

# McGowanPRO

20595 Lorain Road | Fairview Park, OH 44145 | 800.545.1538 | Fax: 440.333.3214  
 www.mcgowanpro.com | kdeleon@mcgowanprograms.com



## Real Estate Professionals Errors and Omissions Liability Insurance Application for Insurance & Purchasing Group Membership

- 1) \_\_\_\_\_
- a. Legal Name of Firm \_\_\_\_\_ b. Desired Effective Date \_\_\_\_\_
- c. dba Name(s)/Trade-Name(s) \_\_\_\_\_ d. Month/Year Business Established Under Current Owner \_\_\_\_\_
- e. Contact Name \_\_\_\_\_ Area Code and Phone # \_\_\_\_\_ f. Website \_\_\_\_\_
- g. Principal Owner Email Address \_\_\_\_\_ h. List of All States in Which Applicant Conducts Business \_\_\_\_\_
- i. Primary Applicant Address: (Street, City, State, Zip Code, County) \_\_\_\_\_ j. Mailing Address: (if different from primary address) \_\_\_\_\_
- k. Is Principal Owner a Member of the National Association of Realtors®?  Yes  No If yes, NRDS# \_\_\_\_\_

- 2) Applicant is  Sole Proprietorship  Partnership/LLP  Corporation/LLC  Independent Contractor  
 Other, please describe \_\_\_\_\_

- 3) Is applicant independently owned and operated?  Yes  No If no, please describe \_\_\_\_\_

- 4) Has this firm undergone a change in ownership, name or operations including acquisition or mergers?  Yes  No  
**Note:** Coverage is not provided for predecessor firms or prior principals unless approved by the insurance company.  
 If yes, please explain (use separate sheet if necessary). \_\_\_\_\_

- 5) Complete the following for each principal, partner, director or officer. Use separate sheet if necessary.

Name	Title/Position	Percentage Ownership	Current License Status	Month and Year First Licensed as a Real Estate	Professional Designations	License Ever Revoked or Suspended
			<input type="checkbox"/> Active <input type="checkbox"/> Inactive	<i>Agent.</i> <i>Broker.</i> <i>Other.</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Active <input type="checkbox"/> Inactive	<i>Agent.</i> <i>Broker.</i> <i>Other.</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Active <input type="checkbox"/> Inactive	<i>Agent.</i> <i>Broker.</i> <i>Other.</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No

- 6) Complete the following for firm's staff (include individual only once).

	Number of Full Time	Number of Part Time	Number of Inactive
Real Estate Agents/Brokers/Independent Contractos			
Property Managers			
Appraisers			
Referral Agents (referring only to applicant)			
Clerical/Administrative			
Other (please describe)			
<b>Total</b>			

## GENERAL QUESTIONS

- 7) Does the Firm:  
 Have any one client, which represents more than 25% of the firm's income and/or listings?  Yes  No  
 a. If yes, please explain: \_\_\_\_\_  
 Or any individual or entity proposed for coverage have an exclusive listing agreement with any builders/developer?  Yes  No  
 If yes, number of units sold in the past 12 months \_\_\_\_\_ Income for the past 12 months \_\_\_\_\_
- 8) Please list the property values of your five largest transactions in the last three years:  
 \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

## INCOME SECTION

- 9) Real Estate Activities: Show all income, fees and commissions **BEFORE** split with brokers or salespeople or deduction of expenses.

<b>DO NOT REPORT PROPERTY VALUES.</b>	<b>PAST FISCAL YEAR ENDING:</b> /		<b>NEXT 12 MONTHS: Estimates</b> /	
	#Transactions	Income	#Transactions	Income
Residential Real Estate Sales (1-4 units)		\$		\$
Farm, Agriculture and/or Forestry		\$		\$
Land and Lot Sales		\$		\$
Commercial, Industrial, Income Property Sales		\$		\$
Business Opportunities Brokerage		\$		\$
Real Estate Leasing Fees		\$		\$
Real Estate Consulting/Counseling		\$		\$
Residential Real Estate Appraisal		\$		\$
Commercial Real Estate Appraisal		\$		\$
**Residential Property Management Fees (1-4 units)		\$		\$
**Commercial or Habitational (5+ units) Property Management Fees		\$		\$
Auctioneering (Real Property Only)		\$		\$
**Management of associations (i.e., condominium, cooperative, homeowners)		\$		\$
Mortgage Brokerage/Financial Arrangements		\$		\$
Referrals		\$		\$
Broker Price Opinions (BPOs)		\$		\$
Other (Please describe in detail)		\$		\$
<b>TOTAL GROSS INCOME</b>		<b>\$</b>		<b>\$</b>

