

PROFESSIONAL LIABILITY INSURANCE FOR MEMBERS OF  
THE ALBERTA MORTGAGE BROKERS ASSOCIATION (AMBA)

New Business Application



SECTION 1: APPLICANT INFORMATION

1. Name of Licenced Brokerage: \_\_\_\_\_

*(The E&O policy must be issued in the name of the licenced brokerage with RECA)*

2. Is the licenced brokerage a member of the Alberta Mortgage Brokers Association (AMBA)?  YES  NO

3. Please provide the contact information for the Brokerage:

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

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Website Address: \_\_\_\_\_

4. Have there been any acquisitions/mergers or change in name in the last five years?  YES  NO

*If "YES", please provide the name of the past brokerage firm and also declare if there has been a claim reported on the previous firm/acquired firm or merging firm in the last 3 years.*

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

SECTION 2: UNDERWRITING INFORMATION

5. To any of the Brokerage's licenced brokers/associates arrange private mortgages with individual private lenders, licensed mortgage syndicators or private lending corporations (i.e., Mortgage Investment Corporations/Trusts)?  YES  NO

*If "YES", please complete the Private Lending Supplementary Questionnaire starting on page 9.*

6. Number of office locations: \_\_\_\_\_ The primary office location is:  Owned  Leased  Home-based

7. Year the brokerage was first licenced: \_\_\_\_\_

8. Name of the principal Broker registered with RECA: \_\_\_\_\_



## SECTION 3: BROKERING & ADMINISTRATION ACTIVITIES AND GROSS REVENUES

**10. Please indicate the applicant's gross revenues / fees / commissions in the tables provided below:**

**IMPORTANT NOTE:** Please enter your fees / commission earned and NOT the total mortgage volumes/values arranged.

Mortgage Brokering Activities	Prior Year Fees/ Commissions Earned	Forecast Current Fiscal Year Fees/Commissions	Percent of Total (Current Year)
<b>A. Types of Mortgages Arranged</b> <i>(DO NOT ENTER MORTGAGE VOLUMES ARRANGED IN FIELDS PROVIDED; ONLY ENTER FEES / COMMISSIONS)</i>			
Residential Mortgages	\$	\$	
Construction Mortgages *	\$	\$	
Commercial or Industrial Mortgages	\$	\$	
<b>Totals for Section A</b> * <i>NOTE – Construction mortgages should include all types of lending for construction projects. Do NOT include Residential or Commercial construction mortgages in the Residential or Commercial categories under section A.</i>	\$	\$	<b>100%</b> <i>(columns must total)</i>

Mortgage Funding Sources	Prior Year Fees/ Commissions Earned	Forecast Current Fiscal Year Fees/Commissions	Percent of Total (Current Year)
<b>B. Mortgage Funding Sources</b> <i>(DO NOT ENTER MORTGAGE VOLUMES ARRANGED IN FIELDS PROVIDED; ONLY ENTER FEES / COMMISSIONS)</i>			
Mortgages placed with Institutional Lenders <i>(Banks, Trusts and Others)</i>	\$	\$	
Mortgages placed with Private Lending Investment Corporations <i>(i.e., M.I.C.s, Trusts)</i> or Licenced Mortgage Syndicators	\$	\$	
Mortgages placed with single Individual Private Lenders	\$	\$	
Mortgages funded "In-house" with own and/or related company sources <i>(i.e., Licenced Associates and Holding Companies)</i>	\$	\$	
<b>Totals for Section B</b> <i>NOTE: Total of section A. must match the Totals for section B.</i>	\$	\$	<b>100%</b> <i>(columns must total)</i>

Mortgage Administration Activities	Prior Year Fees/ Commissions Earned	Forecast Current Fiscal Year Fees/Commissions	Percent of Total (Current Year)
<b>C. Mortgage Administration Services</b> <i>(Enter N/A if the applicant does not administer mortgages)</i>			
Administration of Residential Mortgages	\$	\$	
Administration of Commercial or Industrial Mortgages	\$	\$	
<b>Totals for Section C</b>	\$	\$	<b>100%</b> <i>(columns must total)</i>

**Construction Mortgages\*\*** Please skip questions 11 to 14 if you entered "0%" for construction mortgages in question #10A above.

