

### Accountants Professional Liability Insurance

#### CLAIMS MADE WARNING FOR APPLICATION

**THIS PROPOSAL FORM IS FOR A CLAIMS MADE AND REPORTED POLICY, RELATING TO CLAIMS MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.**

Whenever printed in this Proposal Form, the terms in boldface type shall have the same meanings as indicated in the Policy. This Proposal Form is to be completed with respect to the entire Applicant Firm.

\_\_\_\_\_  
Name of Applicant Firm

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Suite

\_\_\_\_\_  
City

\_\_\_\_\_  
County

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Website Address (if applicable)

\_\_\_\_\_  
Federal Employer Identification Number (FEIN)

The person designated as agent of the Applicant Firm and of all **Insureds** to receive any and all notices from the **Insurer** or their authorized representatives concerning this insurance:

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

#### Producer Information

\_\_\_\_\_  
Submitted by (Agency Name)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Agent's Name (Individual's Name)

\_\_\_\_\_  
Agent's License Number

#### Coverage Requested (Indicate all options desired)

Limits of Liability Desired (Each Claim and Annual Aggregate):

- |  |  |  |  |
|--|--|--|--|
| <input type="checkbox"/> \$100,000 / \$100,000     | <input type="checkbox"/> \$100,000 / \$200,000 | <input type="checkbox"/> \$100,000 / \$300,000   | <input type="checkbox"/> \$250,000 / \$250,000     |
| <input type="checkbox"/> \$250,000 / \$500,000     | <input type="checkbox"/> \$500,000 / \$500,000 | <input type="checkbox"/> \$500,000 / \$1,000,000 | <input type="checkbox"/> \$1,000,000 / \$1,000,000 |
| <input type="checkbox"/> \$1,000,000 / \$2,000,000 | <input type="checkbox"/> Other: \$ _____       |  |  |

Deductible Desired (Each Claim):

- |                                   |                                   |                                   |  |
|-----------------------------------|-----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> \$0      | <input type="checkbox"/> \$1,000  | <input type="checkbox"/> \$2,500  | <input type="checkbox"/> \$5,000         |
| <input type="checkbox"/> \$10,000 | <input type="checkbox"/> \$15,000 | <input type="checkbox"/> \$20,000 | <input type="checkbox"/> Other: \$ _____ |

First Dollar Claim Expense (Damages Only) Deductible:

- |                              |                             |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

Claims Expense:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Inside the Limit | <input type="checkbox"/> Outside the Limit | <input type="checkbox"/> Both Options Desired |
|---|--|---|

#### Current Insurance Information (Provide details to all "Yes" answers)

- List the professional liability insurance purchased by the Applicant Firm for each of the past year. If "None", so state.  None  

<u>Insurance Carrier</u>	<u>Inception Date</u>	<u>Expiration Date</u>	<u>Limit of Liability</u>	<u>Deductible</u>	<u>Premium</u>
_____	_____	_____	\$ _____	\$ _____	\$ _____
- Within the last 3 years, has the Applicant Firm, or any predecessor in business, ever had an insurer decline, cancel, refuse to renew, rescind, or accept only on special terms, any professional liability insurance policy? (NOT APPLICABLE IN MISSOURI)  Yes  No  
If "Yes", provide full details: \_\_\_\_\_
- Does the Applicant Firm's current or most recently expired professional liability insurance policy contain a retroactive date?  Yes  No  
If "Yes", indicate the date (Mo/Day/Yr): \_\_\_\_\_

# Carolina Casualty Insurance Company

## General Information (Provide details to all "Yes" answers by attachment, when appropriate)

4. Form of Applicant Firm:  Corporation  Partnership  Professional Corporation  
 Limited Liability Corporation  Professional Association  Sole Proprietorship / Individual  
 Limited Liability Partnership  Other: \_\_\_\_\_
5. The Applicant Firm has been in continuous operation since: \_\_\_\_\_
6. (a) Does the Applicant Firm share office space with any other entity / person?  Yes  No  
 (b) If "Yes", does the Applicant Firm keep separate files, employ separate staff and present itself as an independent practice to the public?  Yes  No
7. Within the last 3 years, has the Applicant Firm merged with or acquired, the business of any individual or entity?  Yes  No
8. Does the Applicant Firm have any affiliates and/or subsidiaries?  Yes  No
9. Indicate which professional association(s) the Applicant Firm or at least one member of the Application Firm is an active member of. If "None", so state.  None
- AICPA  State CPA Society  National Society of Accountants  
 National Association of Tax Professionals  National Association of Enrolled Agents  American Taxation Association  
 American Payroll Association  American Institute of Professional Bookkeepers

## Current Staffing Information

10. Indicate the total number of personnel for the Applicant Firm by Full Time and Part Time (<1,250 hours). FT      PT
- (a) Total number of Professional Staff, including owners, partners, officers, employed by the Applicant Firm. \_\_\_\_\_
- (b) Total number of Additional Staff, including all administrative and/or support staff for the Applicant Firm. \_\_\_\_\_