**\*\*NOTE:** We will require a copy of a contract if reporting income

Total Gross Income for past 3 years: 1<sup>st</sup> year prior \$ \_\_\_\_\_ 2<sup>nd</sup> year prior \$ \_\_\_\_\_ 3<sup>rd</sup> year prior \$ \_\_\_\_\_

- 10) Is the firm or anyone in the firm involved with and/or providing any of the following services or activities:

Service	Yes (√)	No (√)	Description of Service	Revenue to the firm	Legal name of the firm/individual engaged in these services
Environmentally Impacted Sites					
Mineral / Oil /Gas Rights					
Property Preservation					
New development					
Management of REO property					
1031 Exchange					
Real Estate Development/Construction					
Construction Management					
Sale of timeshares					
Appraisal Management					
Title/Abstract/Escrow					
Services for hotels, motels, mobile home/RV parks					
Mortgage Banking (other than origination)					
Formation or Management of Group Investments, Syndications, Trusts and/or Partnerships					
Business Valuations					

- 11) a. Does the firm or anyone in the firm construct develop or own properties they sell appraise or lease? N/A  
 (Please check applicable service)  
 Please provide description of services and provide commission or fee income from these activities: \_\_\_\_\_  
 \_\_\_\_\_
- b. Does the firm or any principal engage in any other professional or real estate related enterprises or practice? (other than services listed in questions 9-10) Yes No  
 If yes, please explain (use a separate sheet if necessary): \_\_\_\_\_

### RESIDENTIAL BROKERAGE

*(If new firm please use anticipated income for next 12 months when answering questions below)*

- 12) Please indicate the average sale price of residential properties sold by this firm in the past 12 months: \$ \_\_\_\_\_
- 13) What percentage of residential properties sold in the past twelve months:  
 Included a home protection or warranty program? \_\_\_\_\_%      Included a signed property disclosure form? \_\_\_\_\_%
- 14) a. Do all of the applicant's brokers and salespersons disclose to their clients, in writing, the legal nature of their relationship? (i.e. whether the salesperson is representing the buyer/seller or both?) Yes No
- b. During the last 12 months, on what percentage of transactions did the firm represent both the buyer and the seller? \_\_\_\_\_%
- c. During the last 12 months, on what percentage of transactions did any one agent represent both the buyer and the seller? \_\_\_\_\_%
- 15) What percentage of residential properties sold in the past twelve months were:  
 a. Foreclosure Transactions? \_\_\_\_\_%      b. Short Sales Transaction? \_\_\_\_\_%

### SPECIALTY SECTION

If involved in any of the following, please provide:

- List of key personnel and qualifications
- Brochures describing services provided and promotional material (if available), or the firm's website address

### REAL ESTATE APPRAISAL

16)	Types of Appraisals	Total Gross Income	Types of Appraisals	Total Gross Income
	a. Single Family Residences	\$	g. Land Development/Subdivisions	\$
	b. Multi-Family Residences	\$	h. Construction Phase Inspections	\$
	c. Lots/Vacant Land	\$	i. Right-of-Way	\$
	d. Commercial/Industrial Property	\$	j. Personal Property	\$
	e. Farms/Ranches/Forestry	\$	k. Flood Zone Certifications	\$
	f. Estate or Tax Purposes	\$	l. All Other	\$

### REAL ESTATE CONSULTING/COUNSELING

- 17) Please describe the nature of consulting/counseling services provided: \_\_\_\_\_  
 \_\_\_\_\_

### RISK MANAGEMENT QUESTIONS

- 18) Does the firm:
- a. Have in-house office policy/procedures manual in place? Yes No
- b. Have a mandatory document retention policy for all transaction files? Yes No
- c. Use transaction management software or a transaction coordinator for all transactions? Yes No
- d. Use local board, state association or other association approved contracts/forms? Yes No  
 (If no, attach copies of your forms)
- e. Use an in-house counsel, counsel on retainer and/or risk manager? Yes No
- f. Document each file with your verbal/written communication, recommendations and your client's instructions? Yes No
- g. Have written procedures in place to notify management of problem transactions? Yes No

