

THE FINANCIAL SERVICES INSURANCE PROGRAM

RENEWAL APPLICATION FOR "CLAIMS-MADE AND REPORTED" PROFESSIONAL LIABILITY INSURANCE INVESTMENT ADVISORS, FINANCIAL PLANNERS, REGISTERED REPRESENTATIVES AND LIFE INSURANCE AGENTS

Administered by:
ProSurance Group, Inc.
2685 Marine Way, Suite 1408
Mountain View, California 94043 (650) 428-0818 Tele.
License # 0B53955 (650) 428-0860 Fax

Underwritten by one of the following insurance companies:
Scottsdale Insurance Company, Ohio
Scottsdale Indemnity Company, Ohio
Scottsdale Surplus Lines Insurance Company, Arizona

IMPORTANT NOTICE: Please carefully read the information and follow the instructions set forth below. **Please type or print legibly in ink.**

The following words have the meanings set forth below when used in this **Application**:

Applicant refers, individually and collectively, to the individual or entity named in 1a., below, the **Applicant's** officers, directors, partners, employees and independent contractors and any affiliated business organizations for which insurance coverage is sought under this **Application**.

Application refers, individually and collectively, to this Renewal Application for Insurance and any Supplemental Application or Exhibit attached hereto.

Each question or information request on this **Application** and any attached Supplemental Application must be fully and accurately answered on behalf of **Applicant**; all blanks must be appropriately filled in, and all additional required information supplied, leaving no part of the **Application** unanswered or incomplete. If the answer to any question is "none" or "not applicable", state "none" or "NA". Use the Supplemental Information Form ("S.I.F.") where additional space is required to provide requested information, descriptions or explanations and any additional information material to this **Application**. **An incomplete Application cannot be considered for insurance.**

The policy for which **Applicant** is applying only covers written professional liability claims first made against an insured and reported to the Company during said insured's policy period, and which arise from the performance of covered professional services after the applicable retroactive date. If **Applicant** has any questions concerning this coverage, please contact **Applicant's** insurance professional.

The undersigned, for and on behalf of the below indicated **Applicant** (including its officers, directors, partners, employees, and independent contractors, and any affiliates for which insurance coverage is sought under this **Application**), hereby makes **Application** for "claims-made and reported" securities broker/dealer professional liability insurance coverage, and in connection therewith furnishes Company the following information.

I. APPLICANT.		
1a. Legal Name (Include D.B.A. or T/A, if any)	CRD or SEC No.:	Employer Identification No.:
1b. Home Office Address (Street and No., City, County, State, Zip Code)		Office Telephone () -
1c. Mailing Address (Street and No., City, County, State, Zip Code)		FAX Number () -
1d. Contact Person:		Telephone Number () -

II. REQUESTED PROFESSIONAL LIABILITY INSURANCE COVERAGE.			
2a. The Company offers Limits of Liability that cover each wrongful act, with an annual policy aggregate. Indicate the Each Wrongful Act/Annual Policy Aggregate Limits of Liability for which Applicant is applying:			
<input type="checkbox"/> \$100,000/\$200,000	<input type="checkbox"/> \$500,000/\$500,000	<input type="checkbox"/> \$1,000,000/\$1,000,000	<input type="checkbox"/> \$2,000,000/\$2,000,000
<input type="checkbox"/> \$250,000/\$500,000	<input type="checkbox"/> \$500,000/\$1,000,000	<input type="checkbox"/> \$1,000,000/\$2,000,000	<input type="checkbox"/> Other: \$ _____
2b. Requested Retention:			
<input type="checkbox"/> \$2,500	<input type="checkbox"/> \$10,000	<input type="checkbox"/> \$50,000	
<input type="checkbox"/> \$5,000	<input type="checkbox"/> \$25,000	<input type="checkbox"/> Other	
(Any requested increase in Limits of Liability or decrease in retention would apply to wrongful acts occurring on and after the effective date of the renewal policy.)			

