

REAL ESTATE AGENTS' APPLICATION FOR  
CLAIMS MADE ERRORS AND OMISSIONS INSURANCE

**AUSTIN & AUSTIN**  
**INSURANCE SERVICES, INC.**  
P.O. BOX 278, Pleasanton, CA 94566  
(800) 987-1475 FAX (925) 416-1693  
California Insurance License #0C10853

Be certain to provide a comprehensive answer to **each** question. **Every question is important** and may have an impact on the coverage offered and/or the premium quoted. Including but not limited to: if a name, prior name (including dba's), changes in ownership, services provided or that may be provided are not accurately expressed on your application it/they may not be included for coverage. We have an extensive summary available regarding completing this application that is sent with all renewals and is available upon request.

1. **YOUR FULL NAME:** (including all firm names, trading names, franchise affiliation or DBA's under which you operate).

\_\_\_\_\_

dba: \_\_\_\_\_

ADDRESS (of principal office): \_\_\_\_\_ CITY \_\_\_\_\_

COUNTY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TELEPHONE:( ) \_\_\_\_\_ FAX:( ) \_\_\_\_\_ e-mail \_\_\_\_\_

Does the applicant have multiple sales office locations? \_\_\_\_\_ Yes \_\_\_\_\_ No. If Yes, How many? \_\_\_\_\_. (Please list the names and addresses of all additional locations under the same ownership with the firm given in Question #1).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.a. Has the firm name ever changed or has there ever been any acquisition, consolidation, dissolution, merger or change in business organization? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, please explain on separate sheet. (coverage is not provided for any predecessor firms or prior owners unless approved in writing by the insurance company).

2.b. Are there any Additional Insured's needed? (Franchises, e. g.) \_\_\_\_\_

3. Month/Year firm established under current ownership? \_\_\_\_\_

Firm is: \_\_\_\_\_ Individual (Sole Proprietorship) \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation.

4. Complete the following for each Owner, Partner, Director and Officer. If licensed less than three (3) years, please provide resumes.

Name and Title	Date First Licensed as Broker / Agent	License Status Active/In-active	Professional Designations
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\_\_\_\_\_  
\_\_\_\_\_

5.a. Are you controlled by or owned by or associated with, or do you control or own or affiliated with any other firm or business? \_\_\_\_\_ Yes \_\_\_\_\_ No? If yes, please explain.

5.b. Is your firm or any agent/broker/principal engaged in any business enterprise or professional practice other than real estate sales, leasing, property management, appraisal, or counseling? \_\_\_\_\_ Yes \_\_\_\_\_ No. If Yes, please explain.

5.c. If yes to 5.a. or 5.b., Do they perform any services to the applicant or does the applicant provide services for them? If yes, please explain.

- 6.a. STAFF: (indicate numbers, include those listed on #4)  
 Licensed Brokers - employed and independent contractors \_\_\_\_\_ (over \$20,000 commission \_\_\_\_\_ under \$20k \_\_\_\_\_ )  
 Licensed Agents - employed and independent contractors \_\_\_\_\_ (over \$20,000 commission \_\_\_\_\_ under \$20k \_\_\_\_\_ )  
 Property Management \_\_\_\_\_  
 Appraisal employees \_\_\_\_\_  
 Clerical employees \_\_\_\_\_  
 Other: (fully describe) \_\_\_\_\_  
 TOTAL STAFF: \_\_\_\_\_
- 6.b. Number of licensees who have either a broker's license or a professional designation \_\_\_\_\_
- 6.c. Number of licenses who have completed a DRE approved Continuing Education course within the last 12 mos. \_\_\_\_\_
7. Please indicate the percentage of licensed agents who have held their licenses more than two years? \_\_\_\_\_%
- 8.a. GROSS INCOME from real estate activities (gross income includes all fees and commissions before expenses and split with agents).