**11. Please provide the average annual mortgage volume for construction mortgages arranged in the past 3 years for the Brokerage:** \$ \_\_\_\_\_

**12. If the Brokerage arranged construction mortgages in the past 3 years then please provide the types of construction projects funded as an approximate percentage of the total construction mortgage volume for the Brokerage:**

Project Type Being Funded	% of Construction Volume
a. Construction of individual residential projects ( <i>10 individual family dwellings or less</i> ):	%
b. Construction of commercial or industrial projects:	%
c. Construction and infrastructure for hotels and / or resorts:	%
d. Construction and infrastructure of residential subdivisions ( <i>i.e., more than 10 individual family dwellings</i> ):	%
e. Development infrastructure ( <i>i.e., grading, roads, water mains, lights, etc.</i> )	%
f. Construction of residential high-rise ( <i>i.e., more than 3 storeys high</i> ):	%
<b>100% (columns must total)</b>	

**13. Is the lender always responsible for making the decision to advance funds to the borrower?**  YES  NO

*If "NO", please explain who has the authority to advance funds on behalf of the lender:*

**14. If the Brokerage arranged construction mortgages in the past 3 years then is the Brokerage responsible for the site visits before releasing the funds or advising the lender to release the funds?**  YES  NO  
*If "YES", please complete the following:*

a. *Provide the details on how the site visits are conducted:* \_\_\_\_\_

b. *Do you utilize the services of a quantity surveyor?*  YES  NO

c. *Does the Brokerage keep a record of all the correspondence with the Lender regarding Brokerage site visits?*  YES  NO

d. *If "NO", give reasons why records are not maintained:* \_\_\_\_\_

**15. Has the brokerage had a mortgage lender terminate its lending contract in the past 5 years?**  YES  NO

*If "YES", please explain why your contract was terminated by the lender?* \_\_\_\_\_

**16. Does the brokerage maintain a fraudulent mortgage log recording when its licenced brokers and associates identify potential cases of mortgage fraud?**  YES  NO

*If "YES", who is responsible for maintaining the mortgage fraud log?* \_\_\_\_\_

**17. Please provide the following details about your brokerage:**

a. *Does the Brokerage have any business operations in the USA or outside of North America?*  YES  NO

*If "YES", note that foreign operations are not covered under this policy. Contact PROLINK at 1 800 663 6828 to further discuss your options.*

b. *Is the Brokerage or any of its mortgage broker(s)/agent(s) involved in any other professional activity other than mortgage brokering?*  YES  NO

*If "YES", please note that you or any mortgage broker/agent under this policy is NOT covered for any liability for any professional services other than as a licenced mortgage broker/agent.*

**18. Please provide the following information on privacy and data security for the brokerage:**

- a. Does the applicant encrypt personally identifiable data/information stored on laptop computers or portable media?  N/A  YES  NO
- b. Is the personal information gathered from your customers, and shared electronically with third parties, encrypted or password protected  YES  NO
- c. Does the applicant use intrusion detection software to detect unauthorized access to your internal networks and computer systems?  YES  NO

**19. Please complete the following questions on claims or potential claims:**

- a. *Is the Brokerage or any of its mortgage brokers/associates or employees aware of any allegations, facts, circumstances or situations involving the Brokerage or any of its mortgage brokers/associates or employees which may reasonably give rise to a claim?*  YES  NO
- b. *Are there any professional liability losses reported, paid or outstanding in the last 3 years against the Brokerage or any of its mortgage brokers/associations or employees?*  YES  NO
- c. *Has the Brokerage ever received any claims or complaints with respect to allegations of invasion of privacy, identity theft, theft of information, breach of information security, or been required to provide notification to individuals due to an actual or suspected disclosure of personal information?*  YES  NO
- d. *Has the Brokerage notified consumers of a data breach incident in accordance with a data breach notification law in the past three (3) years?*  YES  NO

