

QUAKER SPECIAL RISK

A division of the Quaker Agency, Inc.

CONSTRUCTION MANAGERS PROGRAM Combined Professional & General Liability coverages

APPLICANT INFORMATION					
NAME:					
MAILING ADDRESS:					
E&O LIMIT REQUESTED?		GL LIMIT REQUESTED?			
EXCESS LIMIT REQUESTED?		DEDUCTIBLE	2,500	5,000	10,000
PROPOSED EFFECTIVE DATE: FROM: / / TO: / /				WEBSITE ADDRESS:	
PROPOSED PROFESSIONAL RETRO DATE: / /					
FORM OF BUSINESS: <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> CORPORATION					YEARS IN BUSINESS:
<input type="checkbox"/> SUB-CHAPTER 'S' CORPORATION <input type="checkbox"/> LIMITED CORPORATION <input type="checkbox"/> NOT-FOR-PROFIT ORGANIZATION <input type="checkbox"/> OTHER					
PREMISES INFORMATION					
LOC #	BLDG #	STREET, CITY, STATE, ZIP CODE	INTEREST	YEAR BUILT	PART OCCUPIED
DESCRIPTION OF OPERATIONS					
1) HAS ANY SIMILAR PROFESSIONAL INSURANCE BEEN ISSUED TO ANY OF THE FIRMS OR PERSONS? NO <input type="checkbox"/> YES <input type="checkbox"/>					
IF YES, PLEASE COMPLETE THE FOLLOWING FOR THE LAST FIVE YEARS.					
COMPANY	POLICY #	LIMIT	DEDUCTIBLE / SIR	DATES	PREMIUM
1.					
2.					
3.					
4.					
5.					
RETROACTIVE COVERAGE DATE ON CURRENT POLICY (IF APPLICABLE)					
IS THE COMPANY A GENERAL CONTRACTOR? <input type="checkbox"/> YES <input type="checkbox"/> NO			IS THE COMPANY A SPECIALTY CONTRACTOR? <input type="checkbox"/> YES <input type="checkbox"/> NO		
1A) PRIOR GL INSURANCE COMPANY INFORMATION					
	YEARS:		YEARS:		YEARS:
CARRIER:					
POLICY NUMBER:					
POLICY TYPE: (CM OR OCCURRENCE)					
RETRO DATE:					
GENERAL LIABILITY LIMITS:					
TOTAL PREMIUM:					

2) NUMBER OF STAFF:

PRINCIPALS/DIRECTORS/OFFICERS: _____
 LICENSED ARCHITECTS: _____
 LICENSED ENGINEERS: _____
 CONSTRUCTION MANAGER: _____
 PROJECT MANAGERS: _____
 SUPERINTEDENTS _____

3) DOES THE APPLICANT PROVIDE CONSTRUCTION MANAGEMENT, OTHER THAN CONSTRUCTION ADMINISTRATION / OBSERVATION IN CONJUNCTION WITH THE APPLICANT'S OWN DESIGN, AS A PROJECT OWNER'S REPRESENTATIVE UNDER A SPECIFIC AGREEMENT (e.g. AIA-CM SERIES)?

YES NO

IF YES, PLEASE COMPLETE QUESTIONS A-E:

A) WHAT PERCENTAGE OF THE APPLICANT'S CONSTRUCTION MANAGEMENT SERVICES INVOLVE:

1A) "AGENCY" CONSTRUCTION MANAGEMENT – FEE BASED SERVICES WITH RESPONSIBILITY TO THE OWNER TO ACT IN THE OWNER'S INTEREST AT EVERY PROJECT STAGE? %

2A) "AT-RISK" CONSTRUCTION MANAGEMENT – A PROJECT DELIVERY METHOD THAT COMMITS TO DELIVER A PROJECT WITHIN A GUARANTEED MAXIMUM PRICE (GMP)? %

IF THE APPLICANT'S CONSTRUCTION MANAGEMENT SERVICES INVOLVE "AT-RISK" CONSTRUCTION MGT:

i) HAVE ANY OF THE APPLICANT'S COMPLETED GMP PROJECTS NOT BEEN COMPLETED WITHIN THE GUARANTEED MAXIMUM PRICE? YES NO

ii) IS THE APPLICANT AWARE OF ANY GMP PROJECTS THAT MAY NOT BE COMPLETED WITH THE GUARANTEED MAXIMUM PRICE? YES NO

IF YES TO 1A) OR 2A), PLEASE PROVIDE DETAILS: _____

B) DOES THE APPLICANT AND/OR ANY AFFILIATED ORGANIZATION PROVIDE CONSTRUCTION MANAGEMENT ON "FAST-TRACK" PROJECTS?