III. EMPLOYEES AND INDEPENDENT CONTRACTORS. (Note: Independent contractors will only be covered if specifically named as an insured in this policy, and then only for services performed on behalf of Applicant ; otherwise, they must apply separately.)		
Indicate the number of professionals (registered representatives, registered investment advisors, financial planners, life insurance agents, others) associated with Applicant . Complete an attached Supplemental Application - Additional Professionals for any professionals added since last year's Application. Indicate on the S.I.F. any professional who was insured on the expiring policy but who is no longer associated with Applicant and his/her date of termination.		
Prior Year: _____	Current Year: _____	Next Year: _____

IV. REVENUE, PRODUCTS AND SERVICES.

4a. List **Applicant's** gross revenue for the past three years, and estimates for the current year and next year:

Prior Year	20	_____	\$	_____
Current Year	20	_____	\$	_____
Next Year	20	_____	\$	_____

4b. Split **Applicant's** estimated current year's gross revenue into percentages by the following categories:

1. Fees	Percent	\$ Under	3. Other (For all such services, describe in detail on S.I.F.)	
Financial Planning Services:	_____%	<u>Mgmt.</u>	a. Pension Fund Consulting or Administration:	_____%
Investment Advisory Services			b. Benefit Consulting or Administration:	_____%
a. Management of a client's assets with <u>no</u> discretionary authority:	_____%		c. Management Consulting:	_____%
b. Discretionary Authority Over Trades of Mutual Funds Only (e.g., market timing or asset allocation services under a limited power of attorney):	_____%	\$ _____	d. Tax Preparation Services:	_____%
c. Management of a client's assets with <u>full</u> discretionary authority:	_____%	\$ _____	e. Accounting Services, Other than Tax Preparation:	_____%
d. Other (describe): _____	_____%	\$ _____	f. Investment Income:	_____%
			g. Notary Services:	_____%
			h. Other (Describe): _____	_____%
	Sub Totals:	_____%		Sub Total: _____
2. Commissions				TOTAL: 100%
a. Securities Sales:	_____%			
b. Life, Health, Disability Insurance Sales:	_____%			
c. Property/Casualty Insurance Sales:	_____%			
d. Other (describe): _____	_____%			
	Sub Total:			

4c. Split **Applicant's** estimated current year's commission revenue listed in 4b, 2, above, into the products listed below:

TOTAL STOCKS: _____%	COMMERCIAL PAPER,	TOTAL ANNUITIES: _____%
Listed: _____%	REPURCHASE AGREEMENTS,	Variable: _____%
Unlisted: _____%	& OTHER SHORT TERM INVESTMENTS _____%	Other: _____%
Penny: _____%	OPTION CONTRACTS: _____%	LIFE, HEALTH, DISABILITY: _____%
	(Stocks, indexes etc.) _____%	Life Insurance: _____%
TOTAL BONDS: _____%	FUTURES CONTRACTS: _____%	Health & Disability Insurance: _____%
Investment Grade: _____%	(Commodities, currency etc.) _____%	TANGIBLES: _____%
"Junk": _____%	MUTUAL FUNDS: _____%	Rare Coins: _____%
	Hedge Funds: _____%	Gold/Silver: _____%
UNREGISTERED STOCKS & BONDS _____%	Other Than Hedge Funds: _____%	Other (Specify): _____%
DERIVATIVES: _____%	TOTAL LIMITED PARTNERSHIPS: _____%	OTHER (Specify on S.I.F.): _____%
PROPERTY/CASUALTY INSURANCE: _____%	Registered: _____%	TOTAL: 100%
	Unregistered: _____%	

4d. Does **Applicant**, its parents, subsidiaries, affiliates or any of their officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal, have any financial interest (other than sales commission), ownership or control or other relationship with any of the products sold or recommended, or the organizations offering such products or services (e.g., acts as a general partner for a limited partnership, owns part of its broker-dealer, etc.)? If "yes", explain on the S.I.F. Yes No

V. CLAIMS AND COMPLAINTS.

5a. Since last year's **Application**, has any new claim, suit or arbitration for alleged malpractice, error, omission, mistake or other wrongful act been made against **Applicant**, its predecessor in business, its officers, directors, partners employees, independent contractors or supervised registered representatives, if a securities principal? If "yes", complete a Claim Information Form for each claim, lawsuit or arbitration, whether or not **Applicant** or others listed above were insured at the time and regardless of the outcome or current status. Yes No

