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**AMERICAN ALTERNATIVE INSURANCE CORPORATION**

**555 College Road East, Princeton, NJ 08543-5241**

***CORNERSTONE PROGRAM***

**NEW BUSINESS APPLICATION FOR LAWYERS’ PROFESSIONAL LIABILITY INSURANCE**

**Claims Made and Reported Insurance Policy**

**IMPORTANT NOTICE:** This is an application for a Claims-made and Reported insurance policy that ***excludes any Prior Acts coverage***. This means the Company will not provide coverage or defense for any claim that arises from a Wrongful Act, or a Related Wrongful Act, that occurred prior to the effective date of your first Lawyers Professional Liability Insurance Policy with American Alternative Insurance Corporation..

**DEFENSE EXPENSES NOTICE:** (For New York Insureds Only); If this Policy contains an insuring agreement that includes Claim Expenses within the Limits of Liability, payment of Claim Expenses may reduce the Limits of Liability applicable to Damages by up to 50%. If this Policy includes an insuring agreement that includes a Deductible that applies to Claim Expenses, up to 50% of the Deductible amount may be applied to Claim Expenses.

**ELIGIBILITY:** The Cornerstone Program is designed to provide Lawyers Professional Liability Insurance protection to Sole Practitioner lawyers with low to moderate professional exposures, who have either never purchased LPL insurance before or can accept a Prior Acts Exclusion on their initial program policy. The program is available to both Full-Time and Part-Time Solo Practitioners. Upon underwriting approval and issuance, the program provides Limits of Liability of $100,000 each claim and in the aggregate, per policy period. The deductible will be $1000 per claim. In addition, certain areas of practice are excluded. Please discuss the scope of coverage provided with your Agent. If you cannot accept a Prior Acts Exclusion, please request a Standard New Business Application. *NOTE: This program is for Sole Practitioners only. This means that you (and your law firm) do not employ, have legal service contracts or shared fee agreements with, or otherwise provide legal services in combination or cooperation with any other lawyers.*

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| **Firm Profile Section** |

1. Firm Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Attorney Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Street Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ City: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_State: \_\_\_\_\_\_\_\_Zip:\_\_\_\_\_\_\_\_\_\_\_

 Phone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Email: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Website: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Office Manager: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Organization Type: \_\_\_\_\_\_\_\_

 Mailing address if different than street address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

3. Are you a solo legal practitioner (exclusively for your own firm)? [ ] YES [ ] NO ***If NO, you are not eligible for this program.***

4. Can you confirm you have no past, current or planned legal services in the following areas: Securities (Federal or State); M&A.; Intellectual Property; Class Action/Mass Tort; Medical Malpractice; *or for High Net Worth ($1M+ Assets) Clients only*, Tax, Divorce, Estates & Trusts, or Business/Money Management? [ ] YES [ ] NO ***If NO, you are not eligible for this program.***

***If you answered NO to either Question 3. or 4., please contact your agent for a Standard New Business Application.***

5. a. Hours per week providing legal services? \_\_\_\_\_\_ b. Ave. hourly rate for legal work \_\_\_\_\_\_\_ c. Annual CLE Hours: \_\_\_\_\_\_

6. Please provide the following information:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **State(s) Admitted or Licensed:** | **Date Admitted or Licensed** (mm/dd/yyyy) | **Percent of Revenue Generated**(Must total 100%) | **Active License and In Good Standing (no discipline, suspension or disbarment)?** | **Physical Office Presence in State?** | **Provide Non-Legal Professional or Business Services to Firm Clients?** |
|  |  |  | [ ] YES [ ] NO  | [ ] YES [ ] NO  | [ ] YES [ ] NO  |
|  |  |  | [ ] YES [ ] NO  | [ ] YES [ ] NO  | [ ] YES [ ] NO  |
|  |  |  | [ ] YES [ ] NO  | [ ] YES [ ] NO  | [ ] YES [ ] NO  |

*(Please provide details on additional States where you are licensed and any Non-Legal Services provided in a Separate Attachment)*

7. a. Have you previously had professional liability insurance? [ ] YES [ ] NO b. If YES, are you willing to accept a Prior Acts Exclusion on this policy? [ ] YES [ ] NO ***If NO to 7.b., please request a Standard New Business Application from your Agent.***

 Requested policy Effective Date (mm/dd/yyyy): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Do you serve as a director or officer, or exercise any fiduciary control over any enterprise (other than the applicant firm) that is a firm client, or do you have any financial interest in a client’s business? [ ] YES [ ] NO *(This includes non-profit orgs.)*.

