
3. OPERATIONS

a. Total Sales or Receipts for all products specified in Question 2.

Past 12 months \$ _____ 1st Prior Year \$ _____ 2nd Prior Year \$ _____

Describe any significant change in the sales mix of such products between any prior year and next year's projection:

b. Please provide copies of all warranties, guarantees or representations made in connection with the products specified in Question 2, and labeling materials for such products.

c. (i) Processing:

(a) Do others design, engineer, manufacture, assemble or package any of the products or components thereof for which coverage is desired under your name or label?..... [] Yes [] No

(b) Describe all testing procedures for each product specified in Question 2 and submit the test results of such products including tests and results performed subsequent to the initial sale of such products. _____

Explain any "Yes" answers: _____

(ii) Design and Engineering Development Control and Record Keeping with respect to Products Specified in Question 2 above:

(a) Are written design and engineering control and testing procedures followed? [] Yes [] No

(b) How long are they kept? _____

(c) Do your records indicate when each product was designed? [] Yes [] No

(d) Do your records show to whom and the date each product was sold? [] Yes [] No

(e) Do your records show who supplied the component parts going into your products? [] Yes [] No

Please explain any "No" answers: _____

4. LOSS CONTROL

With respect to those products for which coverage is desired:

a. Who designs your products? _____
(Please attach their professional qualifications.)

b. Are designs reviewed, tested and verified by others? [] Yes [] No

c. Do you maintain records of changes in designs, advertisements and sales brochures? [] Yes [] No

d. Are all instructions, operating materials, advertisements and warranties periodically reviewed by Legal Counsel to avoid misunderstanding relative to product safety, intended use, product performance, quality, fitness, or durability?..... [] Yes [] No

e. Do the warranties you issue in connection with your products contain time constraints within which detected substandard performance must be reported to you?..... [] Yes [] No

f. Are your products designed, tested, labeled and manufactured to meet or exceed all applicable government and industry standards?..... [] Yes [] No

Please explain any "No" answers to questions b. through f. on an attached sheet.

- g. Do you have a specific program to withdraw known or suspected defectively designed products from the market?..... [] Yes [] No
- h. To what extent do the levels of performance designed into your products exceed the levels of performance specified in your literature? _____

- i. Have you ever recalled or are you considering recalling any known or suspected defectively designed products from the market? [] Yes [] No
If yes, please specify which products. _____

- j. List your memberships in any industry product-standard organizations:

5. CLAIMS/HISTORY

- a. Please attach a list describing, in detail, (including date claim was made, name of claimant, nature of the claim, amounts involved and final disposition) all claims made against you involving or in any way related to the failure of products, designed by or on your behalf to meet the level of performance, quality, fitness or durability warranted or represented by you.
- b. Are you aware of any other incidents, conditions, circumstances, defects, suspected defects, or product failure with respect to the products specified above which may result in claims against you? [] Yes [] No
If yes, please give details. _____

- c. Limits of Liability Desired: _____ Retroactive Date: _____
Deductible/S.I.R. _____ Present Insurer: _____
- d. Are you currently insured under a Products/General Liability Policy?..... [] Yes [] No
If yes: Insurance Company: _____ [] Occurrence [] Claims Made
Limits: _____ Effective Dates: _____
Retroactive Date: _____
- e. Has any insurer ever canceled, restricted or refused to renew your products liability insurance or product design insurance? [] Yes [] No
If yes, please attach details.

* NOTICE TO APPLICANT: The coverage applied for is SOLELY AS STATED IN THE POLICY, which provides coverage on a "CLAIMS MADE" basis for ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD unless the extended reporting period option is exercised in accordance with the terms of the policy.

WARRANTY: I/We warrant to the Insurer, that I understand and accept the notice stated above and that the information contained herein is true and that it shall be the basis of the policy of insurance and deemed incorporated therein, should the Insurer evidence its acceptance of this application by issuance of a policy. **I/We authorize the release of claim information from any prior insurer to Shand Morahan & Company, Inc., Underwriting Manager for the Company.**

Name of Applicant

Title (Officer, partner, etc.)

Signature of Applicant

Date

SIGNING this application does not bind the Applicant or the Insurer or the Underwriting Manager to complete the insurance, but one copy of this application will be attached to the policy, if issued.

**DISCLOSURE NOTICE OF TERRORISM
INSURANCE COVERAGE AND ELECTION FORM**

RE:
Risk ID. No.:

You are hereby notified that under the Terrorism Risk Insurance Act of 2002 (the "Act"), effective November 26, 2002, that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, *as defined in Section 102(1) of the Act* ("Terrorism Coverage"): The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that Terrorism Coverage required to be offered by the Act for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this Terrorism Coverage is provided below and does not include any charges for the portion of loss covered by the federal government under the Act.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

PLEASE ENTER "X" IN ONE OF THE BOXES BELOW AND SIGN AND DATE WHERE INDICATED BELOW.

Alaska, Florida, Georgia and Oklahoma Applicants: Please be advised that in the event a policy is purchased, the policy premium will include a 1% surcharge for Terrorism Coverage unless you elect to decline Terrorism Coverage. You need to enter an "X" below if you wish to decline Terrorism Coverage.

	I hereby elect to purchase the Terrorism Coverage required to be offered under the Act. I understand that my policy premium will include a 3% surcharge for this coverage.
	I decline to purchase the Terrorism Coverage required to be offered under the Act. I understand that my policy will be endorsed to exclude the Terrorism Coverage required to be offered under the Act.

Name of Applicant

Title (Officer, partner, etc.)

Signature of Applicant

Date

SIGNING this Disclosure Notice does not bind the Applicant or the Insurer or the Underwriting Manager to complete the insurance