policy; and
- (iii) Unless amended by endorsement, "Claim Expenses" shall be applied against the "Deductible".

WARRANTY

I/We warrant to the Company, that I/We understand and accept the notice stated above and that the information contained herein is true and that it shall be the basis of the policy and deemed incorporated therein, should the Company evidence its acceptance of this application by issuance of a policy. I/We authorize the release of claim information from any prior insurer to Shand Morahan & Company, Inc. or the Company, Ten Parkway North, Deerfield, Illinois 60015.

Note: This application is signed by undersigned authorized agent of the Applicant(s) on behalf of the Applicant(s) and its, owners, partners, directors, officers and employees.

Must be signed within 60 days of the proposed effective date.

Name of Applicant

Title (Officer, partner, etc.)

Signature of Applicant

Date

Notice to 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 the person to criminal and civil penalties.