Description	Gross Income Last 12 Months	Number of Transactions	% Sold w/ Warranty	Projected Income Next 12 Months	Projected Transactions
Residential (including family owned farms)	\$				
Commercial (including residential prop. over 5 units)	\$				
Vacant Land Zoned for Residential Usage	\$				
Vacant Land Zoned for Commercial Usage	\$				
Business Brokerage	\$				
Property Management Fees (Residential)	\$				
Property Management Fees (Commercial)	\$				
Real Estate Leasing fees (Property not managed)	\$				
Real Estate Appraisal Fees	\$				
Referral Fees	\$				
Real Estate Consulting	\$				
Escrow Services	\$				
Real Estate Mortgage Brokerage*see below	\$				
Real Estate Mortgage Banking*see below	\$				
Other (Describe)	\$				
Total	\$				

- 8.b. In the last five years, has the applicant engaged in any professional services or business other than those indicated in #8.a. above?  
 \_\_\_ Yes \_\_\_ No. If yes, pls describe \_\_\_\_\_
- 8.c. If yes to mortgage brokering or banking, Loan Volume \_\_\_\_\_ Largest Loan \_\_\_\_\_ % Residential \_\_\_\_\_
- 8.d. Has any one client accounted for 25% or more of the applicant's gross revenues during the past 12 months? \_\_\_\_\_
- 8.e. What percentage of sales are from new construction? \_\_\_\_\_ If any, are you the exclusive sales agent for a builder/developer? \_\_\_ Yes \_\_\_ No If yes, please describe \_\_\_\_\_
- 8.f. What percentage of transactions involve dual agency? \_\_\_\_\_
9. Please indicate the average sales price of the firms prior year closed residential transactions. \_\_\_\_\_
- 10.a. Does the applicant do any auctioneering? \_\_\_ Yes \_\_\_ No. If Yes, please provide income from real estate auctioneering. \$ \_\_\_\_\_.
- 10.b. Does the applicant form, manage or organize group investments/syndications (i.e., limited partnerships, general partnerships, real estate investment trusts or corporations) for the purpose of investing in real property? \_\_\_ Yes \_\_\_ No. If Yes, please provide applicant's income from this activity \$ \_\_\_\_\_. **No Coverage is provided.**
- 10.c. Does the applicant have any involvement with real estate activities for which an applicant is a construction manager or property developer? \_\_\_ Yes \_\_\_ No. If Yes, is the construction manager or property developer a separate business entity? \_\_\_ Yes \_\_\_ No. Provide the name of the entity \_\_\_\_\_. **No coverage is provided.**
11. a. Is the applicant involved in property management? \_\_\_ Yes \_\_\_ No. If yes, please complete the following.  
 b. Is a budget prepared for each piece of property managed? \_\_\_ Yes \_\_\_ No.  
 c. Is a credit report obtained on each prospective tenant? \_\_\_ Yes \_\_\_ No.  
 d. Do you use standard management and lease agreements? \_\_\_ Yes \_\_\_ No.  
 e. Number of residential units managed? \_\_\_\_\_  
 f. Amount of commercial/Industrial square footage managed? \_\_\_\_\_  
 \_\_\_\_\_ res units \_\_\_\_\_ condos \_\_\_\_\_ 5+ unit apts \_\_\_\_\_ office buildings \_\_\_\_\_ warehouses \_\_\_\_\_ shopping ctrs  
 g. Does the applicant (or anyone who may qualify as an insured) have a combined financial interest that exceeds 10% in any property managed? \_\_\_ Yes \_\_\_ No.  
 h. Do you provide property management services for HOA's \_\_\_\_\_ Yes \_\_\_ No.

