

LEXINGTON INSURANCE COMPANY

(Wilmington, Delaware)

(A Stock Insurance Company herein called the "Company")

Administrative Offices: 200 State Street, Boston, MA 02109

**APPLICATION FOR
PRODUCT ADVANTAGEsm
MANUFACTURER'S E&O PROTECTION**

NOTICE: This is an application for **CLAIMS MADE INSURANCE**. Such insurance, if accepted by the Company, applies only to claims first made against the Insured during the Policy Period and may additionally limit any coverage applicable to negligent acts, committed prior to the inception of the Policy Period.

Instructions to the applicant:

- A. Please answer all the questions. The information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to that evaluation.
- B. If a question is not applicable, state N/A. If more space is required to answer a question please attach exhibit with question number.
- C. Application must be signed and dated by authorized person.
- D. PLEASE ATTACH THE FOLLOWING:
 - Brochures, advertisements, or other descriptive literature about your manufactured product
 - Recent annual and quarterly financial statements or Form 10K
 - Copy of standard contract and invoice or bill of sale used with customers
 - Sample reports given to customers, or summary of same
 - Biographical sketches of design staff

1. Name of Applicant Firm:

2. Primary manufacturing location:

No.

Street

City

State

Zip Code

3. Locations of all manufacturing branches:

4. Names and locations of all subsidiaries or affiliates for which coverage is desired:

5. Applicant is:
 ___ Individual ___ Partnership ___ Corporation ___ Other

6. (a) Is the Applicant Firm, controlled, owned, affiliated, or associated with any other firm, corporation, or company?
 ___ Yes ___ No If yes, please explain: _____

(b) Are any services provided by the applicant to such business enterprises? If yes, please explain: _____

7. (a) Date firm was established _____
 (b) Where is firm licensed or registered? _____
 (c) During the past 5 years has the name of the firm been changed? ____ Or has any other business been purchased, merged or consolidated with the firm? ____ If so, please explain below or in an attachment:

(d) Please give names of any professional organizations or associations of which the firm or its design professionals are members:

8. State firm's gross fees and revenues, and indicate percentage (if any) derived from Federal government or its agencies, or state & local government or their agencies, or foreign governments and their agencies.

		Federal	State & Local	Foreign
(a) Projected for next year:	\$_____ mil	_____%	_____%	_____%
(b) For the last 12 months:	\$_____ mil	_____%	_____%	_____%
(c) Year before that:	\$_____ mil	_____%	_____%	_____%

9. What products does firm manufacture, sell, handle or distribute? If any products become component parts of another company's products, supply details. If sold to be repackaged under another name, to whom is it sold and what is the eventual name?

Type of Product	Annual Sales	Approx. # Units	Sold To	New Name

		Per Year		

10. Does the firm plan to introduce/manufacture any new products during the next year? If so, please list:

11. (a) Explain how the firm's products are identifiable as items the firm have manufactured.

(b) In what geographic areas are these products sold or used?

(c) What happens when the firm's product becomes obsolete?

12 Does the firm contract with outside product design firm for manufactured products? Yes No

If no please provide complete description of design process and attach resumes of all design personal.

If yes please provide the name of outside firm and **include copies of contracts.**

13. (a) Does the firm offer any consulting services to their customers? If yes, explain.

(b) Does the firm act as an expert witness for their customers? If yes, explain.

14. (a) Does the firm have an in-house materials testing facility? Yes No

(b) Do they test materials for others? If yes, explain:

15. (a) Describe the expected loss of use to property of others that could be caused by the firm's products:

(b) Describe any procedures, precautions or safeguards the firm uses to prevent such claims:

- (c) Describe firm's procedures for resolving disputes with customers over fees or charges, should they arise:
- (d) Are the firm's fees ever contingent upon customers cost reductions, or increased sales for the customer, or successful completion of the assignment?

16. (a) Describe the firm's customer selection process.

(b) Does the firm maintain a system to avoid conflicts of interest?

(c) List the firm's largest customers during the past 3 years and indicate service performed and approximate annual revenue from each:

Name of customer or job, service description firm	Annual Revenue to firm
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

17. (a) Does the firm have written customer complaint procedures?

(b) Are employees held accountable for prompt, courteous resolution of customer complaints?

18. (a) Is there traceability back to raw materials/ingredients? Yes No

(b) Does the firm have an in-force written Quality Assurance Plan? Yes No
If yes, please attach copy of the Table of Contents.

(c) What steps are taken to assess the quality standards of your suppliers?
(Specifications, certificates of analysis, etc.) _____

(d) Do you perform audits of your suppliers' QA activities? Yes No

19. Has any product been recalled in the past ten years? Yes No
If yes, supply the following details:

- (a) Product(s) involved _____
- (b) Reason for recall(s) _____
- (c) Date of recall(s) _____
- (d) Total expenses incurred _____

20. (a) Does the firm have written contracts or agreements with each customer? _____
- (b) If not, what percent of time are contracts not used? _____%, and
- (c) Explain why contracts are not used in such instances:

21. Does the applicant's contract, invoice, or bill of sale used with customers contain:

- (a) Hold harmless or indemnity agreements relating to errors in design or manufacture inuring to applicant's benefit? _____ Yes _____ No
- (b) Hold harmless or indemnity agreements relating to errors in design or manufacture inuring to the benefit of applicant's clients? _____ Yes _____ No
- (c) Guarantees or warranties relating to errors in design or manufacture? _____ Yes _____ No
- (d) Guarantees relating to timely delivery of the applicant's product to their customer? _____ Yes _____ No
- (e) Penalties related to late delivery of the insured's product? _____ Yes _____ No
- (f) A specific description of the services applicant will provide to client? _____ Yes _____ No
- (g) Clauses defining the responsibilities of each party? _____ Yes _____ No
- (h) Clauses limiting the liability of the applicant? _____ Yes _____ No
- (i) A "force majeure" limitation clause? _____ Yes _____ No