YES NO

IF YES,

1B) WHAT PERCENTAGE IN THE LAST TWO YEARS? %

2B) WHAT PERCENTAGE OF SUCH PROJECTS HAVE BEEN COMPLETED ON SCHEDULE AND WITHIN BUDGET? %

C) DURING THE LAST TWO YEARS, HAS THE APPLICANT PERFORMED CONSTRUCTION MANAGEMENT ON ANY PROJECTS WHERE THEY ALSO ENTERED INTO A DESIGN-BUILD CONTRACT?

YES NO

IF YES, WHAT PERCENTAGE ON THEIR CONTRACTS? %

D) IS THE APPLICANT A CERTIFIED CONSTRUCTION MANAGER?

YES NO

E) IS THE APPLICANT A MEMBER OF THE CONSTRUCTION MANAGEMENT ASSOCIATION OF AMERICA (CMAA)?

YES NO

4) HOW ARE CLIENT AND/OR CONSTRUCTION MANAGEMENT AGREEMENTS REVIEWED AND NEGOTIATED?

- ATTORNEY: OUTSIDE
- ATTORNEY: IN-HOUSE
- INSURANCE BROKER OR AGENT REVIEWS
- STAFF
- OTHER

5) IF STAFF IS USED, PLEASE DESCRIBE WHO AND WHAT AUTHORITY LEVEL THEY HAVE FOR YOUR FIRM:

TOTAL SHOULD EQUAL 100%

6) AS THE APPROXIMATE PERCENTAGE OF YOUR COMPANY'S AGENCY AND AT-RISK CONSTRUCTION MANAGEMENT FEES, PLEASE INDICATE WHICH OF THE FOLLOWING CONTRACT FORMS YOUR COMPANY PERFORMED UNDER DURING THE PAST ACCOUNTING YEAR
 NONE

CONTACT FORM	AGENCY CM	AT-RISK CM	TOTAL
A) INDUSTRY STANDARD FORM: <ul style="list-style-type: none"> • ASSOCIATED GENERAL CONTRACTORS OF AMERICA (AGC) 	%	%	%
<ul style="list-style-type: none"> • AMERICAN INSTITUTE OF AMERICA (AIA) 	%	%	%
<ul style="list-style-type: none"> • CONSTRUCTION MANAGEMENT ASSOCIATION OF AMERICA (CMAA) 	%	%	%
B) YOUR COMPANY'S FORM – ATTACH COPY	%	%	%
C) CLIENT DRAFTED AGREEMENT	%	%	%
D) PURCHASE ORDER	%	%	%
E) ORAL	%	%	%

7) ARE CERTIFICATES OF INSURANCE OBTAINED AND REVIEWED FROM:

- | | | | |
|--------------------|------------------------------|-----------------------------|------------------------------|
| OWNER/DEVELOPER | <input type="checkbox"/> YES | <input type="checkbox"/> NO | <input type="checkbox"/> N/A |
| GENERAL CONTRACTOR | <input type="checkbox"/> YES | <input type="checkbox"/> NO | <input type="checkbox"/> N/A |
| SUBCONTRACTOR | <input type="checkbox"/> YES | <input type="checkbox"/> NO | <input type="checkbox"/> N/A |

8) ACCOUNTING YEAR DATA
REPORT ALL REVENUE GENERATED BY EVERY ENTITY TO BE LISTED AS AN INSURED BROKEN DOWN BY THE FOLLOWING CONTRACT TYPES / ACTIVITIES:

REPORTING PERIODS	PAST 12 MONTHS		ESTIMATE FOR NEXT 12 MONTHS	
	FROM: /	TO: /	FROM: /	TO: /
TYPES OF CONTRACTS / ACTIVITIES	ESTIMATED CONSTRUCTION VALUES	PROFESSIONAL FEES	ESTIMATED CONSTRUCTION VALUES	PROFESSIONAL FEES
A. AGENCY CM – Provide project administrative and management services as agent of owner but hold no design or construction subcontracts.	\$	\$	\$	\$
B) AT-RISK CM - Provide agency CM services during preconstruction and manage all construction during construction to deliver a project within a Guaranteed Maximum Price.	\$	\$	\$	\$
C) OTHER – Revenue generated from sources other than the above contract types / activities (Please attach detailed descriptions). \$		\$	\$	\$
TOTALS:	\$	\$	\$	\$

8A) Revenue history. Please provide revenue figures for past 4 years.

2nd prior year: \$
3rd prior year: \$
4th prior year: \$

9) PLEASE PROVIDE THE FOLLOWING INFORMATION ON YOUR FIRM'S THREE (3) LARGEST CURRENT PROJECTS:

PROJECT NAME	LOCATION	OWNER / CLIENT	PROJECT TYPE	SERVICES PERFORMED	TOTAL PROFESSIONAL FEES	ESTIMATED CONSTRUCTION VALUE
					\$	\$
					\$	\$
					\$	\$

TOTAL SHOULD EQUAL 100%

10) INDICATE THE APPROXIMATE PERCENTAGE OF TOTAL CONSTRUCTION VALUES FOR THE PAST 12 MONTHS BY PROJECT TYPE.

AIRPORT FACILITIES (EXCEPT TERMINALS)	%	HOTELS / MOTELS	%	PETRO / CHEMICAL	%
AIRPORT TERMINALS	%	HOUSES / SINGLE FAMILY RESIDENTIAL	%	POTABLE WATER SYSTEMS	%
AMUSEMENT RIDES	%	INDUSTRIAL WASTE TREATMENT	%	REAL ESTATE DEVELOPMENT	%
APARTMENTS	%	JAILS / JUSTICE	%	RECREATION / SPORTS	%
ASSISTED LIVING FACILITIES	%	LANDFILLS / SOLID WASTE FACILITIES	%	ROADS / HIGHWAYS	%
BRIDGES	%	LIBRARIES	%	SCHOOLS / COLLEGES	%
CHURCHES / RELIGIOUS	%	MANUFACTURING / INDUSTRIAL	%	SHOPPING CENTERS / RETAIL / RESTAURANTS	%
CONDOS / CO-OPS	%	MASS TRANSIT	%	STORM WATER SYSTEMS	%
CONVENTION CENTERS / STADIUMS / ARENAS	%	MULTI-FAMILY RESIDENTIAL EXCL. CONDOS	%	TUNNELS	%
DAMS	%	NUCLEAR / ATOMIC	%	WAREHOUSES	%
DORMITORIES	%	OFFICE BUILDINGS / BANKS	%	WATER / SEWER PIPELINES	%
ENVIROMENTAL REMEDIATION	%	PARKING STRUCTURES	%	WATER / WASTEWATER TREATMENT	%
HARBORS / PIERS / PORTS	%	PARKS / PLAYGROUNDS/ POOLS	%	UTILITIES (GAS, ELECTRIC, STEAM)	%
HOSPITALS / HEALTH CARE	%	OTHER (SPECIFY)	%	OTHER (SPECIFY)	%

***PLEASE PROVIDE A DESCRIPTION AND THE EXTENT OF THE ABOVE SERVICES ON A SEPARATE SHEET.**

11) PLEASE INDICATE THE APPROXIMATE PERCENTAGE OF SERVICES RENDERED FOR EACH OF THE FOLLOWING CATEGORIES OF CLIENTS. BASE RESPONSES ON THE PERCENTAGE OF YOUR TOTAL VOLUME DERIVED FROM EACH CATEGORY:

DESIGN PROFESSIONAL	%	REAL ESTATE DEVELOPERS	%	FEDERAL GOVERNMENT	%
GENERAL CONTRACTORS	%	OWNERS WHO ACT AS THEIR OWN BUILDERS	%	STATE GOVERNMENTS	%
COMMERCIAL	%	INSTITUTIONAL	%	LOCAL GOVERNMENTS	%
INDUSTRIAL	%	OTHER (SPECIFY)	%	OTHER (SPECIFY)	%

IF THE RESPONSE IS "YES" TO ANY OF THE QUESTIONS BELOW, PLEASE PROVIDE COMPLETE DETAILS ON A SEPARATE SHEET:

11) IS YOUR COMPANY OR ANY SUBSIDIARY PREDECESSOR OR OTHER ORGANIZATION RELATED TO YOU ENGAGED IN REAL ESTATE DEVELOPMENT? YES NO

12) PLEASE INDICATE PROFESSIONAL SOCIETY MEMBERSHIPS:

- | | |
|---|---|
| <input type="checkbox"/> ASSOCIATED GENERAL CONTRACTORS OF AMERICA
<input type="checkbox"/> DESIGN BUILD INSTITUTE OF AMERICA
<input type="checkbox"/> ASSOCIATED BUILDERS AND CONTRACTORS
<input type="checkbox"/> MECHANICAL CONTRACTORS OF AMERICAN
<input type="checkbox"/> NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS
<input type="checkbox"/> OTHER (SPECIFY): | <input type="checkbox"/> THE AMERICAN INSTITUTE OF ARCHITECTS
<input type="checkbox"/> AMERICAN CONSULTING ENGINEERS COUNCIL
<input type="checkbox"/> CONSTRUCTION MANAGEMENT ASSOCIATION OF AMERICA
<input type="checkbox"/> INDEPENDENT ELECTRICAL CONTRACTORS
<input type="checkbox"/> AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS
<input type="checkbox"/> OTHER (SPECIFY): |
|---|---|

BUSINESS INFORMATION					
IF THE RESPONSE IS "YES" TO ANY QUESTION IN THIS SECTION, PLEASE PROVIDE DETAILS ON A SEPARATE SHEET.					
13) DOES YOUR COMPANY OR ANY PRINCIPAL, PARTNER, OFFICER, DIRECTOR, OR SHAREHOLDER OR AN IMMEDIATE FAMILY MEMBER OF ANY SUCH PERSON HAVE MORE THAN A 25% COMBINED OWNERSHIP INTEREST OR ACT AS THE MANAGING PARTNER IN ANY ENTITY OR PROJECT FOR WHICH PROFESSIONAL SERVICES HAVE BEEN OR ARE TO BE RENDERED?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
14) APPROXIMATELY WHAT PERCENTAGE OF YOU TOTAL PROJECT VOLUME IS DERIVED FROM REPEAT CLIENTS?				%	
15) INDICATE THE NUMBER OF JOINT VENTURES YOUR COMPANY HAS PARTICIPATED IN DURING THE PAST ACCOUNTING YEAR.					
A) IF ANY, PROVIDE DETAILS OF PROJECTS INCLUDING DESCRIPTION OF JOINT VENTURE SERVICES, PROJECT TYPE, AND YOUR PERCENTAGE OF PARTICIPATION IN THE JOINT VENTURE.					
B) DO YOU REQUIRE EVIDENCE OF PROFESSIONAL LIABILITY INSURANCE FROM ALL JOINT VENTURE PARTNERS?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
16) DO YOU WORK AS A REAL ESTATE DEVELOPER				<input type="checkbox"/> YES <input type="checkbox"/> NO	
17) ANY PAST, PRESENT, OR FUTURE WORK ON LANDFILL AREAS OR IN SUBSIDENCE AREAS?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
18) ANY SUBSIDENCE OR SINKHOLE RELATED LOSSES IN THE PAST 5 YEARS?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
19) ANY PAST, PRESENT, OR FUTURE INVOLVEMENT IN THE CONSTRUCTION MANAGEMENT OF CONDOMINIUMS, TOWN-HOUSES, OR APARTMENTS IN EXCESS OF 25 UNITS? IF YES, PROVIDE THE DATE OF THE JOB, TYPE OF WORK PERFORMED, AND THE JOB COST:				<input type="checkbox"/> YES <input type="checkbox"/> NO	
20) ANY PAST, PRESENT, OR FUTURE INVOLVEMENT WITH EXTERIOR INSULATION AND FINISH SYSTEMS (SYNTHETIC STUCCO)?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
21) DO YOU HAVE ANY PAST OR PRESENT INVOLVEMENT IN MANAGING CONSTRUCTION OF TRACT HOUSING DEVELOPMENTS? (TRACT IS DEFINED AS 20 OR MORE HOMES IN THE SAME SUB-DIVISION)				<input type="checkbox"/> YES <input type="checkbox"/> NO	
22) HAVE YOU EVER BEEN NAMED IN A CONSTRUCTION DEFECT SUIT? IF YES, PLEASE PROVIDE DETAILS:				<input type="checkbox"/> YES <input type="checkbox"/> NO	
23) A) HAS YOUR COMPANY EVER BEEN PARTY TO ANY ACQUISITION, CONSOLIDATION, DISSOLUTION, MERGER, CHANGE IN NAME, OR CHANGE IN BUSINESS ORGANIZATION?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
B) HAS YOUR COMPANY OR ANY PREDECESSOR OR SUBSIDIARY COMPANY EVER FILED FOR OR BEEN IN RECEIVERSHIP OR BANKRUPTCY UNDER A CHAPTER 7 OR 11?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
24) ARE YOU LEGALLY QUALIFIED TO PERFORM CONSTRUCTION MANAGER OPERATIONS WITHIN THE JURISDICTIONS THAT YOU OPERATE?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
25) WHAT METHODS DO YOU UTILIZE TO BILL YOUR CLIENTS?					
HOURLY	%	% OF CONSTRUCTION COST	%	FLAT RATE	%
PER PROJECT	%	OTHER :			%