12. a. Does the firm have an in-house procedures manual? \_\_\_Yes\_\_\_No
- b. Does the firm have in-house training sessions and/or encourage agents to take outside training courses? \_\_\_Yes\_\_\_No.
- c. Does the principal broker have a specific training program for new sales associates? \_\_\_Yes\_\_\_No
- d. Has the firm's principal broker attended a risk reduction seminar in the last year? \_\_\_Yes\_\_\_No
- e. Are standard contract forms used? \_\_\_Yes\_\_\_No  
If Yes, what percentage of transactions use standard contract forms? \_\_\_%
- f. Are property/seller disclosure forms used? \_\_\_Yes\_\_\_No  
If yes, what percentage of transactions use disclosure forms? \_\_\_%
- g. Does the firm require their agents to perform visual inspections of properties? \_\_\_Yes\_\_\_No

(No #13)

14. **PRIOR INSURANCE HISTORY:** (By year, please advise the following information on any and all Real Estate Errors and Omissions Insurance carried by the firm(s). Also, please note if you have invoked an "extended reporting period" for any contract).

List all insurance companies for the past five (5) years by name and year beginning with the most current. If none, state none.

Current Insurance Company \_\_\_\_\_  
Limits of Liability \_\_\_\_\_ Deductible: \_\_\_\_\_  
Retroactive Date \_\_\_\_\_ Incep/Exp Date \_\_\_\_\_ Premium \_\_\_\_\_

2nd Year Insurance Company \_\_\_\_\_  
Limits of Liability \_\_\_\_\_ Deductible: \_\_\_\_\_  
Retroactive Date \_\_\_\_\_ Incep/Exp Date \_\_\_\_\_ Premium \_\_\_\_\_

3rd Year Insurance Company \_\_\_\_\_  
Limits of Liability \_\_\_\_\_ Deductible: \_\_\_\_\_  
Retroactive Date \_\_\_\_\_ Incep/Exp Date \_\_\_\_\_ Premium \_\_\_\_\_

4th Year Insurance Company \_\_\_\_\_  
Limits of Liability \_\_\_\_\_ Deductible: \_\_\_\_\_  
Retroactive Date \_\_\_\_\_ Incep/Exp. Date \_\_\_\_\_ Premium \_\_\_\_\_

5th Year Insurance Company \_\_\_\_\_  
Limits of Liability \_\_\_\_\_ Deductible: \_\_\_\_\_  
Retroactive Date \_\_\_\_\_ Incep/Exp Date \_\_\_\_\_ Premium \_\_\_\_\_

**YOU WILL NOT RECEIVE RETROACTIVE COVERAGE WITHOUT DATES GIVEN AND PROOF OF PRIOR INSURANCE.**

**ANSWER QUESTIONS #15 THROUGH #18, ONLY AFTER INQUIRY OF EACH MEMBER OF THE FIRM.**

15. Have any persons proposed for this coverage ever been subject to disciplinary action by any real estate association, state licensing board or other regulatory body as a result of real estate agents or brokers, property managers or real estate appraiser activities? If yes, please attach a detailed explanation \_\_\_Yes\_\_\_No.
16. Has any application or policy for similar Errors and Omissions insurance on behalf of the applicant, partners, owners or officers of the applicant or on behalf of the applicant's predecessors in business ever been declined, cancelled or refused renewal? (Other than due to loss of market.) If yes, please attach a detailed explanation. \_\_\_Yes\_\_\_No.
17. Have any claims been made during the past five years against the applicant or those indicated in Questions 4 or 6? \_\_\_Yes\_\_\_No. If yes, the SUPPLEMENTAL CLAIMS INFORMATION must be completed for each claim. *Please note: This policy will not apply to claims which any person proposed for this insurance is aware of prior to the effective date of the policy.*
18. Is the applicant aware of any circumstance which may result in a claim being made against the applicant or those indicated in Questions 4 or 6? \_\_\_Yes\_\_\_No. If yes, the SUPPLEMENTAL CLAIMS INFORMATION must be completed for each circumstance. *Please note: This policy will not apply to circumstances which any person proposed for this insurance is aware of prior to the effective date of the policy.*

19. List all professional organizations/boards the firm is a member of:  
\_\_\_\_\_

20. Does the firm have a General Liability/Business Owner policy? \_\_\_\_ Yes \_\_\_\_ No. If "Yes", please provide name of Insurer.  
\_\_\_\_\_