5b. After a review of **Applicant's** records, does **Applicant**, or any of its partners, directors, officers, employees, independent contractors or supervised registered representative, if a securities principal, have any knowledge or information of any fact situation (e.g. a limited partnership sold by **Applicant** encountering financial difficulties, or any security sold to a client or a client of a supervised registered representative, if a security principal, which is likely to result in a substantial loss to the client), allegation or incident which may result in a claim, suit or arbitration against **Applicant** or any of its officers, directors, partners, employees, independent contractors or supervised registered representatives and which was not disclosed on last year's **Application**? If "yes", complete a Claim Information Form for each such fact situation, allegation or incident. Yes No

5c. Is **Applicant** aware of or involved in any fee dispute with a client? If "yes", explain on the S.I.F. Yes No

5d. Indicate on a Claim Information Form the present status of any claim, suit or arbitration (or incident that could lead to a claim) that was reported on last year's **Application** and which was not already settled at the time of last year's **Application**.

VI. DISCIPLINARY ACTION. Since last year's application, has **Applicant**, or any of **Applicant's** officers, directors, partners, employees, independent contractors or supervised registered representatives, if a securities principal:

6a. Had any professional license or registration been denied, suspended, revoked, non-renewed or restricted in any way? Yes No

6b. Been disciplined, fined, or suspended by the SEC, NASD, a state securities, corporation or insurance department or other regulatory body, or formally reprimanded by any court or administrative agency? Yes No

6c. Had a complaint filed against it/him/her with a consumer agency, **Applicant's** broker-dealer, the SEC, NASD, a state insurance, corporations or securities department or other regulatory body? Yes No

6d. Been formally accused of violating any professional association's code of ethics?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6e. Been convicted of a criminal offense other than minor traffic violations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6f. Had any contract with its/his/her Insurance Company, Broke- Dealer or others been suspended, terminated, non-renewed or restricted for cause? If any of the foregoing are answered "yes" give full details, including disciplinary and corrective action taken, on the S.I.F.)	<input type="checkbox"/> Yes <input type="checkbox"/> No

VII. MISCELLANEOUS.	
7a. Since last year's <i>Application</i> , has <i>Applicant</i> or any of its parents, subsidiaries or affiliates, or any of its directors, officers, partners, employees, independent contractors or supervised registered representatives, if a securities principal, had a professional liability policy or fidelity bond declined, canceled, issued on special terms, renewal refused or had a request that an application for insurance or for a bond be withdrawn?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7b. Does <i>Applicant</i> , or any of its officers, directors, partners, employees or independent contractors practice any other profession or engage in any other business which was not disclosed on last year's <i>Application</i> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7c. Have there been any changes in <i>Applicant's</i> business since last year's <i>Application</i> (e.g. acquisition or merger, added or deleted professionals, opened new offices, acquired certification or additional licenses, changed broke-dealer or life company representation)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7d. Is there any additional information material to this <i>Application</i> that has not been otherwise disclosed? If any of the foregoing are answered "yes", give full details, including disciplinary and corrective action taken, on the S.I.F.)	<input type="checkbox"/> Yes <input type="checkbox"/> No

VIII. ADDITIONAL INFORMATION. Attach a copy of any of the following documents which have been revised, updated or issued in the last year:	
8a. Filed Forms 1. Current complete Form ADV and updates. 2. Other disclosure documents if Form ADV, Part II is not used for that purpose. 3. U-4's for all registered representatives listed in 4d., above.	
8b. Any audits by the SEC, NASD, state securities and insurance departments, <i>Applicant's</i> broker-dealer or insurance companies and <i>Applicant's</i> reply.	

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Notice: Please read the following carefully before signing this *Application*.