**If you answered "YES" to any of the above, please attach an additional page with full details including the date of any claim or allegation.**

**20. Has the Brokerage or any of its mortgage brokers/associates:**

- a. *Had their license suspended or terminated by a regulatory authority?*  YES  NO
- b. *Ever been called before an investigative committee for disciplinary proceedings for professional misconduct by a professional society/board or any statutory registration board?*  YES  NO
- c. *Been censured or fined by a regulatory authority?*  YES  NO

**If you answered "YES" to any of these questions, please attach an additional page with full details including dates.**

**21. Has the applicant ever had errors & omissions insurance coverage declined or cancelled or the renewal thereof been refused?  YES  NO *If "YES", please attach full details on a separate document and attach to this application.***

**22. Please complete the following chart:**

Limits Requested:	
<input type="checkbox"/>	\$ 500,000 per claim/ \$1 million aggregate
<input type="checkbox"/>	\$1 million per claim/ \$1 million aggregate
<input type="checkbox"/>	\$1 million per claim/ \$2 million aggregate
<input type="checkbox"/>	\$2 million per claim/ \$2 million aggregate
<input type="checkbox"/>	\$2 million per claim/ \$4 million aggregate
<input type="checkbox"/>	\$3 million per claim/ \$3 million aggregate

Deductible Opted For:	
<input type="checkbox"/>	\$1,000
<input type="checkbox"/>	\$2,500
<input type="checkbox"/>	\$5,000
<input type="checkbox"/>	\$10,000

**SECTION 4: ALBERTA INSURANCE COUNCIL (AIC) ERRORS & OMISSIONS LIABILITY FOR RESTRICTED CERTIFICATE HOLDERS**

**NOTE: This E&O liability insurance is only available to brokerages purchasing the AMBA E&O Insurance for Mortgage Brokering activities.**

Effective April 1<sup>st</sup> 2006 Section 465 of the Alberta Insurance Act and Sections 33 through 36 of the Insurance Associates and Adjusters Regulation requires that: "a business that holds a restricted certificate must provide coverage of at least \$500,000 per claim multiplied by the number of employees of the business who act or offer to act as insurance associates, up to a maximum of 4 (i.e., \$2,000,000)". The Alberta Insurance Council (AIC) requires that all mortgage brokerages holding restricted insurance licenses must provide proof of E&O insurance to the AIC. The AMBA's Insurance Program offers separate E&O insurance that meets the AIC's requirements. The following sections must be completed in order to purchase a separate E&O insurance limit covering Mortgage Life insurance products offered through the applicant.

**UNDERWRITING INFORMATION FOR AIC E&O**

**23. Does the applicant hold a restricted certificate with the Alberta Insurance Council for the sale of mortgage life insurance?**  YES  NO

*If "YES", how many of your employees/mortgage associates act as mortgage life associates?* \_\_\_\_\_

**24. Does the applicant have the authority to bind coverage for mortgage life insurance?**  YES  NO

*If "YES", please explain what levels of binding authority (size of mortgage, etc.) the applicant has with mortgage life insurers:*

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

**25. Please provide gross fees and/or commissions from the sale of mortgage life insurance products:**

Last 12 Months: \$ \_\_\_\_\_ Projected for the Next 12 Months: \$ \_\_\_\_\_

**26. During the past three years, are you, your employees or any of your associates aware of any circumstance, allegation, contention or incident which may potentially result in a claim for an error or omission in the performance of a professional service being made against your entity, you, any mortgage broker or agent or employee present or past associated or working with your entity?**  YES  NO

*If "YES", please provide full details including the date of the claim or allegation on a separate attachment.*

**27. Have you or any of the Mortgage Brokers or Associates under the applicant ever been charged with, or convicted of, committing a criminal or fraudulent act?**  YES  NO