25A) AUTO EXPOSURE							
AUTO CARRIER:				LIMIT:			
TYPE		# OWNED	#NON-OWNED	#LEASED	0-50 MI	50-200 MI	OVER 200 MI
PRIVATE PASSENGER							
TRUCK	LIGHT						
	MEDIUM						
	HEAVY						
TRUCKS/TRACTORS	EX HEAVY						
	HEAVY						
BUSES	EX HEAVY						

CLAIM INFORMATION

<p>26) HAVE ANY CLAIMS BEEN MADE OR LEGAL ACTION BEEN BROUGHT IN THE PAST TEN YEARS (OR MADE EARLIER AND STILL PENDING) AGAINST YOUR FIRM, ITS PREDECESSOR(S) OR ANY PAST OR PRESENT PRINCIPAL, PARTNER, OFFICE, DIRECTOR, SHAREHOLDER, OR EMPLOYEE?</p> <p>IF YES, PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH CLAIM ON A SEPARATE PIECE OF PAPER</p> <p>A. DATE OF CLAIM B. CLAIMANT OR PLAINTIFF C. ALLEGATIONS D. DEMAND OR AMOUNT OF CLAIMS E. INSURANCE COMPANY RESERVE, IF ANY F. DEFENSE ATTORNEY'S OR INSURANCE COMPANY'S EVALUATION OF EXPOSURE / POTENTIAL LIABILITY G. DEFENSE AND INDENITY PAID TO DATE AND STATUS (OPEN/CLOSED) H. DEDUCTIBLE APPLICABLE</p>	<input type="checkbox"/> YES <input type="checkbox"/> NO
--	--

PLEASE PROVIDE THE FOLLOWING FOR THE PAST 5 YEARS:

GENERAL LIABILITY LOSS RATIO: %	WORKERS COMPENSATION MODIFIER:
TOTAL PAID GL LOSSES: \$	TOTAL PAID WC LOSSES: \$
TOTAL INCURRED GL LOSSES: \$	TOTAL INCURRED WC LOSSES: \$

FOR INCURRED OR PAID LOSSES IN EXCESS OF \$100,000, PLEASE PROVIDE FULL DETAILS ON A SEPARATE SHEET.

