



CPA PROFESSIONAL LIABILITY
PLAN INC.
RÉGIME COLLECTIF D'ASSURANCE
RESPONSABILITÉ PROFESSIONNELLE
DES CPA INC.

**Professional Liability Insurance Program
for Chartered Professional Accountants**
Administered by CPA Professional Liability Plan Inc.

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)

<u>Name of Firm</u>	<u>Nature of Business</u>	<u>Date Established</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Address _____
 _____ Postal Code _____
 Telephone # () _____ Fax # () _____
 Email _____
 Branch Office Locations _____

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:

<u>Name of Association</u>	<u>Nature of Business</u>	<u>Date Established / Ceased Practice</u>
_____	_____	_____
_____	_____	_____

<u>Name of Other Participants</u>	<u>Qualification</u>	<u>Date Qualified</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 CPAs 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: _____ %

Client Capacity Amount of funds

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 CPA firms?		
ii) Do(es) other CPA 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 CPA 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 CPA 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/CPA 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 CPA 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 governing body?
 - 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

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 CPA Professional Liability Plan Inc. (formerly AICA Services Inc.)? 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"/> _____

S. Addendum

Please give Section # and additional details where space was insufficient. Alternatively, attach an addendum on your letterhead.

T. Declaration, Consent and Signature

I/We hereby declare that the above statements and particulars are true and that I/we have not suppressed or mis-stated any material facts and I/we agree that this Application shall be the basis of the contract with the Underwriters.

By signing the application form, you represent and warrant that you are the authorized representative of all proprietors, shareholders, officers, partners and employees of all firms described in your application and that you have obtained and provide the consent of such individuals to the collection, use and disclosure of all personal information. The complete privacy policy of CPA Professional Liability Plan Inc. is available at www.cpaplan.ca.

Consent to Disclose Policy Information to your Provincial Governing Body

- I, the undersigned, hereby **authorize** CPA Professional Liability Plan Inc. ("CPA PLI") to send a copy of my firms' professional liability insurance policy and/or disclose policy coverage information, on behalf of my firm, to my provincial governing body. *CPA PLI undertakes to send such copy of the policy or to disclose such policy information only upon request from the provincial governing body.*

If you require CPA PLI to provide the prescribed proof of insurance coverage to your provincial governing body, please notify us in writing under separate document.

- I **do not authorize** CPA Professional Liability Plan Inc. to send a copy of my firm's professional liability insurance policy or to disclose any information on my policy coverage to my provincial governing body. Therefore, I hereby undertake sending the required proof of insurance to my provincial governing body.

Name of Signatory _____ Title _____

Date _____ Place _____ Signature _____

Completion of this Application does not bind the Company to provide, nor does it obligate the Applicant to purchase, this insurance. Payment of the premium after quotation is necessary to bind the coverage at the limit and deductible quoted for that premium.

Please return completed application

By mail: CPA Professional Liability Plan Inc.
277 Wellington Street West
Toronto, Ontario
M5V 3H2

By fax: 416-204-3418

By email: services@cpaplan.ca

For further enquiries, telephone 416-204-3398 or 1-800-267-4734 or visit www.cpaplan.ca.

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