



APPLICATION FOR PROFESSIONAL LIABILITY INSURANCE

This is a claims made policy. The policy applies only to claims first made against the insured during the policy period and reported to the company in writing during the policy period or the extended reporting period. If a policy is issued, this application will become part of the policy; therefore, it is important that all questions be answered accurately.

INSTRUCTIONS

Please read carefully all statements and questions on this application.
Answer all questions; if the question does not pertain to your situation, state "n/a".
Round to the nearest integer all numeric answers.
If space is insufficient to answer questions fully, use Section S or submit separate sheets as Addenda.

A. Applicant (List all operating firms including Professional Corporations and Incorporated Companies requiring coverage and submit a copy of your letterhead)

Table with 3 columns: Name of Firm, Nature of Business, Date Established. Includes three rows of blank lines for data entry.

Address, Telephone #, Fax #, Email, Branch Office Locations. Includes lines for postal code and parentheses for phone/fax numbers.

Does the Branch Office operate under a different name? ____ If yes, please list the operating name(s) under Section A.

Does/did the Applicant Firm participate in any Canadian association / nominal partnership of public accounting practitioners for which professional liability insurance is required? Yes [] No [] If yes, please specify:

Table with 3 columns: Name of Association, Nature of Business, Date Established / Ceased Practice. Includes two rows of blank lines.

Table with 3 columns: Name of Other Participants, Qualification, Date Qualified. Includes three rows of blank lines.

B. Proprietors, Partners and Officers

| <u>Name</u> | <u>Qualification</u> | <u>Date Qualified</u> |
|-------------|----------------------|-----------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

| <u>Staff</u> | <u>Full-time</u> | <u>Part-time</u> |
|--|------------------|------------------|
| Total number of Proprietors, Partners and Officers | _____ | _____ |
| Number of other Chartered Accountants employed | _____ | _____ |
| Number of other staff | _____ | _____ |
| Number of per diem staff | _____ | _____ |
| Number of students | _____ | _____ |
| Total | _____ | _____ |

(Other staff includes accountants, typists, clerks, etc. **engaged in client work** but excludes telephone operators, janitors, caterers, chauffeurs, internal accounting and administration personnel.)

C. Former Firms (List all former names, firms, practices purchased etc. where you are responsible for the professional liability and require coverage)

| <u>Name</u> | <u>Date Established</u> | <u>Date Ceased Practice</u> |
|-------------|-------------------------|-----------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

D. Annual Gross Billings

Last Fiscal Year

1. Total all firms in Section A \$ _____
2. Largest client/group \$ _____
3. Second largest client/group \$ _____
4. Approximate number of clients _____
5. Percentage of 2 to 1 above _____ %
If over 60% state client name and services rendered

E. Nature of Work

Percentage of gross billings

1. Audit engagements for publicly held companies (please list company names) _____ %

2. Audit engagements for credit unions. Please list names of credit unions _____ %

3. Audit engagements for all others _____ %
4. Review engagements _____ %
5. Non-review preparation of financial statements _____ %
6. Tax return preparation _____ %
7. Tax and estate planning _____ %
8. Management consulting. Describe general nature _____ %

9. Receivership and Trustee in bankruptcy services _____ %
10. Valuation and business brokerage _____ %
11. Within the past five years, has the Applicant Firm or any partner, shareholder, principal or employee received, disbursed, managed, controlled or invested client funds in any capacity? Yes No If yes, please describe below: _____ %

| <u>Client</u> | <u>Capacity</u> | <u>Amount of funds</u> |
|---------------|-----------------|------------------------|
| _____ | _____ | _____ |

12. Is the Applicant Firm bonded for handling client funds? Yes No _____ %
 If yes, please specify the amount of the bond, the expiration date and carrier.

13. Does the Applicant Firm have sole cheque signing authority on behalf of clients? _____ %
 Yes (not covered) No
14. Does the Applicant Firm hold the title of controller for any clients? _____ %
 Yes (not covered) No
15. Acted as Trustee (other than Trustee in Bankruptcy)? Yes No _____ %
 If yes, please specify nature of trust and amount of assets held /disbursed.

