

# Securities Law – Supplemental Application For Lawyers Professional Liability Insurance Policy



## AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY

**THIS APPLICATION IS FOR A CLAIMS MADE AND REPORTED POLICY.  
IF ISSUED, PLEASE READ YOUR POLICY CAREFULLY.**

Name of Applicant: \_\_\_\_\_

This document is part of the application for Lawyers Professional Liability Insurance Policy. Answer all questions. If space is insufficient to answer any question fully, attach a separate sheet.

### **EXEMPT and NON-EXEMPT TRANSACTION SUMMARY**

This form needs to be completed if the Applicant indicated any percentage of hours worked under Securities Law of the Area of Practice section of the application. List in chronological order the securities transactions expected to be made within the next ninety (90) days, then the most recent issues for the last twenty-four (24) months. If less than ten (10) transactions, list all transactions for the last five (5) years, include all that were withdrawn or were unsuccessful. Please provide the following information:

**Date:** If filed the date of such filing. If the transaction has not yet been filed, provide estimated date of filing.

**Issuer:** The name of the organization issuing the securities.

**Business:** The business activity of the issuer, i.e. Electronics, Real Estate, etc.

**Type of Offering:** Form of security offered.

**Dollar Amount of Offering:** The maximum dollar amount sold or anticipated to be sold.

**Underwriter:** The name of the organization underwriting the securities.

**Accountant:** The name of the accountant involved in the issue.

Date	Issuer	Business	Type Of Offering (1)	Dollar Size Of Offering	Exempt (E) Or Registered (R)	Did Firm Render Tax Opinion? YES/NO	Underwriter	Accountant	As Counsel For (2)	Does any Applicant have an equity interest or official capacity with Issuer? YES/NO(3)

(1) Type of Offering (indicate any of the following):

- PR-** Private Placement
- PUS-** Public Secondary Placement
- SY-** Syndication
- CP-** Corporate Counsel
- PUI-** Public Initial Placement
- TS-** Tax Shelter
- O-** Other (please specify)

(2) As Counsel for:

- I-** Issuer
- L-** Lender
- P-** Purchaser
- U-** Underwriter
- IC-** Insurance Company
- A-** Auditor
- O-** Other (please specify) \_\_\_\_\_

(3) Official capacity means Applicant is officer, director, general counsel, or an employee of issuer.

**SECURITIES RISK MANAGEMENT QUESTIONS**

1. Does the Applicant accept stock or stock options in client or non-client companies in lieu of money?  Yes  No  
 If YES, what steps are taken to comply with the Applicant's State Code of Lawyers Professional Responsibility?

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2. Does any Attorney indicated in the Attorney/Firm Section of the Lawyers Professional Liability Insurance application, accept stock or stock options in client or non-client companies in lieu of money?  Yes  No  
 If YES, what steps are taken to comply with the Applicant's State Code of Lawyers Professional Responsibility?

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3. Does the Applicant accept equity interest in clients in order to satisfy accrued accounts receivable?  Yes  No  
 If YES, what steps are taken to comply with the Applicant's State Code of Lawyers Professional Responsibility?

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4. Does the Attorney indicated in the Attorney/Firm Section of the Lawyers Professional Liability Insurance application accept equity interest in clients in order to satisfy accrued accounts receivable?  Yes  No  
 If YES, what steps are taken to comply with the Applicant's State Code of Lawyers Professional Responsibility?

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5. Please provide the following information for all Attorneys engaged in this specialty in the last five (5) years.

Attorney Name	# of Years of Experience in the Specialty	% of Time Devoted to the Specialty

6. With respect to its representation of publicly traded clients or business organizations, what steps does the Applicant take to ensure that the constituents of the client (i.e., the officers, directors, employees, shareholders) understand that the Applicant represents only the business organization?

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7. What steps (due diligence investigation) does the Applicant take to confirm that the terms of a private placement memorandum contain no misrepresentation and are legally sound?

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8. What practices and procedures does the Applicant have in place to ensure that the Applicant complies with the requirements of Sarbanes-Oxley. Please describe internal committees, if any, set-up to monitor Sarbanes-Oxley compliance.

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9. Does the Applicant always enter into a detailed retainer agreement which clearly sets forth the scope of the retention? Please provide a sample retainer letter.  Yes  No

10. a. Does the Applicant represent individual officers and/or members of management and the corporation in the same transaction?  Yes  No

b. Does the Applicant try to create a conflicts wall and/or obtain written waivers of the conflict from all the clients? Please describe procedure used on a separate sheet.  Yes  No

11. Has any member of the Applicant been required to participate in any way in a SEC investigation?  Yes  No  
 If YES, please provide a detailed answer on a separate sheet.

12. Is any member of the Applicant in any way involved in the promotion or sale of securities?  
If YES, please provide details on a separate sheet  Yes  No
13. Does any member of the Applicant invest in client transactions?  Yes  No
14. What percentage of clients identified in the chart above were new clients at the time of the registration or offering? \_\_\_\_\_ %

The applicant represents that the above statements are true and correct to the best of his or her knowledge and that no material or relevant facts have been suppressed or misstated and agree that the policy, if issued, will be issued on the reliance of such representations.

Applicant acknowledges a continuing obligation to report to us as soon as practicable any material changes in the facts or statements above, and in each supplementary application, which applicant becomes aware after signing the application.

Notice to Nebraska Applicant: **No misrepresentations or warranty made by the insured or on his behalf in the negotiation or application of this policy or contract of insurance shall defeat or void the policy or contract or effect the company's obligation under the policy or contract unless such misrepresentation or warranty was material, was made knowingly with the intent to deceive, was relied and acted upon by the company and deceived the company to its injury. The breach of a warranty or condition in any contract or policy of insurance shall not void the policy or allow the company to avoid liability unless such breach exists at the time of the loss and contributes to the loss.**

**Required State Fraud Notices**

Notice to Arkansas Applicant: **Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in any application for insurance is guilty of a crime and may be subject to fines and confinement in prison.**

Notice to Colorado Applicant: **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 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.**

Notice to District of Columbia Applicant: **It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fine. In addition, an insurer may deny insurance benefits if false information related to a claim was provided by the applicant.**

Notice to Florida Applicant: **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.**

Notice to Kentucky Applicant: **Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance 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.**

Notice to Louisiana Applicant: **Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.**

Notice to Maine Applicant: **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 or a denial of insurance benefits.**

Notice to New Jersey Applicant: **Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.**

Notice to New Mexico Applicant: **ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL AND CRIMINAL PENALTIES.**

Notice of Ohio Applicant: **Any person who, with intent to defraud or knowingly that he/she is facilitating a fraud against any insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.**

Notice to Oklahoma Applicant: **WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.**

Notice to Pennsylvania Applicant: **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.**

Notice to Vermont Applicant: **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 false information or conceals for the purpose of misleading, information concerning any fact material thereto, may have committed a fraudulent insurance act.**

Notice to Applicants in all other states: **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 false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime in certain jurisdictions.**

Completion of this form does not bind coverage. Applicant's acceptance of company's quotation is required prior to binding coverage and policy issuance. It is agreed that this application shall be the basis of the contract of insurance should a policy be issued and it will be attached to the policy.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Principal, Partner or President

**Print Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Agent

**Name of Soliciting Agent:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Please Print) (Required in State of Iowa)