- 19) In the past 12 months, did at least 75% of professional staff, including independent contractors, take:
- a. An approved NAR, State, or local level formal continuing education course designed to reduce real estate professional liability?  Yes  No
  - b. An in-house seminar conducted by an attorney or risk management consultant?  Yes  No
  - c. A franchisor risk management seminar?  Yes  No

**COVERAGE OPTIONS REQUESTED**

- 20) a. Limits of Liability (each claim / annual aggregate) \_\_\_\_\_  
 b. Deductible per claim \_\_\_\_\_  
 c. First Dollar Defense coverage option (additional premium):  Yes  No

**PREVIOUS COVERAGE**

- 21) Do you have a professional liability insurance policy in force?  Yes  No
- 22) If answering yes, please forward a copy of your current declarations page and prior acts endorsement. If current coverage is in place, please complete the following for your firm with respect to Real Estate Professionals Errors and Omissions Liability Insurance for the past 6 years.

Policy Period Effective Date	Insurance Company (Not Agent)	Limit of Liability	Deductible	Annual Premium

Retroactive Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

- 23) During the past 6 years, has any Insurance Company declined, canceled or refused to renew the applicant, any predecessor firm or anyone indicated in Question 6?  Yes  No  
 If yes, please explain: \_\_\_\_\_  
**(MISSOURI APPLICANTS ARE NOT REQUIRED TO RESPOND)**

**CLAIMS SECTION**

Answer the Questions below only after inquiry of each member of your firm. If yes, please provide carrier loss runs or attach details of claim, etc. (We will require six years of loss runs unless firm has been in operation less time.)

- 24) Have any claims (including violations of fair housing laws) been made against your firm, any predecessor firm or anyone indicated in Question 5 or 6?  Yes  No
- 25) Are you aware of any act, error, omission or other circumstances, which might reasonably be expected to be the basis of claim or suit against you or anyone indicated in Question 5 or 6?  Yes  No
- 26) Have all matters in Questions 24 and 25 above been reported to the applicant's former or current insurers?  Yes  No

**Note: Incidents or potential claims which might reasonably be expected to result in a claim being made should be reported to your present insurance company.**

---

**NOTE:** The insurance coverage for which you are applying is written on a Claims-made Policy; therefore, only claims which are first made against you during the policy period are covered, subject to policy provisions. "Claim" means a demand received by you for money or services arising out of a negligent act or omission in the rendering or failure to render professional real estate services. If you have any questions about the coverage, please discuss them with your insurance agent.

---

**WARNING - COLORADO, DISTRICT OF COLUMBIA, FLORIDA, HAWAII, KENTUCKY, LOUISIANA, MAINE, NEW JERSEY, NEW YORK, NEW MEXICO, OHIO, OKLAHOMA, PENNSYLVANIA AND VIRGINIA RESIDENTS ONLY**

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 (for New York residents only: 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.) (For Colorado Residents only: 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.) (For Hawaii residents only: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.)

---

**I / we hereby declare that the above statements and particulars are true and that I / we have not suppressed or misstated any material facts and I / we agree that this application shall be the basis of the contract with the company and that coverage, if written, will be provided on a claims-made basis. It is understood and agreed that completion of this application does not bind the company to issue or the applicant to purchase the insurance.**

---

Name:	Title/Position:
Signature:	Date:

---

**APPLICATION MUST BE CURRENTLY SIGNED AND DATED BY A PRINCIPAL OF THE FIRM TO BE CONSIDERED FOR A QUOTATION.**

## Have Questions? Need assistance?

Contact us at:

**E-Mail:** [kdeleon@mcgowanprograms.com](mailto:kdeleon@mcgowanprograms.com)

**Phone:** (440) 333-6300 x3709

**Anti-Fraud Agreement, Insurance Terms & Conditions & Agreement, Membership Terms & Conditions (Including Fee Disclosure) Agreement**