16. Executor; Power of Attorney services _____ %
17. Personal financial planning _____ %
18. PrimePlus formerly Eldercare services (please complete Supplement B if an amount is recorded) _____ %
19. Webtrust services _____ %
20. Systrust services _____ %
21. Investigative and forensic accounting services _____ %
22. Investment consulting _____ %
23. Other services; specify: _____ %

- Total _____ 100 %

F. On all engagements where the firm audits, reviews, compiles financial statements, provides management consulting, personal financial planning or projections-forecasts, does the Applicant Firm require an engagement letter annually? Yes No If no, please explain the firm's policy for up-dating engagement letters. Please list the services you render without the utilization of an engagement letter.

G. **Other Countries** YES/NO % of gross billings

Does the Applicant Firm render services outside of Canada? _____ %

Does the Applicant Firm render services within Canada for or on behalf of corporations or individuals in the U.S.A. or in other countries outside of Canada? _____ %

If yes to either question, please indicate the percentage of gross billings and provide the nature of services rendered.

H. **Computer Services**
 Please advise if you have a separate company set up for custom computer programming. Yes No
 If yes, give details. (If separate firm, the name, billings, etc. must be included in the relevant sections of this application).

PLEASE NOTE THERE IS NO COVERAGE FOR THE SALE, INSTALLATION OR MAINTENANCE OF HARDWARE EQUIPMENT, THE PROGRAMMING OF PACKAGED ACCOUNTING SOFTWARE, NOR THE PROGRAMMING OF CUSTOM ACCOUNTING SYSTEMS, OR THE DEVELOPMENT AND/OR MAINTENANCE OF CLIENT WEBSITES.

I. **Other Services and Relationships**

In the following questions, "you" refers to the Applicant Firm, its partners, proprietors and/or officers.

1. Do you accept remuneration (e.g. finders' fees, commissions, reciprocity or revenue) from sources other than the client in respect to goods or services sold to your clients? i.e. for sale or promotion of investments, tax shelters, computers, or computer software?
2. Do you organize, arrange, or procure investments, real estate or tax shelters?
3. Do you prepare projections for use in selling tax shelters?

| YES | NO |
|-----|----|
| | |
| | |
| | |

| | YES | NO |
|--|-----|----|
| 4. Do you make recommendations as to the sale or purchase of specific stocks, bonds or other securities? | | |
| 5. Do you undertake property management? | | |
| 6. Do you enter into "joint ventures" with other accounting firms? | | |
| 7. Do you have affiliations/associations with International Accounting firms? | | |
| 8. Do you have a financial interest in any client? | | |
| 9. Do any clients have a financial interest in you? | | |
| 10. Do you provide professional services to any outside firm or company | | |
| i) in which you or your spouse have an ownership interest? | | |
| ii) by which you or your spouse are employed? | | |
| 11. Have you or are you planning to enter into a joint venture with a client whereby you will have at least 20% interest or effective control? | | |

If yes to any of the above, please indicate question # and provide details.

| | YES | NO |
|--|-----|----|
| 12. i) Do you perform peer review of other CA firms? | | |
| ii) Do(es) other CA firm(s) perform peer review of your firm's practice? | | |

If yes to either 12.i. or 12.ii., please provide the names of the other CA firm(s).

J. Are you a participating firm in the Canadian Public Accountability Board's (CPAB) oversight program? Yes No

K. Are you engaged in any business other than a public accounting practice on either a part-time or full-time basis? Yes No If yes, explain and include hours per week and income.

| <u>Name</u> | <u>Occupation/Business</u> | <u>Activity</u> | <u>Hrs/Week</u> | <u>Gross Income</u> |
|-------------|----------------------------|-----------------|-----------------|---------------------|
| | | | | |
| | | | | |
| | | | | |

L. Directors and Officers Liability Extension

An extension of coverage is available to include liability where a partner or CA employee acts as a Director or Officer of a non-profit association or corporation without share capital, constituted for some types of charitable, sporting, professional social and like objectives. If required, please indicate:

| <u>Name of Partner/CA Employee</u> | <u>Organization</u> | <u>Organization's Objective</u> |
|------------------------------------|---------------------|---------------------------------|
| | | |
| | | |
| | | |

M. Civil Penalty Coverage

Coverage is available for Civil Penalties for misrepresentation of a tax matter by a third party. Additional premium per C.A. will apply. Do you require this coverage? Yes No If yes, please indicate:

Sub-limit of \$100,000 Sub-limit of \$200,000 (applicable in Quebec)

N. In addition to your public accounting practice, do you have an employer either on a full-time or part-time basis? Yes No
 If yes, please provide the name of your employer _____

O. Claims and Disciplinary Action

It is imperative to answer the following questions correctly. Failure to do so could prejudice your rights under the policy in the event of a claim.