*If "YES", please attach a separate sheet and give all details including dates.*

**SECTION 5: COMMERCIAL OFFICE INSURANCE & LOSS HISTORY INFORMATION**

28. Does the Brokerage currently maintain a Commercial Office insurance policy?  YES  NO

29. If the Brokerage does not purchase Commercial Office insurance through LMS, is the Brokerage interested in receiving a Commercial Office insurance quote?  N/A  YES  NO

*If "YES", please provide details below.*

Current Insurer: \_\_\_\_\_ Premium: \_\_\_\_\_ Policy #: \_\_\_\_\_

Basic Contents Limit of Coverage: \_\_\_\_\_ CGL Limit: \_\_\_\_\_ Expiry Date: \_\_\_\_\_

30. Has any insurer ever declined or cancelled any coverage, for the Brokerage in the past?  YES  NO

*If "YES" please provide details:* \_\_\_\_\_

31. Commercial Insurance Policy loss history for past 3 years, please provide details below:

*(Attach additional page(s) if necessary)*

Year	Insurer	Loss Detail(s )	Number of Loss(es)	Total Amount(s) Paid

## IMPORTANT NOTICE TO APPLICANT:

This is an application for insurance and the insurer is not obligated to accept the applicant for coverage. If a policy is issued, one signed copy of the application will be attached to the policy or certificate. Signature on the application form and submission of a premium payment does not bind the insurer to complete an insurance transaction with the applicant. This policy provides Errors and Omissions insurance that applies on a claims-made basis. The following provides a general description of this coverage and is subject to the terms and provisions of the actual policy.

- A. The policy will not cover any losses from incidents which take place before the Retroactive Date, if any, or after the expiration of the policy period (subject to the Extended Reporting Period provision).
- B. The policy will provide coverage for losses from incidents which take place on or after the Retroactive Date, if any, but before the beginning of the policy period only if the insured did not know of the incident before the beginning of the policy period.
- C. The policy will not cover any loss for which a claim is first made after:
  - 1. The expiration of the policy period or its earlier termination date, if any; or
  - 2. The Extended Reporting Period if any and then only in accordance with the terms described in the policy.
- D. The policy will only cover claims which are first made:
  - 1. During the policy period; or
  - 2. During an Extended Reporting Period if any and then only in accordance with the terms and conditions described in the Extended Reporting Period Section of the policy.
- E. Please request a copy of the Policy and review the terms and conditions to obtain more information.
- F. The limits for Defence Costs are over and above the liability and will not reduce the limit of liability.

### Disclosure and Consent:

As part of my application for insurance I consent to the collection and use of personal information required for the purposes of considering my application for insurance by the insurer and the authorized insurance broker for Ontario Applicants, LMS PROLINK Ltd., and/or the authorized insurance broker for applicants outside of Ontario, The PROLINK Insurance Group Inc., the insurer and the broker are authorized to collect, use, and disclose personal information and provide such personal information to third parties, as required for the purpose of underwriting this application for insurance, as permitted by the relevant provincial and federal privacy laws or other applicable laws, and as required by the applicant's association and/or governing body. I understand that at any time I may ask to review the personal information pertaining to my application for insurance and the insurer and broker will be obligated to provide me with any information I am entitled to receive under the relevant provincial and federal privacy laws or other applicable laws. I have reviewed the information in this Application, gathered information from all partners/directors/ officers/ employees/agents under this entity whether present or prior regarding their knowledge or awareness of any claims or situations which may give rise to any claims. The Claim Information Forms, if any, that are attached to this Application include the details of:

- A. All facts, situations, and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the Applicant);
- B. All facts, situations, and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the applicant) in the future. All such claims, suits and incidents have been reported to our (Applicants) 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 insurer.

It is understood and agreed that failure to provide true and complete response to any of the questions, statements or request for information in this Application or to provide any other information material to this Application may, at the sole option of the insurer, result in the voiding of the insurance policy issued in reliance on this Application and /or denial of coverage for specific claims asserted against us (the Applicant) or any other insured under the policy. The undersigned on behalf of the Applicant and all other insureds under this policy issued by the insurer, hereby waives any defense to an action by the insurer for voiding or revoking of the policy based upon misrepresentation of fact or failure to disclose material information in connection with this Application. The Applicant agrees to hold the insurer 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 insurer in connection with said action for voiding or revoking the policy.

