

2014 – 2015 FSCO Mortgage Brokers and Administrators Professional Liability

New Business Application



Liberty
International
Underwriters™
Member of Liberty Mutual Group



SECTION 1: APPLICANT INFORMATION

1. **Name of Licenced Brokerage:** _____
(The E&O policy must be issued in the name of the licenced brokerage)

Name of Licenced Administrator (if applicable): _____
(The E&O policy must be issued in the name of the licenced administrator)

2. **FSCO Brokerage Licence Number:**

1				
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FSCO Administrator Licence Number (if applicable):

1				
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Phone # _____ Fax # _____ Email _____

Mailing Address _____

City _____ Province _____ Postal Code _____

Website Address _____

3. **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

4. **Do any of the Brokerage's licenced brokers/agents 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 7.

5. **Number of office locations:** _____ **Is the primary office location:** ☐ Owned ☐ Leased ☐ Home-based

6. **Year the Brokerage was first licenced:** _____

7. **Name of the Principal Broker:** _____

8. Please give the following details of Mortgage Brokers/Associates currently licenced under the Brokerage:

Total Number of Mortgage Brokers/Agents: _____

*** If the number of agents exceeds the space provided below, please attach a separate sheet to this application.

[illegible]

SECTION 3: BROKERING & ADMINISTRATION ACTIVITIES AND GROSS REVENUES

9. 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)
A. Types of Mortgages Arranged <i>(DO NOT ENTER MORTGAGE VOLUMES ARRANGED IN FIELDS PROVIDED; ONLY ENTER FEES / COMMISSIONS)</i>			
Residential Mortgages	\$	\$	
Construction Mortgages *	\$	\$	
Commercial or Industrial Mortgages	\$	\$	
Totals for Section A <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>	\$	\$	100% <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. Mortgage Funding Sources <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>	\$	\$	
Mortgages placed with Licensed Mortgage Syndicators	\$	\$	
Mortgages placed with Individual Private Lenders	\$	\$	
Mortgages funded "In-house" with own and/or related company sources	\$	\$	
Totals for Section B <i>NOTE: Total of section A. must match the Totals for section B.</i>	\$	\$	100% <i>(columns must total)</i>

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

Construction Mortgages** Please skip questions 10 to 12 if you entered "0%" for construction mortgages in question #9A.

10. 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>(5 individual family dwellings or less):</i>	%
b. Construction of commercial or industrial projects:	%
c. Construction of hotels or resorts:	%
d. Construction of residential subdivisions <i>(i.e., more than 5 individual family dwellings):</i>	%
e. Construction of residential high-rise <i>(i.e., more than 3 storeys high):</i>	%
	100% <i>(columns must total)</i>

11. 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:

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

C. If "NO", give reasons why records are not maintained: _____

13. Please provide the following details about your brokerage:

A. Does the Brokerage have any business operations in the USA? ☐ YES ☐ NO

If "YES", note that US operations are not covered under this policy. *Please contact LMS PROLINK at 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.

14. What type of client file system does the Brokerage utilize?

☐ Hardcopy File System (i.e., paper based) ☐ Electronic Mortgage Origination System (e.g., Filogix, MorWEB etc.)

☐ Other: _____

15. Loss Experience:

A. Is the Brokerage or any of its mortgage brokers/agents 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/agents 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 "YES" to any of these questions, please attach an additional page with full details including the date of any claim or allegation along with the amount of any claim.

IT IS ACKNOWLEDGED AND AGREED THAT ANY LOSS ARISING FROM A MATTER DISCLOSED, OR WHICH SHOULD HAVE BEEN DISCLOSED IN A OR B ABOVE, IS EXCLUDED FROM COVER, ALL WITHOUT LIMITING ANY OTHER REMEDY AVAILABLE TO LIBERTY INTERNATIONAL UNDERWRITERS FOR NON-DISCLOSURE IF THE APPLICANT ANSWERED IN THE AFFIRMATIVE TO A OR B ABOVE.

16. Has the Brokerage or any of its mortgage brokers/agents:

- 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 "YES" to any of these questions, please attach an additional page with full details including dates.