## Nature of Practice Information

11. Indicate the Gross Annual Revenue for the Applicant Firm.
- |       | <u>Prior Fiscal Year</u> | <u>Current Fiscal Year (estimated)</u> | <u>Projected Next Fiscal Year</u> |
|-------|--------------------------|--|-----------------------------------|
| \$    | \$                       | \$                                     | \$                                |
| _____ | _____                    | _____                                  | _____                             |
12. Indicate the percentage of Gross Annual Revenue for the Prior Fiscal Year derived from the following areas of practice:
- | <u>Area of Practice</u>                  | <u>%</u> | <u>Area of Practice</u>   | <u>%</u> |
|--|----------|---|----------|
| Business Tax Services                    | _____ %  | Litigation Support Services                                     | _____ %  |
| Estate Tax Services                      | _____ %  | Business / Personal Management Services                         | _____ %  |
| Individual Tax Services                  | _____ %  | *Fiduciary Services: Trust Related                              | _____ %  |
| Bookkeeping and Write-Up Services        | _____ %  | *Fiduciary Services: Non-Trust Related                          | _____ %  |
| Payroll Accounting Services              | _____ %  | *Fiduciary Services: Employee Benefit Plan                      | _____ %  |
| Audit / Review Services: Public Clients  | _____ %  | *Information Technology Services                                | _____ %  |
| Audit Services: Non Public Clients (1)   | _____ %  | *Assurance Services   | _____ %  |
| Review Services: Non Public Clients      | _____ %  | Securities (Other than Audit) Services                          | _____ %  |
| Compilation Services: Non Public Clients | _____ %  | Other: _____  | _____ %  |
| Projection and Forecast Services         | _____ %  | Other: _____  | _____ %  |
| Business Valuation Services              | _____ %  | *Describe below. <span style="float: right;">TOTAL: 100%</span> |          |

Complete the following Supplemental Form(s), as indicated above: (1) Non Public Client Audit Services (APL 28735)

- \*Fiduciary Services: \_\_\_\_\_  
 \*Information Technology Services: \_\_\_\_\_  
 \*Assurance Services: \_\_\_\_\_

13. Within the last 5 years, have Audit or Business / Personal Management Services exceeded 30 percent of revenues?  Yes  No
14. Is the Applicant Firm, if required, properly licensed and in good standing for the state(s) in which it operates?  Yes  No
15. Within the last 5 years, has the Applicant Firm, any **Predecessor Firm**, or any member of the Applicant Firm:
- (a) performed services, other than tax, for a client that is contemplating or has declared or filed bankruptcy, defaulted on a debt obligation, or become insolvent?  Yes  No
- (b) performed services or consented to the use of the Applicant Firm's work product, in connection with public or private offerings of securities, real estate, or other investments?  Yes  No
- (c) exercised any discretionary control over client funds, other than as an executor or trustee?  Yes  No
- (d) participated in the management of any investment partnership, limited partnership, tax shelter or other investment ventures?  Yes  No
- (e) participated with clients in any investment or business?  Yes  No

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16. (a) Does the Applicant Firm have a policy against suing for fees?  Yes  No  
(b) Does the Applicant Firm refer all collection matters concerning outstanding fees to an independent Collection Agency?  Yes  No  
(c) During the last 3 years, has the Applicant Firm, or any **Predecessor Firm** been involved in any disputes with respect to fees or other compensation, which may be due for professional services rendered?  Yes  No

## General Practices and Procedures (Provide details to all "No" answers by attachment)

17. Indicate what loss prevention tools the Applicant Firm requires members to use.  
Engagement Letters are updated:  Annually for all Engagements  Annually for Audit, Review and Compilation Engagements  
 Engagement Letters are not used  As Engagement Changes  Not Updated (Evergreen)  
 Other: \_\_\_\_\_
18. Does the Applicant Firm have a written policy on Continuing Professional Education (CPE) training, including required courses and CPE hours per year?  Yes  No
19. Number of professionals (and documentation) who have attended an AICPA or other similar quality loss control seminar / self-study course in the last 3 years. \_\_\_\_\_
20. If the Applicant Firm is a sole practitioner, have arrangements been made for another CPA to perform a cold review and handle client deadlines in the event of an extended absence?  N/A  Yes  No
21. Within the last 3 years, has a peer or on-site quality review under the sponsorship of the AICPA, any state CPA Society, or any other professional association or organization, been conducted?  Yes  No  
(a) If "Yes", indicate the opinion rendered:  Unqualified / Unmodified  Qualified / Modified\*  Adverse\*  
\*If Qualified / Modified or Adverse, provide a copy of the Peer Review Report as well as the Letter of Comments and the Applicant Firm's Letter of Response for this review and the Applicant Firm's prior peer or on-site quality review.  
(b) If "No", and the Applicant Firm provides compilation, review and/or audit services, indicate the anticipated date of review. \_\_\_\_\_