On behalf of *Applicant* (including its officers, directors, partners, and employees and any affiliates for which insurance coverage is sought under this *Application*) the undersigned makes the following representations, warranties and agreements:

1. I have been duly authorized, for and on behalf of *Applicant*, to apply for this insurance and to complete this *Application*.
2. The Claim Information Forms, if any, that are attached to this *Application* include the details of: (a) all claims, suits and arbitrations which have been brought against *Applicant*; and (b) all fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against *Applicant* in the future. All such claims, suits and incidents have been reported to *Applicant's* current or prior insurer(s). It is understood and agreed that all such claims, suits, arbitrations, fact situations and incidents will be excluded from coverage under any policy issued by the Company.
3. It is understood that completion of this *Application* does not constitute acceptance of this *Application* or obligate the Company to complete the insurance applied for. It is understood and agreed that the language of the policy that is issued, if any, and not any summary language in this *Application* or any Company marketing materials, will determine actual insurance coverage.
4. It is understood and agreed: (a) that this *Application*, including, without limitation, all information submitted verbally or in writing in connection herewith and not contained herein, is material to and will be relied upon by the Company in making a decision whether to issue a policy or upon what terms; (b) that this *Application* will be made a part of any such policy; and (c) that any such policy will be issued in reliance upon the representations made in connection with this *Application*.
5. It is understood and agreed that failure to provide a true and complete response to any of the questions, statements or requests for information in this *Application* or to provide any other information material to this *Application* may, at the sole option of the Company, result in the voiding of the insurance policy issued in reliance on this *Application* and/or denial of coverage for specific claims asserted against *Applicant* or any other insured under the policy. The undersigned, on behalf of *Applicant* and all other insureds under any policy issued by the Company, hereby waives any defense to an action by the Company for rescission of such policy based upon misrepresentation of fact or failure to disclose material information in connection with this *Application*, including, without limitation, answers to questions in Sections V, VI and VII, *Applicant* agrees to hold the Company harmless from all loss as a result of any such misrepresentation or failure to disclose, including, without limitation, all costs and attorney fees incurred by the Company in connection with said action for rescission.
6. *Applicant* authorizes and consents to investigation of information bearing upon *Applicant's* moral character, professional reputation, and qualifications to engage in the activities to be insured, including, without limitation, authorization to every person or entity, public or private, to release to the Company, its agents and authorized representatives, any documents, records or other information bearing upon the foregoing. It is understood and agreed that these investigations may not be confined to information submitted in this *Application*, but may include any other information deemed relevant by the Company. It is understood and agreed that organizations releasing such information, their agents, servants and employees shall not incur any liability as a result of any information released or furnished pursuant to this authorization, including any errors, omissions or mistakes contained in such released information.
7. *Applicant* will notify the Company within 10 days of any material change in the nature of *Applicant's* business (including, without limitation, any changes in location, the kind of products sold or services provided or the answers to the questions posed in Articles V and VI of this *Application*) while this *Application* is pending and throughout the term of any policy issued by the Company.

APPLICANT NAME: _____ BY: _____

PRINT NAME AND TITLE: _____ DATE: _____

NOTICE: Any person who knowingly and with intent to defraud an insurance company or its representatives files an application for insurance containing false information, or conceals information on any fact material thereto, commits a fraudulent insurance act which is a crime.

APPLICATION COMPLETION CHECK LIST

1. Review the **Application** to insure that full, accurate information has been provided, with each question answered and all blanks filled in with the requested information or "N.A." or "none", and that the Supplementary Information Form ("S.I.F.") contains all requested information and any additional information for which additional space is needed or which is material to making this **Application** accurate and complete.
2. Attach a completed Claim Information Form for each claim or suit brought against **Applicant**, and for each fact situation or incident that may reasonably result in such a claim or suit.
3. Review Article VIII and attach all additional information requested by that Article.
4. Attach any Supplement Applications called for under this **Application**.
5. Sign and date the **Application**.
6. Mail the **Application** to ProSurance Group, Inc. at the address shown above.



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SUPPLEMENTAL APPLICATION - ADDITIONAL PROFESSIONALS

Instructions: Complete the following information for each professional associated with *Applicant* and not previously reported to the Company (including independent contractors and supervised registered representatives, if a securities principal). If additional space is needed, use the S.I.F. Copy this page for additional professionals.