17. Please complete the following charts:

Mortgage Brokerage Limits Requested:

<i>Mortgage Brokerage Limits Requested:</i>		<i>Mortgage Brokerage Deductible Opted For:</i>	
<input type="checkbox"/>	\$ 500,000 per claim/ \$1 million aggregate	<input type="checkbox"/>	\$1,000
<input type="checkbox"/>	\$1 million per claim/ \$1 million aggregate	<input type="checkbox"/>	\$2,500
<input type="checkbox"/>	\$1 million per claim/ \$2 million aggregate	<input type="checkbox"/>	\$5,000
<input type="checkbox"/>	\$2 million per claim/ \$2 million aggregate	<input type="checkbox"/>	\$10,000

Mortgage Administrator Limits Requested:

<i>Mortgage Administrator Limits Requested:</i>		<i>Mortgage Administrator Deductible Opted For:</i>	
<input type="checkbox"/>	\$ 500,000 per claim/ \$1 million aggregate	<input type="checkbox"/>	\$1,000
<input type="checkbox"/>	\$1 million per claim/ \$1 million aggregate	<input type="checkbox"/>	\$2,500
<input type="checkbox"/>	\$1 million per claim/ \$2 million aggregate	<input type="checkbox"/>	\$5,000
<input type="checkbox"/>	\$2 million per claim/ \$2 million aggregate	<input type="checkbox"/>	\$10,000

18. Previous E&O Liability Insurer(s):

Prior Insurer	Policy Period	Limits of Coverage	Premium Paid	# of Claims

SECTION 4: COMMERCIAL OFFICE INSURANCE & LOSS HISTORY INFORMATION

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

20. If the Brokerage does not purchase Commercial Office insurance through LMS PROLINK, is the Brokerage interested in receiving a Commercial Office insurance quote? ☐ N/A ☐ YES ☐ NO
If "YES", please provide details below.

21. Current Insurer: _____ Premium: _____ Policy #: _____

Basic Contents Limit of Coverage: _____ CGL Limit: _____ Expiry Date: _____

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

If "YES" please provide details: _____

23. 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

The undersigned Applicant for this Insurance declares that, to the best of his/her knowledge and belief, the statements set forth herein are true and correct and that all reasonable efforts have been made to obtain sufficient information to facilitate the proper and accurate completion of this Application form. The undersigned Applicant further agrees that if any significant change in the condition of the Brokerage Applicant is discovered between the date of this Application form and the effective date of the policy, which would render this Application form inaccurate or incomplete, notice of such change will be reported immediately in writing to the insurer. The undersigned Applicant acknowledges that any personal information provided in connection with the coverage applied for, including but not limited to the information contained in this application, has been collected in accordance with all applicable privacy legislation. The undersigned Applicant confirms that all necessary consents have been obtained for the collection, use, and disclosure of such information for the purposes of assessing the application for insurance, and if applicable, investigating and settling claims, detecting and preventing fraud, and acting as required or authorized by law.

Although the signing of this Application form does not bind the Brokerage Applicant to purchase the insurance, the undersigned Applicant agrees that this form and the information furnished pursuant hereto shall be the basis of the contract should a policy be issued and will become part of the policy.

For purposes of the Insurance Companies Act, this document was issued in the course of Liberty Mutual Insurance Company's insurance business in Canada.

Disclosure and Consent

As part of my application for insurance I consent to the collection and use of personal information required for purposes of considering my application for errors and omissions insurance by the insurer, Liberty International Underwriters, A Division of Liberty Mutual Insurance Company, and the authorized insurance broker, LMS PROLINK Ltd a member of 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. The privacy policy of Liberty International Underwriters can be viewed at the website www.libertyiu.com. 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 any error, omission or negligent act in the performance of professional services for others.

The Claim Information Forms, if any, that are attached to this Application include the details of:

- A. 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 the us (the Applicant);
- 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 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 Company.

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 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 us (the Applicant) or any other insured under the policy. The undersigned on behalf of Applicant and all other insured under any this 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. 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.

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):** _____

Applicant's Title (please print): _____ **Date:** _____

☐ Check this box to confirm that you are authorized to complete the application on behalf of the mortgage brokerage.

PLEASE CONTACT PETER MCCABE AT LMS PROLINK IF YOU ARE HAVING ANY DIFFICULTY WITH THIS APPLICATION.

TF: 800 663 6828 ext. 7730 | P: 416 644 7730 | F: 416 595 1649 | E: PeterM@LMS.ca

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					
Enter N/A if the Brokerage does not arrange the type of mortgage with an individual private lender.					

1. Is the Brokerage or any mortgage broker/agent 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 and 3 if the brokerage does NOT arrange any mortgages with individual private lenders.

2. Does the Brokerage or any mortgage broker/agent 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 obtain a signed FSCO Investor/Lender Disclosure Statement between the Brokerage and the private lender(s) for each private mortgage arranged through the Brokerage? ☐ YES ☐ NO

5. Has the Brokerage or any of its mortgage brokers/agents 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. Attach on a separate document and submit with this application if more space is needed than provided below.

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