21. DESIRED LIMITS AND DEDUCTIBLE (Check all of those for which you wish to receive quotes)

LIMIT: \_\_\_\_ \$250,000/\$250,000      \_\_\_\_ \$300,000/\$1,000,000      \_\_\_\_ \$500,000/\$500,000  
          \_\_\_\_ \$500,000/\$1,000,000      \_\_\_\_ \$1,000,000/\$1,000,000      \_\_\_\_ Other \_\_\_\_\_

DEDUCTIBLE: \_\_\_\_ \$1,000 \_\_\_\_ \$2,500 \_\_\_\_ \$5,000 \_\_\_\_ \$10,000 \_\_\_\_ \$15,000 \_\_\_\_ \$25,000 \_\_\_\_ other

DESIRED EFFECTIVE DATE: \_\_\_\_\_

The undersigned declares that to the best of his/her knowledge and belief the foregoing statements and representations are complete and accurate. Signing this proposal does not bind the undersigned to purchase the insurance; but it is agreed that this form shall be the basis of the contract should a policy be issued, and this form will be attached and become part of the policy. Nor does submission of this proposal obligate the insurer or the agent to issue a policy.

It is further agreed that if, in the time between submission of the application and the requested date for coverage to be effective, the applicant becomes aware of any information which would change the answers furnished in response to Questions 15, 16, 17 & 18 of this application, such information shall be revealed immediately in writing to the Underwriter.

I declare that the information submitted herein is true to the best of my knowledge and becomes a part of my Professional Liability policy. I understand that all statements in this application are "considered" material facts and an incorrect statement can void my policy.

**ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION, OR CONCEALS, FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT.**

Be certain that you have provided a comprehensive answer to each question. **Every question is important** and may have an impact on the coverage offered and/or the premium quoted. Including but not limited to: if a name, prior name (including dba's), changes in ownership, services provided or that may be provided are not accurately expressed on your application it/they may not be included for coverage. We have an extensive summary available regarding completing this application that is sent with all renewals and is available upon request.

\_\_\_\_\_  
Signature of Partner, Owner, Director of Named Insured

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

Please Type Name of signing applicant.

\_\_\_\_\_  
First Initial Last

FAX AND MAIL COMPLETE APPLICATION TO:  
**AUSTIN & AUSTIN**  
**INSURANCE SERVICES, INC.**  
P.O. BOX 278, Pleasanton, CA 94566  
(800) 987-1475 FAX (925) 416-1693  
CALIFORNIA INSURANCE LICENSE #0C10853

## **Real Estate and related Professional Liability (E & O) Application Notes**

The application for errors and omissions insurance is a very important aspect of the errors and omissions process. It is designed to provide applicants with the opportunity to include many items to help provide comprehensive coverage for their office and to gain the maximum credits in the quotes they receive.

Professional liability, or errors and omissions, insurance policies for real estate and related industries are typically what are referred to as “claims made” policies. That means that the policy in effect at the time the claim is reported is the policy to provide coverage. There are some circumstances where a claim should also be reported to more than one policy if it is close to the expiration of the former policy. The current policy will include coverage for covered activities performed by the insured (per the policy) back to what is referred to as the “retro-active” or “prior acts” date. The retro-active date is vital to the policy. If coverage is not continuous and there is a gap in coverage it is likely that the applicant will lose their prior acts coverage and the quote for the new policy will have a retro-active date of “inception”, or the same as the policy date. **It is essential that the application process begin with ample time prior to the policy expiration to avoid a loss of prior acts.**

Using the standard application that Austin & Austin Insurance Services, Inc. uses to send to various markets for quotes, please note the following:

All questions must be answered completely and accurately. The underwriters depend on the information provided as being so. If answers are incomplete or inaccurate you are not fulfilling your requirements as you agree to by signing the application.

1. The applicant’s name. It is essential that the named insured includes all names and dba’s for which the applicant is interested in the policy being applied for covering. Many policies **only** cover those names and entities listed on the application. Also, include all locations for which coverage is desired.