	Professional Number 1	Professional Number 2	Professional Number 3
Name:			
Relationship to <i>Applicant</i> : (Check all that apply)	<input type="checkbox"/> Employee <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Officer <input type="checkbox"/> Director <input type="checkbox"/> Shareholder <input type="checkbox"/> Partner <input type="checkbox"/> Supervised Registered Rep. <input type="checkbox"/> Other - Explain:	<input type="checkbox"/> Employee <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Officer <input type="checkbox"/> Director <input type="checkbox"/> Shareholder <input type="checkbox"/> Partner <input type="checkbox"/> Supervised Registered Rep. <input type="checkbox"/> Other - Explain:	<input type="checkbox"/> Employee <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Officer <input type="checkbox"/> Director <input type="checkbox"/> Shareholder <input type="checkbox"/> Partner <input type="checkbox"/> Supervised Registered Rep. <input type="checkbox"/> Other - Explain:
Services Provided: (Check all that apply)	<input type="checkbox"/> Financial Planning <input type="checkbox"/> Security Sales <input type="checkbox"/> Life, Health, Disability Insurance Sales <input type="checkbox"/> Investment Management Services <input type="checkbox"/> Other - Specify:	<input type="checkbox"/> Financial Planning <input type="checkbox"/> Security Sales <input type="checkbox"/> Life, Health, Disability Insurance Sales <input type="checkbox"/> Investment Management Services <input type="checkbox"/> Other - Specify:	<input type="checkbox"/> Financial Planning <input type="checkbox"/> Security Sales <input type="checkbox"/> Life, Health, Disability Insurance Sales <input type="checkbox"/> Investment Management Service <input type="checkbox"/> Other - Specify:
Years of Experience:			
Professional Designation and Academic Training: (Include professional credentials received (e.g., CFP, ChFC, CPA, LL.B., JD., IAFP Registry, CFA, Enrolled Agent), whether studying for such credentials, or other training in the profession)			
Securities Licenses Held:	<input type="checkbox"/> Series 7 <input type="checkbox"/> Series 63 <input type="checkbox"/> Series 24 <input type="checkbox"/> Series 6 <input type="checkbox"/> Other - Specify:	<input type="checkbox"/> Series 7 <input type="checkbox"/> Series 63 <input type="checkbox"/> Series 24 <input type="checkbox"/> Series 6 <input type="checkbox"/> Other - Specify:	<input type="checkbox"/> Series 7 <input type="checkbox"/> Series 63 <input type="checkbox"/> Series 24 <input type="checkbox"/> Series 6 <input type="checkbox"/> Other - Specify:
States Where Licensed:			
Insurance Licenses Held:	Life, Health & Disability - Specify States: Property/Casualty - Specify States:	Life, Health & Disability - Specify States: Property/Casualty - Specify States:	Life, Health & Disability - Specify States: Property/Casualty - Specify States:
Society Memberships:			
Continuing Education:	i. Participate in continuing education? <input type="checkbox"/> Yes <input type="checkbox"/> No ii. In compliance with his/her Society's recommendations? <input type="checkbox"/> Yes <input type="checkbox"/> No	i. Participate in continuing education? <input type="checkbox"/> Yes <input type="checkbox"/> No ii. In compliance with his/her Society's recommendations? <input type="checkbox"/> Yes <input type="checkbox"/> No	i. Participate in continuing education? <input type="checkbox"/> Yes <input type="checkbox"/> No ii. In compliance with his/her Society's recommendations? <input type="checkbox"/> Yes <input type="checkbox"/> No

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SUPPLEMENTAL FINANCIAL CRISIS QUESTIONS

INSTRUCTIONS: Print *Applicant's* name below. Please provide complete explanations to any "Yes" answers below. Sign and date the supplemental application.

