



Accountants Professional Liability

*Small Firm
Insurance Application*



CAMICO MUTUAL INSURANCE COMPANY SMALL FIRM ACCOUNTANTS PROFESSIONAL LIABILITY APPLICATION QUALIFICATION CHECKLIST

QUALIFICATION CHECKLIST – PLEASE CHECK THE STATEMENTS APPLICABLE TO YOUR FIRM, ITS PREDECESSORS, MERGED OR ACQUIRED ENTITIES (NOTE THAT CAMICO REQUIRES AT LEAST 50% CPA OWNERSHIP)

- 1. AICPA and/or State Society memberships
- 2. The firm is licensed and in good standing for the state(s) in which it operates
- 3. Annual firm revenue does not exceed \$500,000
- 4. Less than 40% of firm revenue is from providing audit services
- 5. In the past five (5) years, the firm has had fewer than three claims or potential claims with the amount paid or reserved totaling less than \$25,000
- 6. The firm has not provided, does not currently provide and does not anticipate providing the following:
 - Attest or consulting services to SEC regulated entities
 - Attest or consulting services to hedge funds, real estate or investment syndicates, private equity funds, venture capital funds or any entities engaged in the sale of unregistered investment products
 - Services to administer or act in a fiduciary capacity for employee benefit plans
 - Assurance services regarding the care received by an individual, consulting on client care options, assistance with daily activities, or coordination of the provision of such services for any client or at the direction of any client for others
 - Services as a Registered Investment Advisor or services as an asset manager or services involving making investments or investment decisions on behalf of any client or client entity
 - Services for any entity domiciled outside the U.S.
- 7. The firm nor any member of the firm has ever:
 - a. had a certificate, license, or permit to practice placed on probation, suspended or revoked;
 - b. been subjected to any disciplinary action by any state board of accountancy, State Society, the AICPA or any State or Federal regulators or indicted or convicted of a felony charge;
 - c. is not currently under investigation by any of the above named boards, societies or regulators.

If all of the above statements are applicable, please complete the Small Firm application for a CAMICO quotation. If any of the above statements are not applicable, please complete the Full CAMICO New Business application which is available on our web-site www.camico.com.

Name: (Please Print) _____

Signature: _____ Date: _____

Position/Title: _____

Applicant/Firm: _____

PRODUCER:

CAMICO MUTUAL INSURANCE COMPANY SMALL FIRM ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE APPLICATION

This is an application for a **“Claims Made and Reported”** policy. The policy applies only to claims first made against the Insured and reported to the Company while the policy is in force and for professional services performed on or after the prior acts (or retroactive) date. The limit of liability available to pay damages or settlements shall be reduced by amounts incurred as “Claim Expenses,” including fees and expenses incurred in the investigation, adjustment, and defense of a claim. **The policy will be issued in reliance upon the statements in the application.** Therefore, it is important that all questions be answered accurately.

FIRM INFORMATION

1. Firm Name: _____ 2. Contact Person: _____

3. Primary Office Address: _____
Street Address *City* *County* *State* *Zip*

4. Telephone: _____ 5. Fax: _____ 6. Web Site: _____

7. Mailing Address: (if different from #3) _____
Street Address *City* *County* *State* *Zip*

8. Entity Type: Sole Proprietorship Partnership Corporation LLP LLC PC Franchise
 Other (list): _____

9. Firm Established: _____

(Attach firm owner resume(s) or work history(s) if firm established date is less than three (3) years ago)

10. List Name(s) of all proprietors, partners, or stockholders.

Name	% Ownership*	Year of CPA License	E-mail Address

***Complete only if a proprietor, partner or stockholder is a non-CPA.**

11. Firm Staff (include contract and per diem employees who work 500 or more hours per year):

	CPAs	Non-CPAs	Total
Owners			
All Other Professionals			
Administrative Staff			
Total			

12. In the past five (5) years, has your firm acquired or merged with another firm? Yes No

If “Yes”, please provide the firm name, date of merger or acquisition, percentage of owners joining your firm, percentage of annual gross billings assigned to your firm. Advise whether the merged or acquired firm maintained professional liability insurance prior to the merger or acquisition and if they purchased Extended Reporting Coverage.

SCOPE OF PRACTICE

13. Based on your firm’s fiscal year-end data, provide the following gross revenue figures:

Next Fiscal Year (projected)	Current Fiscal Year (estimated)	Last Fiscal Year
\$	\$	\$

14. Percentage of revenue from the Firm's largest client (including related entities): _____

For those clients representing 25% or more of the firm's revenue, provide: the type of industry, services performed, length of time as a client, **describe how the Firm maintains its independence and advise how the firm plans to reduce this percentage in the next two years.**

15. What percentage of revenue is per diem for other CPA Firms? _____ (Attach description, including firm names)

16. Approximately what percentage of the Firm's revenue is derived from the following areas?

Check the boxes below to indicate those services for which you use client-signed engagement letters.

