

HUDSON EXCESS INSURANCE COMPANY

**LAWYERS
TAX OPINION SUPPLEMENTAL APPLICATION**

Name of Applicant Firm: _____

You must complete this Supplemental Application only if the Applicant Firm renders tax opinions.

- 1. What type of tax opinions do you render?
 - Tax Shelters
 - State or Local bonds
 - Other (Identify): _____

- 2. If tax opinions are provided for bonds, what percentages are provided as:
 - Original issuance %
 - Post issuance %
 - N/A

- 3. What percentage of tax opinions rendered are:
 - Qualified %
 - Unqualified %

- 4. What percentage of tax opinions rendered are:
 - Reliance Opinions %
 - Marketed Opinions %
 - Covered Opinions %
 - Limited Scope Opinions %

- 5. Do all tax opinion letters contain a discussion of relevant facts, legal analysis relating the law to the facts, and evaluation of significant tax issues including any issues for which the IRS has a *reasonable basis* for a successful challenge?..... Yes No

- 6. Does each opinion letter state the opinion may not be sufficient to avoid penalties?..... Yes No

- 7. Does each opinion letter contain your overall conclusion regarding the matter?..... Yes No

- 8. If a conclusion cannot be reached, does the opinion letter describe the reasons why? Yes No

- 9. What steps do you take to ensure the client understands the scope, purpose and use of your advice? _____

10. Do you disclose in the opening paragraph of the opinion letter the scope of the opinion limiting it to the specific tax issue for which the opinion is rendered? Yes No
11. Are prominent disclosures in compliance with Circular 230 Rules contained in the opinion letters? Yes No
12. How does the firm establish accuracy and completeness of facts used to determine the reasonableness of assumptions on which the opinion is based? _____

13. Do you have procedures for evaluating a new client seeking a tax opinion? Yes No
14. Is this evaluation conducted by a lawyer or committee of lawyers who do not work directly for the client? Yes No
15. Do you have a procedure requiring a cold review of the tax opinion letter by an experienced tax lawyer who does not work directly for the client? Yes No
16. Do you have a procedure requiring the preservation of the factual source, assumptions and representations on which the opinion is based? Yes No
17. Do you have written procedures in compliance with Circular 230 Rules? Yes No
18. Do you have an internal control process to monitor compliance with these procedures? Yes No
19. Do you refer clients to other firms for tax opinions? Yes No
20. Do you use written referral agreements in all tax opinion matters referred by the firm? Yes No
21. Do you accept referral fees or enter into fee-splitting arrangements with other firms on tax opinion matters?..... Yes No
22. Complete the schedule below for all lawyers responsible for providing tax opinion letters and/or the cold review of these documents:

Lawyer	Tax Practice Billable Hours Most Recent 12 Months	Tax Practice Billable Hours Prior 12 Months	Member of Applicant Firm?	Errors & Omissions Coverage?
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

THIS SUPPLEMENTAL APPLICATION ATTACHES TO AND BECOMES A PART OF THE APPLICATION. THIS INFORMATION WILL ATTACH TO AND FORM A PART OF THE POLICY, IF A POLICY IS ISSUED. ADDITIONAL INFORMATION MAY BE REQUIRED BY INSURERS. AFTER INQUIRY OF THE FIRM'S MANAGEMENT/EXECUTIVE COMMITTEE, THE UNDERSIGNED DECLARES THIS INFORMATION IS TRUE AND ACCURATE.

FRAUD WARNINGS

To All Prospective Insureds: Any person who knowingly, and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information,

or, for the purpose of misleading, conceals information concerning any fact material thereto, may commit a fraudulent insurance act which is a crime and subjects such person to criminal and civil penalties in many states.

To Prospective Insureds In:

California: For your protection California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Colorado: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claiming with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

District of Columbia and Louisiana: "Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Florida: Any person who knowingly and with intent to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Oklahoma: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony.

Kansas: An act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

Maine, Tennessee, Virginia, and Washington: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines and/or denial of insurance benefits.

Maryland: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

New Hampshire: Any person who, with a purpose to injure, defraud or deceive an insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20.

New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed \$5,000 and the stated value of the claim for each such violation.

Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for purposes of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Oregon: Any person who knowingly, and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or, for the purpose of misleading, conceals information concerning any fact material thereto, may commit a fraudulent insurance act which may be a crime and subjects such person to criminal and civil penalties in many states.

SIGNATURE AND AUTHORIZATION

This Application must be signed and dated by a Principal or Officer of the Applicant Firm. Signing this Application will not bind nor obligate the Company to complete this insurance, but it is agreed the applicant's responses to the questions contained in this Application, as well as all attachments, are material and the underwriting Company will rely on these responses and information in the event a policy is issued.

Signature of Principal or Officer of Applicant Firm: Date: _____

Producer's Name: Area Code: Phone Number: _____

Agent Name: _____ Agent License Number: _____
(Applicable to Florida Agents Only)

Iowa Licensed Agent: _____
(Applicable to Iowa Agents Only)

Producer's Signature: _____ Date: _____
(Applicable to New Hampshire Producers Only)