I HEREBY DECLARE that the above statements and particulars are true to the best of my knowledge, that I have not suppressed or misstated any facts and I agree that this application shall form part of the insurance policy. I also acknowledge that I am obligated to report any changes that could affect the disclosures in this application that occur after the date of signature, but prior to the effective date of coverage.

Applicant's Signature: \_\_\_\_\_ Name (please print) : \_\_\_\_\_ Date: \_\_\_\_\_

### **PLEASE COMPLETE AND RETURN THE APPLICATION THROUGH ONE OF THE FOLLOWING METHODS:**

- ✓ Via **EMAIL** please send to: **AMBA@LMS.ca**
- ✓ Via **FAX** please send to: **800 595 1649 attn. AMBA PROGRAM MANAGER**
- ✓ Via **MAIL** please send to: **PROLINK Insurance Group Inc.  
480 University Ave. Suite 800 Toronto, ON. M5G 1V2**



**PRIVATE LENDING SUPPLEMENTARY QUESTIONNAIRE**

Please complete the following table: **NOTE - The following table relates ONLY to mortgages arranged with INDIVIDUAL PRIVATE LENDERS ("IPLs"). M.I.C.s, licenced syndicators and lending in-house funds are NOT classified as IPLs and are NOT to be entered in this table.**

Type Of Mortgage Arranged With An Individual Private Lender ("IPL")	Prior Year Fees/Commissions Earned from IPLS	Forecast Current Fiscal Year Fees/Commissions earned from IPLS	Total Number of Mortgages Arranged In Past 3 Years with IPLS	Largest Mortgage Arranged In Past 3 Years with an IPL	Average Size of Mortgage Arranged In Past 3 Years with IPLS
Residential Mortgages					
Construction Mortgages					
Commercial/Industrial Mortgages					
<b>Enter N/A if the Brokerage does not arrange the type of mortgage with an individual private lender.</b>					

1. Is the Brokerage or any mortgage broker / associate involved in the arrangement of Investors into a mortgage fund (i.e., Mortgage Investment Corporation/Trust)?  YES  NO

a. If "YES", provide the revenues generated from managing/administering the fund: \$ \_\_\_\_\_

b. If "YES", provide the total asset size of the mortgage fund(s): \$ \_\_\_\_\_

**NOTE:** Arranging or placing investors into a mortgage fund is not a Professional Service covered under this policy. Please SKIP questions 2, 3 and 4 if the brokerage does NOT arrange any mortgages with individual private lenders.

2. Does the Brokerage or any mortgage broker/ associates solicit individual private lenders to fund private mortgages through the Brokerage?  YES  NO

If "YES", what are the current processes the brokerage has in place to disclose the risks associated with private lending and acknowledgment of these risks by the private lender? \_\_\_\_\_

3. Please provide details on the criteria used by the brokerage to assess whether an individual private lender is an appropriate source of funding for a particular mortgage transaction?

\_\_\_\_\_

\_\_\_\_\_

4. Does the brokerage require the individual private lender to sign a Disclosure Form/Statement for each mortgage the individual private lender arranges through the brokerage?  YES  NO

If "YES", please submit a copy of the standard Disclosure Form/Statement that the Brokerage requires individual private lenders to sign.

5. Has the Brokerage or any of its mortgage brokers/associates been granted authority by any private lender to fund mortgages on their behalf without receiving prior written approval from the lender?  YES  NO

If "YES", please provide the details: \_\_\_\_\_

6. Are appraisals from independent appraisers obtained for all mortgages arranged with private lenders?  YES  NO

If "NO", explain under which circumstances the Brokerage does not obtain an appraisal from an independent appraiser. Complete your full answer on a separate document and submit with this application.

7. If "NO" to question 6, does the private lender provide a written approval confirming that they waive any requirement to have an appraisal from an independent appraiser?  YES  NO