The following questions should only be answered AFTER ENQUIRY of the firm's partners and management personnel. Any affirmative response to the following questions should be fully explained under Section S.

Claims must be listed, even those previously reported.

1. Has any professional liability insurance been declined, cancelled or renewal refused for the Applicant Firm, any of its principals, partners, officers, or predecessor firms?
2. Is the applicant or any principal, partner or officer aware of any claim made or pending against the applicant, any of the principals, partners, officers, employees or any predecessor firm?
3. Is the Applicant Firm, or any of the principals, partners, officers, employees, or any predecessor firms, aware of any claim payout that has been made within the past five years?
4. Does the applicant or any of the present principals, partners or officers have any knowledge of any prior incident, act, error or omission, which could be a basis for claim under the insurance applied for?
5. Within the past five years, has the Applicant Firm or any of the present or former partners, officers, principals or employees:
 - a) Had his or her accounting license or authority to practice accounting revoked or suspended?
 - b) Been subject to disciplinary action by any Provincial Institute?
 - c) Been subjected to any fine, reprimand, criminal penalty or civil liability related to the performance of professional services?

| Since last application | | Previously reported | |
|------------------------|----|---------------------|----|
| YES | NO | YES | NO |
| | | | |
| | | | |
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| | | | |

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The policy does not cover any claim or situation stated in O(2) and/or O(3) or any claim or act, mistake, omission or circumstance which could give rise to a claim, of which the insured has knowledge prior to the inception of the policy.

P. Previous Insurer

Were you previously insured through AICA? Yes No

If no, please advise: Previous Insurer: _____

Expiry date of last insurance policy: _____ Limit per claim: _____

Q. New Applicant

If new applicant, advise Yes No

In case of a new policy, effective date required _____

R. Limits and Deductibles

Indicate below limits and deductibles for which quotation(s) are requested.

Same amount as prescribed by the expiring policy: and/or the following:

| Claim Limit | |
|------------------|--------------------------------|
| \$ 250,000. | <input type="checkbox"/> |
| \$ 500,000. | <input type="checkbox"/> |
| \$ 1,000,000. | <input type="checkbox"/> |
| \$ 1,500,000. | <input type="checkbox"/> |
| \$ 2,000,000. | <input type="checkbox"/> |
| \$ 3,000,000. | <input type="checkbox"/> |
| \$ 4,000,000. | <input type="checkbox"/> |
| \$ 5,000,000. | <input type="checkbox"/> |
| \$ 10,000,000. | <input type="checkbox"/> |
| Other (specify): | <input type="checkbox"/> _____ |

| Deductible | |
|------------------|--------------------------------|
| NIL | <input type="checkbox"/> |
| \$ 1,000. | <input type="checkbox"/> |
| \$ 2,500. | <input type="checkbox"/> |
| \$ 5,000. | <input type="checkbox"/> |
| \$ 10,000. | <input type="checkbox"/> |
| \$ 20,000. | <input type="checkbox"/> |
| \$ 25,000. | <input type="checkbox"/> |
| Other (specify): | <input type="checkbox"/> _____ |

PRIMEPLUS SERVICES SUPPLEMENT as referenced in Question E #18.

1. List the professionals who perform PrimePlus services for clients.

| Name | Profession & Licenses | Employee/or Independent Contractor | Type of Services Rendered |
|------|-----------------------|------------------------------------|---------------------------|
| | | | |
| | | | |
| | | | |

2. What experience do the professionals listed above have in rendering PrimePlus services? Attach a detailed description, resume or curriculum vitae.
3. Please provide a **detailed** description of your PrimePlus consulting and attest services:

4. Please complete the following table:

| | Last Fiscal Year | Estimate For Current Year |
|--|------------------|---------------------------|
| Revenues from PrimePlus services | \$ | \$ |
| Total number of PrimePlus clients | | |
| Total number of PrimePlus clients receiving attest services | | |

5. Have any personnel of the firm or firm affiliates served as a conservator or guardian for a client or legally assumed responsibility for the physical well being of any client?..... Yes No

Are additional sheets attached? Yes No