2a. Be sure to note any changes in ownership, previous names, mergers, etc. that need to be covered. Many policies require that they be informed of any changes in ownership and there may be a problem on some policies if any changes, merger, acquisitions, etc are not included on the application. Particularly if coverage is desired for those names, entities, or time periods before the changes took place.

2b. Please list any additional insureds needed on your application. If you don’t it may be difficult to do so after the policy is issued and some carriers charge extra to add an additional insured to the policy.

3. It is essential to list the date the office was established. If the applicant asks for date established under current ownership and there have been previous changes for which coverage is needed, note date established under current ownership **and** write in that original ownership was established on \_\_\_\_\_ and the current retro-active on the policy is \_\_\_\_\_. There are policies that are issued with “full prior acts” that will use the date on that question as that is the earliest date established **unless** an earlier date as suggested above is noted.

4. Please note all directors, owners and officers.

5. It is important to note all activities and associations with control and indicate if coverage is desired for those entities and activities. Underwriters need to know how these activities and associations are related to the applicant listed on #1.

6a. Staff. List all. Some applications ask for a breakdown of full-time and part-time Associates. This is an opportunity to save some on your quote and is essential information for some programs to accurately underwrite the quotes and policy. There are also some programs that require a roster, which must be thorough to be certain all licenses are included for underwriting and coverage.

6a, 6b and 7 are opportunities for credits and are part of the underwriting process.

**8a. This is a biggy. It is absolutely essential that all activities for which coverage is required, including anticipated future activities be included. If an activity is performed but not represented it is possible those activities will not be covered. There are policies that specifically include coverage for those services listed on the Declarations Page of the policy – only. If you have any questions regarding correctly entering any of the services that you provide please call our office to clarify. One of many examples would be whether to enter something as a commercial sale or a business brokerage transaction.**

8b. This is also essential. If your policy includes prior acts and you have performed services in the past but do not perform them now or expect to in the next year they need to be noted here. If they are nowhere to be found on the application it is likely they will be nowhere to be found for coverage in the policy.

8c, 8d, 8e, 8f, 9, 10a, 10b, 10c, 11, 12 a-g: all need to be completely and accurately answered for the underwriter to quote and issue a policy.

No 13.

14. Prior insurance history is required to show continuous coverage and is needed for the underwriter to quote and issue a policy. A copy of the current policy Declarations Page showing the retro-active date is required by most underwriters to quote and issue a policy with prior acts coverage.

15. Per the question, this applies to all persons proposed for insurance.

16. Needs to be answered.

17 and 18, **These questions are crucial!!** Most underwriters require a 3 or 5 year loss history reports (loss runs) for all applicants with any claims. Some require loss runs on all applicants prior to binding a policy. 18 requires the utmost of attention. My experience is that the most common reason for claims being declined is for prior knowledge. I feel this is so important that our agency sends out a disclosure regarding reporting any issues, which may result in a claim to be signed by the applicant prior to binding. We also send it as part of our renewal package. There have been volumes of cases with respect to claims being declined for prior knowledge, the applicant having knowledge of what could result, may result, might result...etc in a claim. 18 also states that “This policy will not apply to circumstances which any person proposed for this insurance is aware of prior to the effective date of the policy”. Any issue that the applicant has knowledge of should be reported to the current policy before it expires or it is likely that issue will not be covered. Reporting these issues is the responsibility of the insured, not their insurance broker. Ultimately, it is the insured’s decision to report a claim, potential claim, or incident.

19, 20, and 21 need to be answered as part of the underwriting process.

Always read the verbiage of anything before signing.

The application has verbiage confirming that the applicant has thoroughly and truthfully completed the application, the underwriter and the insurance company are relying on such to provide quotes and issue a policy. There is also confirmation that 15, 16, 17 and 18 are answered completely and truthfully.

After the verbiage there is a section for a signature and date.

Sincerely,

John F. Austin, CFP  
Austin & Austin Insurance Services, Inc.  
1-800-987-1475  
CA Lic. OC10853