***If YES, please be aware there is no coverage under the Cornerstone Program product for any claims arising out of or involving these positions. If such coverage is desired, please request a Standard New Business Application from your Agent.***

9. a. Gross Firm Revenues-Est. Current Year: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Actual Prior Year: $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 b. Please provide a breakdown of the Firms Top 3 Areas of Practice & All Other AOPs Combined:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Area of Practice** | **Percentage of Firm Revenues1** | **Est. Ave. Case Size based upon Economic Value to Client *(leave blank if non-financial AOP, i.e., Criminal Law*)**  | **Est. Max Case Size based upon Economic Value to Client *(leave blank if non-financial AOP, i.e Criminal Law*)** | **Estimated Number of Matters or Cases** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| All Other AOPS |  |  |  |  |
| Total: | **100%** |  |  |  |

**1Revenues Must Total 100%**

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| Risk Management Section |

10. a. Please complete the following chart based upon your current Risk Management Policies and Procedures:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| RM Policy/Procedure | **In Place for All Matters/Used Consistently** | **Partially in Place/Used Sometimes** | **Not in Place/ Never Used** | **Will Implement in 90 Days** |
| Fully Automated Conflict of Interest Avoidance System that monitors both Clients and Related or Opposing Parties |[ ] [ ] [ ] [ ]
| Fully Automated Docket Control System, with multiple redundancies and oversight, tracking every stage of engagement, project, transaction or litigation |[ ] [ ] [ ] [ ]
| Client Intake Procedures require Conflict of Interest clearance, Docket Control entry & review of Client Financials and Bill Paying History prior to opening File |[ ] [ ] [ ] [ ]
| Engagement Letters, Non-Engagement Letters & Termination Letters |[ ] [ ] [ ] [ ]
| Conflict of Interest Disclosures/Waivers used for Potential Conflicts of Interests |[ ] [ ] [ ] [ ]
| Formal Office Policies and Procedures Manual |[ ] [ ] [ ] [ ]

b. How many suits for collection of professional fees has your firm initiated in the Past Year? \_\_\_\_\_\_\_ Past 5 years? \_\_\_\_\_\_

c. How many office staff (including paralegals) do you currently employ? \_\_\_\_\_\_. ***If more than 2, please request a Standard Program New Business Application from your Agent.***

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| Claim Section |

11. Has any claim or suit been made against you or is any claim or suit still pending?  [ ] YES [ ] NO

12. Are you aware of or do you have knowledge of any fact, circumstance, act, error, or omission that could reasonably be expected to be the basis of a claim against any current or former attorney in the firm or its predecessors, regardless of the merit of such claim? [ ] YES [ ] NO

13. Have you ever had a disciplinary complaint made to any court, administrative agency, or regulatory body, or have you ever been refused admission to practice, disbarred, suspended from practice, or been formally reprimanded by any court, administrative agency or regulatory body in the past year; or is any attorney under investigation? [ ] YES [ ] NO

14. Are you currently under investigation or been charged with or been convicted of a felony or misdemeanor? [ ] YES [ ] NO

 ***Note: If YES to any question in this section, please complete a Claim Supplement.***

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|  ***CORNERSTONE* Program-Application for Lawyers’ Professional Liability Insurance NOTICES** |

**NOTICE TO THE APPLICANT - PLEASE READ CAREFULLY**

**APPLICANT REPRESENTATIONS AND ASSURANCES:** The undersigned hereby represents to and assures the Company that the information contained in this application is true and correct as of the date this application is executed and that the Company shall be entitled to rely upon this application as the basis of any insurance policy the Company may issue to the applicant firm. The undersigned acknowledges and agrees that the accuracy of the information contained in this application will be material to the decision by the Company to issue any insurance policy to the applicant firm.

The undersigned further represents to and assures the Company that the applicant firm will report to the Company (as soon as practicable) any material change in any answers, responses, facts or information set forth in this application or any supplemental application submitted herewith, including, but not limited to, the existence of any claim(s) or any facts or circumstances which may give rise to a claim.

**RELEASE OF CLAIMS INFORMATION:** By executing this application, the undersigned hereby authorizes any prior insurer to release the applicant's claims information to the Company.

**DEFENSE OF CLAIMS:** In applying for coverage, the undersigned agrees that, in the event of a covered loss, the Company will be required to defend the applicant and that, if the applicant has not purchased first dollar defense cost coverage, the deductible shall apply to loss and claim expenses, adjusting expenses, investigation costs and legal fees. If the applicant elects to defend a claim without involving the Company, no coverage for that claim will be afforded the applicant under the policy.