## Litigation and Claim Information

22. Has the Applicant Firm, any **Predecessor Firm**, or any member of the Applicant Firm:  
(a) ever had his/her certificate, license, or permit to practice suspended or revoked?  Yes  No  
(b) ever been subjected to an investigation or disciplinary action by any state board of accountancy, State Society, the AICPA or any other state or federal regulators?  Yes  No  
If "Yes", provide full details. \_\_\_\_\_

23. During the last 5 years, has any professional liability claim or suit been made against the Applicant Firm, any **Predecessor Firm**, or partner, stockholder or professional staff person?  Yes  No
24. Is the Applicant Firm or any partner, stockholder or professional staff person in the Applicant Firm aware of any fact, circumstance, or situation that might reasonably be expected to result in any professional liability claim or suit against the Applicant Firm, any **Predecessor Firm**, or partner, stockholder or professional staff person in the Applicant Firm?  Yes  No

IF "YES" TO QUESTIONS 23. OR 24., PROVIDE FULL DETAILS ON THE CLAIM / INCIDENT SUPPLEMENTAL FORM (APL 28610). IT IS UNDERSTOOD AND AGREED THAT THE INSURER SHALL NOT BE LIABLE TO MAKE ANY PAYMENT FOR LOSS IN CONNECTION WITH ANY CLAIM MADE AGAINST ANY INSURED BASED UPON, ARISING OUT OF, DIRECTLY OR INDIRECTLY RESULTING FROM OR IN CONSEQUENCE OF, OR IN ANY WAY INVOLVING ANY LAWSUIT, ADMINISTRATIVE PROCEEDING, WRITTEN DEMAND, FACT, CIRCUMSTANCE, OR SITUATION SET FORTH OR THAT SHOULD HAVE BEEN SET FORTH IN THE INSURED'S RESPONSE TO QUESTIONS 22., 23., OR 24.

## Documents Required (The following information must be submitted with the completed Proposal Form).

- Provide details to all "Yes" answers, when applicable below, or by attachment when additional space is required.
- Completed Supplemental Forms, where appropriate.

## Provide Additional Information here

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## Carolina Casualty Insurance Company

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**NOTICE TO COLORADO APPLICANTS:** 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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.

**NOTICE TO NEW MEXICO, PENNSYLVANIA APPLICANTS:** 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 SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO APPLICANTS OF KENTUCKY:** ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.

**NOTICE TO APPLICANTS OF MINNESOTA, NEW JERSEY, OHIO, AND OKLAHOMA:** ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUDS OR DECEIVES ANY INSURER OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, IS GUILTY OF A FELONY AND IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO DISTRICT OF COLUMBIA, MAINE, MASSACHUSETTS, TENNESSEE, VIRGINIA, AND WASHINGTON APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO APPLICANTS OF FLORIDA:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.

**NOTICE TO NEW YORK APPLICANTS:** 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 FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

### Please Read Carefully

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The undersigned, acting on behalf of all **Insureds**, declare that the statements set forth herein are true and correct and that thorough efforts have been made to obtain sufficient information from each and every **Insured** proposed for this insurance to facilitate the proper and accurate completion of this Proposal Form.

The undersigned agree that the particulars and statements contained in the Proposal Form and any material submitted herewith are their representations and that they are material and are the basis of the insurance contract. The undersigned further agree that the Proposal Form and any material submitted herewith shall be considered attached to and a part of the Policy. Any material submitted with the Proposal Form shall be maintained on file (either electronically or paper) with the **Insurer** and shall be deemed to be attached hereto as if physically attached.

It is further agreed that:

- if any significant change in the condition of the applicant is discovered between the date of this Proposal Form and the Policy inception date, which would render this Proposal Form inaccurate or incomplete, notice of such change will be reported in writing to the **Insurer** immediately;
- any Policy, if issued, will be in reliance upon the truth of such representations;
- this Proposal Form has been completed as respects the entire Applicant Firm;
- the signing of this Proposal Form does not bind the undersigned to purchase the insurance.

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signature of Owner, Partner, Officer or Principal

\_\_\_\_\_  
Title

\_\_\_\_\_  
Owner, Partner, Officer or Principal (Print Name)

This Carolina Casualty Insurance Company Proposal Form, including any material submitted herewith, shall be held in strictest confidence.

**A POLICY CANNOT BE ISSUED UNLESS THE PROPOSAL FORM IS PROPERLY SIGNED AND DATED.**

Please submit this Proposal Form including appropriate documentation to:

Monitor Liability Managers, Inc., 2850 West Golf Road, Suite 800, Rolling Meadows, IL 60008-4039

**S&H Underwriters, Inc.**