

Benchmark

MANAGEMENT GROUP, INC.

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APPLICATION FOR MANUFACTURERS' PRODUCT ENGINEERING OR DESIGN ERRORS & OMISSIONS INSURANCE

(Claims Made Basis)

APPLICANT'S INSTRUCTIONS:

1. Answer all questions. If the answer requires detail, please attach a separate sheet.
2. Application must be signed and dated by owner, partner or officer.
3. PLEASE READ CAREFULLY THE STATEMENTS AT THE END OF THIS APPLICATION.
(PLEASE TYPE OR PRINT IN INK)

1. APPLICANT INFORMATION

- a. Full name of individual or entity to be Named Insured: _____
- b. Principal business premise address: _____
(Street) (County)

(City) (State) (Zip)
- c. Corporation Partnership Proprietorship Other _____ Years in business under present name: _____
- d. Number of Employees: Full time _____ Part time _____ Seasonal _____ Total _____
- e. Were you previously known by another name? _____
- f. Estimate for new policy year: SALES/RECEIPTS \$ _____

2. SPECIFIED PRODUCTS FOR WHICH COVERAGE IS DESIRED

- a. Only those products specified below will be considered for coverage.
- | <u>Products</u> | <u>No. of Years
Manufactured</u> | <u>Date of
Design Completion
or Last Modification</u> | <u>% of
Gross Sales</u> |
|-----------------|--------------------------------------|---|-----------------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
- b. With respect to each product specified above, please provide full details on an attached sheet, including the exact use of the product, to whom it is sold, identify the ultimate uses, how the product is used, specifications accompanying it and brochures/literature for such product.
- c. Have you discontinued or are you considering discontinuing any product to be covered by this insurance? Yes No
If yes, please provide full details as to why such product was discontinued or why you are considering discontinuing such product.
- d. Do you import component parts used in the products listed below?..... Yes No
- e. Are any of the products listed above used in connection with aircraft/missiles/aerospace?..... Yes No
- f. Are any of your products listed above subject to registration/regulations/review by any governmental agency? Yes No
Please explain any "Yes" answers. _____

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.