**CLAIMS MADE AND REPORTED POLICY:** The undersigned understands and agrees that the policy applied for is a “Claims Made and Reported” policy. Therefore, the applicant must immediately report any claim to the Company while the policy is in force. No coverage exists under the policy for a claim which is first made against the Insured or first reported to the Company before or after the policy period or any applicable extended reporting period. All coverage ceases with the termination of the policy unless the undersigned exercises certain options available in accordance with the terms of the policy.

**SCOPE OF COVERAGE**: The Cornerstone Program is intended to provide a basic level of coverage for those sole practitioner attorneys who have low to moderate professional exposures and have either never previously purchased professional liability insurance, or are willing to accept a Prior Acts Exclusion on their initial program policy. It is open to both Full-Time and Part-Time Attorneys. There is no coverage under the policy for Office Sharing liability; Liability for other law firms for whom or with whom you provide Legal Services; Claims arising out of suits over legal fees; or any Claims involving Securities (Federal or State), Mergers & Acquisitions, Intellectual Property, Class Action/Mass Tort, or Medical Malpractice areas of practice; or the following professional services for High Net Worth ($1M+ Assets) Individuals only-Tax, Divorce, Estates & Trusts, or Business/Money Management. If your firm has these exposures or if you anticipate providing these services in the future, please request a standard New Business Application from your Agent.

**FAILURE TO REPORT CLAIMS:** The failure to report any claims made against the applicant or any attorney in the applicant's firm under any current or previous insurance policy, or failure to reveal timely facts or circumstances which may give rise to a claim against current or prior insureds, may result in the absence of coverage for any matter which should have been reported or may result in the failure of coverage altogether.

**COMMITMENT TO PRIVACY:** The Company is committed to safeguarding the confidentiality, integrity and security of your non-public, personal information. Access to your personal information is restricted solely to those the Company employees and authorized agents who have a business need for such information. The Company believes all of your personal information is confidential. Therefore, it is our policy not to disclose your personal information to any third parties, except as permitted by law, unless you direct us to do so or if we are compelled by law to do so.

**NOTICE: ANY PERSON WHO, KNOWINGLY OR WITH INTENT TO DEFRAUD OR TO FACILITATE A FRAUD AGAINST ANY INSURANCE COMPANY OR OTHER PERSON, SUBMITS AN APPLICATION OR FILES A CLAIM FOR INSURANCE CONTAINING FALSE, DECEPTIVE OR MISLEADING INFORMATION MAY BE GUILTY OF INSURANCE FRAUD**

**NOTICE TO COLORADO APPLICANTS:** 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 Company 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 APPLICANTS:** Warning: 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 fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**NOTICE TO FLORIDA APPLICANTS:** 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 KANSAS APPLICANTS:** IN KANSAS, ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD, PRESENTS, CAUSES TO BE PRESENTED OR PREPARES WITH KNOWLEDGE OR BELIEF THAT IT WILL BE PRESENTED TO OR BY AN INSURER, PURPORTED INSURER, BROKER OR ANY AGENT THEREOF, ANY WRITTEN STATEMENT AS PART OF, OR IN SUPPORT OF, AN APPLICATION FOR THE ISSUANCE OF, OR THE RATING OF AN INSURANCE POLICY FOR PERSONAL OR COMMERCIAL INSURANCE, OR A CLAIM FOR PAYMENT OR OTHER BENEFIT PURSUANT TO AN INSURANCE POLICY FOR COMMERCIAL OR PERSONAL INSURANCE WHICH SUCH PERSON KNOWS TO CONTAIN MATERIALLY FALSE INFORMATION CONCERNING ANY FACT MATERIAL THERETO; OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT.

**NOTICE TO LOUISIANA** and **MAINE APPLICANTS:** It is a crime to 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 MARYLAND APPLICANTS**: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully 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 NEW MEXICO APPLICANTS:** 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 NEW YORK APPLICANTS:** Any person who knowingly and with intent to defraud any insurance company or any 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 or material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

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

**NOTICE TO PENNSYLVANIA 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 such person to criminal and civil penalties.

**NOTICE TO TENNESSEE, VIRGINIA & WASHINGTON APPLICANTS:** It is a crime to knowingly provide false, incomplete or misleading information to an Insurance Company for the purpose of defrauding the Company. Penalties include imprisonment, fines and denial of insurance benefits.

**NOTICE TO VERMONT APPLICANTS:** Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

**This application must be signed by an owner, partner or corporate officer. Signing does not bind the applicant or the Company.**

Signature of Owner, Partner or Corporate Officer Date (mm/dd/yyyy)

Print or Type Name/Title

[In States Where Required]

Authorized Representative Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ State Producer License #\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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