PLEASE PROVIDE 5 YEARS CURRENTLY VALUED HARD COPY LOSS RUNS FOR GENERAL LIABILITY AND PROFESSIONAL LIABILITY

<p>27) AFTER COMPLETE INVESTIGATION AND INQUIRY, DO ANY OF THE PRINCIPALS, PARTNERS, OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES, OR INSURANCE MANAGERS HAVE KNOWLEDGE OF ANY ACT, ERROR, OMISSION, FACT, INCIDENT, SITUATION, UNRESOLVED JOB DISPUTE (INCLUDING OWNER-CONTRACTOR DISPUTES), ACCIDENT, OR ANY OTHER CIRCUMSTANCE THAT IS OR COULD BE THE BASIS FOR A CLAIM UNDER THE PROPOSED INSURANCE POLICY?</p> <p>IF YES, ON A SEPARATE SHEET, PLEASE GIVE DETAILS OF THIS SITUATION, INCLUDING NAME OF PROJECT AND CLAIMANT, DATES, NATURE OF SITUATION, AND AMOUNT OF DAMAGES.</p>	<input type="checkbox"/> YES <input type="checkbox"/> NO
--	--

<p>28) HAS ANY INSURER DECLINED, CANCELLED, OR REFUSED TO RENEW ANY SIMILAR INSURANCE FOR YOUR FIRM OR ANY PREDECESSOR FIRM? (N/A IN MISSOURI)</p> <p>IF YES, PLEASE PROVIDE DETAILS</p>	<input type="checkbox"/> YES <input type="checkbox"/> NO
---	--

<p>29) DO YOU OR ANY SUBSIDIARY OR PREDECESSOR COMPANY HAVE ANY CURRENT OUTSTANDING PROFESSIONAL LIABILITY OR GENERAL LIABILITY SIR / DEDUCTIBLE OBLIGATIONS?</p> <p>IF YES, PLEASE GIVE EXACT AMOUNT OWED TO INSURANCE COMPANY AND, IF A PAYMENT SCHEDULE IS IN PLACE, THE AMOUNT AND DATES OF REPAYMENTS ON A SEPARATE SHEET.</p>	<input type="checkbox"/> YES <input type="checkbox"/> NO
--	--

30. IS HIRED & NON-OWNED AUTO COVERAGE DESIRED?
IF YES, HOW MANY DRIVERS?

YES NO

ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE COMPANY IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS APPLICATION AND MADE PART THEROF.

THE APPLICANT AGREES, REPRESENTS AND WARRANTS THAT THE STATEMENTS AND INFORMATION CONTAINED IN THIS APPLICATION FOR INSURANCE, INCLUDING ALL STATEMENTS, INFORMATION AND DOCUMENTS ACCOMPANYING OR RELATING TO THIS APPLICATION ARE ACCURATE AND COMPLETE AND NO FACTS HAVE BEEN SUPRESSED, OMITTED OR MISSTATED. FAILURE TO FULLY DISCLOSE THE INFORMATION REQUESTED IN THIS APPLICATION FOR INSURANCE, WHETHER BY OMISSION OR SUPPRESSION, OR ANY MISREPRESENTATION IN THE STATEMENTS, INFORMATION AND DOCUMENTS ACCOMPANYING OR RELATING TO THIS APPLICATION, RENDERS COVERAGE FOR ANY CLAIM(S) NULL AND VOID AND ENTITLES US TO RESCIND THE POLICY FROM ITS INCEPTION.

SIGNATURE OF APPLICANT*: _____

DATE: _____

TITLE OF SIGNER: _____

AGENCY: _____

PRODUCER: _____

* SIGNING THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY TO COMPLETE THIS INSURANCE.

FRAUD WARNING: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall, dependent upon applicable statute, be grounds for imprisonment, fines or rescission of the insurance policy.

The following pertains to risks located in the state of NY: The Insured's further acknowledge that they are aware that the limits(s) of liability as stated in the Declarations shall be reduced by Claims Expenses incurred by the Company in connection with any Claim or Claims covered by the provisions of this policy. However, in no event shall the limit(s) of liability be reduced more than fifty percent (50%) by such Claims Expenses. The company shall be liability for any Claims Expenses in excess of this amount, except for those applied against the deductible amount, as set forth below.