<i>Applicant.</i>
1. Has <i>Applicant</i> sold or have <i>Applicant's'</i> clients invested in auction rate securities? If yes, how much? Have <i>Applicant's</i> clients experienced difficulties redeeming them due to current market conditions? How much remains unredeemed?
2. Have <i>Applicant's</i> clients experienced liquidity issues or other problems with any Reserve Management mutual funds? If yes, how much of <i>Applicant</i> client's funds remained unredeemed? How much money have <i>Applicant</i> clients lost?
3. Has <i>Applicant</i> sold or have <i>Applicant's'</i> clients invested in Oppenheimer Champion Income Fund, Evergreen Ultra-Short Opportunities Fund, Schwab Yield Plus Fund, Lehman Brothers structured notes or other securities with substantial losses due to sub prime mortgages or the recent credit crises? If yes, how much did <i>Applicant's</i> clients invest? How much did they lose?
4. Has <i>Applicant</i> sold or have <i>Applicant's'</i> clients invested in securities backed by sub prime mortgages or other investments now experiencing difficulties (e.g. CMO's, CDO's) due to current market conditions? If yes, how much did <i>Applicant's</i> clients invest? How much did they lose?
5. Has <i>Applicant</i> sold or have <i>Applicant's'</i> clients invested in any limited partnerships, REIT's or 1031 exchanges, or other alternative investments that have become insolvent, gone into bankruptcy, admitted financial difficulties, or admitted to difficulties in making distributions (e.g. DBSI or Provident)? If yes, how much did <i>Applicant's</i> clients invest? How much did they lose?
6. Has <i>Applicant</i> sold or have <i>Applicant's'</i> clients invested in any products originated by Bernald L. Madoff, whether directly or via fund of fund originators such as Fairfield Greenwich Advisors, Tremont Capital Management or Maxam Capital Management? Or by Robert A. Stanford, Stanford International Bank, Stanford Group Company and Stanford Capital; or by Marc Drier or James Nicolson? Or by Mark Bloom or North Hills Fund; or by Paul Greenwood, Stephen Walsh, WG Trading Company, WG Trading Investors Co., or Westridge Capital Management, Inc? Or by "Tony" Young or Acorn Capital Management? Or by Clelia Flores or Maximum Return Investments Inc.? Or by Shawn Merriman or Market Street Advisors? Or by Weizhen Tang? Or by Edward Stein or Gemini Fund 1 L.P., DISP LLC.? If yes, how much did clients invest? How much did they lose?
Additional information relating to the above questions:

CLAIM INFORMATION FORM

Instructions: Use a separate Claim Information Form for each claim or suit brought against you and for each incident or fact situation that might reasonably result in such a claim or suit against you. Indicate whether **Initial Report**, or **Update** from last *Application*.

1. <i>Applicant</i> Name (list all potential insureds which may be involved in the claim): _____			
2. Name and Address of Claimant:		3. Age	4. Sex
5. Claim Allegations, Incident or Fact Situation: _____ _____			
6. Date of Incident or Alleged Wrongful Act:		7. Date Claim Made Against <i>Applicant</i> :	
8. Was <i>Applicant</i> insured? <input type="checkbox"/> Yes <input type="checkbox"/> No	8a. If "Yes", Name of Insurer:	8b. Date Reported to Insurer:	
9. Additional Defendants:		10. Location of Incident:	
11. Current Status of Claim or Incident (Open, Closed Without Payment, Settled With Payment to Claimant):		12a. If Open, Total Reserve or Estimate of Ultimate Liability: 12b. If Open, Reserve or Estimate of Ultimate Liability for <i>Applicant</i> :	
13a. If Closed, Total Amount of Settlement or Judgment: \$			
13b. If Closed, Amount Paid By or on Behalf of <i>Applicant</i> : \$			
The following should be answered in adequate detail to allow proper evaluation. Attach relevant copies of Claimant's file and any correspondence relating to the claim or incident including, without limitation, copies of any legal pleadings, lawyer status reports, insurance company letters, any legal evaluations by experts or attorneys. Submit sufficient information to fully explain the claimant's case and <i>Applicant's</i> defense. Attach additional sheets as required.			
14. Dates and Descriptions of Services Provided and/or Products Sold to Claimant: _____ _____			
15. Nature and Description of Problem: _____ _____			
I understand that the information submitted herein becomes part of the <i>Applicant's</i> Professional Liability Insurance <i>Application</i> .			
Date: _____		Signed: _____	
		Print Name and Title: _____	