The Undersigned Insurance Broker And Applicant Declare And Warrant That To The Best Of Their Knowledge And Belief, After Reasonable Inquiry, That The Information And Statements Set Forth In This Application (Including The Supplemental Applications And Schedules) Are True and Complete. The Undersigned Further Declares That Any Occurrence Or Event Taking Place Prior To The Effective Date Of The Insurance Applied For Which May Render Inaccurate, Untrue, Or Incomplete Any Statement Made Will Immediately Be Reported In Writing To The Insurer And The Insurer May Withdraw Or Modify Any Outstanding Quotations And/OR Authorization Or Agreement To Bind The Insurance. The Insurer Is Hereby Authorized, But Not Required, To Make Any Investigation And Inquiry In Connection With The Information, Statements And Disclosures Provided In This Application, The Decision Of The Insurer Not To Make Or To Limit Any Investigation Or Inquiry Shall Not Be Deemed A Waiver Of Any Rights By The Insurer And Shall Not Stop The Insurer From Relying On Any Statement In This Application In The Event The Policy Is Issued. Any Person Who Knowingly And With Intent To Defraud Any Insurance Company Or Other Person Files An Application For Insurance Containing False Information Concerning Any Material Fact Thereto, Or Conceals Information For The Purpose Of Misleading, Commits A Fraudulent Insurance Act, Which Is A Crime.

**Purpose & Effect Of "Application For Insurance & Purchasing Group Membership":** By Signing This "Application For Insurance & Purchasing Group Membership" (Hereinafter "Application"), Applicant Agrees: (1) To Become A Member Of National Small Business PG, Inc. (Hereinafter "PG"); (2) To Participate In A Program Of Insurance Designed Exclusively For The Members Of PG; (3) To Accept, Abide By, And Be Bound By The "Terms & Conditions Of Insurance" Posted At [www.purchasinggroups.com](http://www.purchasinggroups.com); (4) To Accept, Abide By, And Be Bound By The "Membership Agreement – Terms & Conditions Of Membership" Posted At [www.purchasinggroups.com](http://www.purchasinggroups.com); (5) To Pay All Premiums (Including Audit And Additional Premiums, If Applicable), Fees (Including Broker & Purchasing Group Membership Fees), And State & Federal Taxes & Surcharges (If Applicable) When Due; (6) That Any Additional Materials Or Information Supplied By Applicant Or Applicant's Insurance Broker To The Program Administrator For A Given Program Of Insurance (e.g. – Including, But Not Limited To, Supplementals, Schedules & ACORD Applications) Become A Material Part Of The Application For Insurance; (7) That This Application Which It Signs Is The Basis Of The Contract [Policy &/Or "Evidence Of Insurance & Purchasing Group Membership" (Hereinafter "EOI")], Whether Or Not Said Application Is Attached To The Policy &/Or EOI; (8) That This Application Is A Material Part Of The Policy &/Or EOI, Whether Or Not It Is Attached To The Policy &/Or EOI; And, (9) That This Application Is Considered Attached To The Policy &/Or EOI For Legal Purposes, Whether Or Not It Is Physically Or Electronically Attached To The Policy &/Or EOI.

**Disclosure Regarding Shared Limits:** Members Do Not Share Limits And Each Member Is Provided With Its Own Policy &/Or EOI.

**Disclosure Pursuant To Federal Law Regarding Purchasing Groups [U.S.C. 15 3901, Et Seq.]:** PG Is A "Purchasing Group," As Defined Under Federal Law, Formed To Purchase Liability Insurance On A Group Basis For Its Members To Cover The Similar Or Related Liability Exposure(s) To Which The Members Of PG Are Exposed By Virtue Of Their Related, Similar, Or Common Business Or Service. Members Do Not Share Limits And Each Member Is Provided With Its Own Policy &/Or EOI.

**Disclosure Pursuant To Terrorism Risk Insurance Act Of 2002 [Et Seq.]:** By Signing Below, Applicant Agrees That It Has Read And Understands The "Disclosure Pursuant To The Terrorism Risk Insurance Act Of 2002" [Et Seq.] Which Appears At [www.purchasinggroups.com](http://www.purchasinggroups.com) .

**To Learn More:** Please Visit [www.purchasinggroups.com](http://www.purchasinggroups.com), Which Contains More Information About Your Purchasing Group And Purchasing Groups, In General, As Well As Your Insurance Coverage, Premiums, Fees, Taxes, The MGUs' Income, And Your Insurance Broker's Income.

---

**Signature of Applicant** \_\_\_\_\_ **Date** \_\_\_\_\_

---

**Print Name**

---

**Title (Authorized Representative of Applicant)**

---

**Signature of Insurance Broker** \_\_\_\_\_ **Date** \_\_\_\_\_

---

**Print Name**

---

**Insurance Broker**

---

**Title**