22. Name of law firm (if any) which renders advice to Applicant on contracts and other business matters:

23. (a) Names of any firms which are subcontractors to the applicant:

- (b) Describe any services provided by such subcontractors:

- (c) Are subcontractors required to carry manufacturer's errors and omissions liability insurance? _____ If so, what minimum policy limits? \$_____ If not, are the subcontractors required to indemnify the Applicant? _____

- (d) Does the applicant have an ownership interest in any subcontractor? _____ If so, please explain:

24. Have any lawsuits or claims been made against the applicant firm, its predecessors, subsidiaries, partners, officers, or employees during the last 10 years for **manufacturing and design errors or omissions**? ____ If so, attach exhibit giving (a) date and description of claim, (b) present status, (c) amount of defense expense and liability paid, if closed, (d) amount reserved for defense expenses and liability, if file not closed.
25. Have any lawsuits or claims been made against the applicant firm, its predecessors, subsidiaries, partners, officers, or employees during the last 10 years for **products liability or product recall and expense**? ____ If so, attach exhibit giving (a) date and description of claim, (b) present status, (c) amount of defense expense and liability paid, if closed, (d) amount reserved for defense expenses and liability, if file not closed.
26. (a) After inquiry, is Applicant firm or its partners, officers, employees, or subsidiaries aware of any actual or alleged manufacturing or design errors, omissions, offenses, or circumstances which may reasonably be expected to result in a claim being made against the Applicant or any proposed Insured person or entity? ____ Yes ____ No
If yes, provide details _____

- (b) Have any of your customers advised you that your products or services failed to perform in compliance with your representations or warranties? If yes, explain.
- (c) Have any of your customers asked you to refund their payments for return on your products or services? If yes, explain.

27. List any similar insurance carried during the past five years. If none check here: ____ *NONE*

Policy Period	Insurer	Claims made coverage? "Yes or No"	Retroactive Date	Limit/Deductible/Premium

28. Has any application for similar insurance made on behalf of the Applicant or any or any of its predecessors in business been declined or has any such insurance ever been rescinded, cancelled or has renewal been refused? ____ Yes ____ No

THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY, NOR DOES IT OBLIGATE THE COMPANY TO ISSUE A POLICY OR INSURE ANY SERVICES. HOWEVER, IT IS AGREED THAT SHOULD A POLICY BE ISSUED, THIS APPLICATION WILL BE ATTACHED TO AND MADE A PART OF THE POLICY.

NOTICE:

THE LIMIT OF LIABILITY IN THE POLICY, IF ISSUED, MAY BE REDUCED OR COMPLETELY EXHAUSTED BY CLAIM COSTS AND/OR LEGAL DEFENSE. IN SUCH EVENT, THE COMPANY SHALL NOT BE LIABLE FOR ANY JUDGEMENT, SETTLEMENT OR CLAIM COSTS OR LEGAL DEFENSE COSTS WHICH ARE IN EXCESS OF THE LIMITS OF LIABILITY STATED ON THE DECLARATIONS PAGE OF THE POLICY.

THE UNDERSIGNED(S) CERTIFIES THAT HE/SHE IS THE DULY AUTHORIZED REPRESENTATIVE(S) OF EACH PROPOSED INSURED WHICH SUBMITS THIS APPLICATION TO THE LEXINGTON INSURANCE COMPANY FOR A POLICY OF INSURANCE. THE STATEMENTS AND INFORMATION ABOVE AND ALL SCHEDULES AND DOCUMENTS SUBMITTED OF WHICH THE UNDERWRITER RECEIVES NOTICE, ARE DEEMED PARTS OF THE APPLICATION (ALL OF WHICH SCHEDULES AND DOCUMENTS SHALL BE DEEMED ATTACHED TO THE POLICY AS IF PHYSICALLY ATTACHED THERETO), AND THE WORD "APPLICATION" REFERS TO ALL OF THE FOREGOING.

EACH PROPOSED INSURED REPRESENTS THAT THE STATEMENT SET FORTH IN THE APPLICATION ARE TRUE AND CORRECT, AND THAT REASONABLE EFFORTS HAVE BEEN MADE TO OBTAIN INFORMATION SUFFICIENT FOR ACCURATE PROPOSED INSURED THAT EACH POLICY OR RENEWAL THEREOF, IF ISSUED, IS ISSUED IN RELIANCE UPON THE TRUTH OF THE REPRESENTATIONS AND INFORMATION IN THE APPLICATION.

EACH PROPOSED INSURED UNDERSTANDS AND AGREES THAT ANY INSURANCE POLICY ISSUED BY THE COMPANY SHALL BE SUBJECT TO RESCISSION OF THIS APPLICATION CONTAINS ONE OR MORE MISREPRESENTATIONS OR OMISSIONS MATERIAL TO THE ACCEPTANCE OF THE RISK BY THE COMPANY.

IF THE INFORMATION SUPPLIED ON THIS APPLICATION OR ATTACHMENTS THERETO CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGES.

SIGNED BY AUTHORIZED OFFICER, PARTNER, OR PRINCIPAL

DATE