		Yes	No		Yes	No
Tax	%	<input type="checkbox"/>	<input type="checkbox"/>	Fiduciary Responsibilities:		
Accounting/Bookkeeping	%	<input type="checkbox"/>	<input type="checkbox"/>	Client Funds Controlled (Including business management and Family office services)*		
Computer-Related Services*	%	<input type="checkbox"/>	<input type="checkbox"/>	<i>Provide description of services including specific details for each client with annual transactions under your control of \$3,000,000 or greater (include annual amount of funds managed and advise if discretionary investment authority is exercised.</i>	%	<input type="checkbox"/>
Management Consulting*	%	<input type="checkbox"/>	<input type="checkbox"/>	Executor/Trustee (Complete Executor/Trustee Supplement)	%	<input type="checkbox"/>
Litigation Support	%	<input type="checkbox"/>	<input type="checkbox"/>	Other Fiduciary Responsibilities*	%	<input type="checkbox"/>
Projections & Forecasts	%	<input type="checkbox"/>	<input type="checkbox"/>	Other*	%	<input type="checkbox"/>
Valuations	%	<input type="checkbox"/>	<input type="checkbox"/>	TOTAL ADDS TO 100%	100%	
Audit* (Complete Audit Service Supplement)	%	<input type="checkbox"/>	<input type="checkbox"/>			
Agreed Upon Procedures/Limited Scope Audit	%	<input type="checkbox"/>	<input type="checkbox"/>			
Review	%	<input type="checkbox"/>	<input type="checkbox"/>			
Compilation	%	<input type="checkbox"/>	<input type="checkbox"/>			

***Attach description**

17. Has the Firm, any Firm member or any related individual, within the past five (5) years:

a. held an equity interest in, operated, or managed any entity (excluding the Firm), for whom the Firm provided professional services? Yes No

b. acted as a director, officer or exercised any form of managerial control over any entity (excluding the Firm) for whom the Firm provided professional services? Yes No

If "Yes" to (a) or (b), please provide entity name, position held and percentage of equity interest.

c. acted as trust protector, trustee, co-trustee, executor, receiver, administrator for or exercised any form of fiduciary control over any client funds? Yes No

If "Yes", please complete attached **Executor/Trustee Supplement** for Trustee services and attach a description of any other Fiduciary Services.

d. participated in any business ventures with clients of the firm? Yes No

If "Yes", provide the following for each specific venture: Name of client; fees billed to client; services rendered; nature of investment; and amount of investment.

18. Does the Firm, any Firm member or subsidiary or affiliate Firm member maintain a non-CPA professional license? Yes No

If "Yes", please provide firm member name, license(s) held and advise if any firm services are provided.

19. Does any firm member serve as a temporary employee or interim CFO? Yes No

If "Yes", provide the following information:

Client Name	Services Provided	Date Services Commenced	Anticipated End Date	Engagement Letter in Place?
				<input type="checkbox"/> Yes <input type="checkbox"/> No
Is involvement in the day-to-day operations of the client anticipated?				<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you make any management decisions?				<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have authority to hire or terminate client employees?				<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you attend Board Meetings?		<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", how often	

OFFICE PROCEDURES

20. In the past three (3) years, how many times have you sued to collect fees? _____

Provide a list of all outstanding amounts owed, date of suit, services rendered, current status, whether still a client and if an engagement letter was used.

21. Indicate what loss prevention tools your firm requires firm members to use.

a. Engagement letters are updated:	<input type="checkbox"/> annually for all engagements	<input type="checkbox"/> annually for attest engagements	<input type="checkbox"/> as engagement changes
	<input type="checkbox"/> evergreen (not updated)	<input type="checkbox"/> other:	<input type="checkbox"/> not used
b. Pre-release second CPA review of:	<input type="checkbox"/> audit workpapers	<input type="checkbox"/> audit report	
c. Second person/partner review of:	<input type="checkbox"/> attest services	<input type="checkbox"/> tax services	<input type="checkbox"/> all services
	<input type="checkbox"/> other:	<input type="checkbox"/> no second person/partner review of any services	
d. If you are a sole practitioner, providing audit services, have you made arrangements for another CPA to perform a cold review for those services?			<input type="checkbox"/> Yes <input type="checkbox"/> No
e. Checklists: (if not used indicate N/A)	<input type="checkbox"/> AICPA	<input type="checkbox"/> PPC	<input type="checkbox"/> other: _____
			<input type="checkbox"/> N/A
f. Client screening procedures:	<input type="checkbox"/> new clients	<input type="checkbox"/> existing clients	<input type="checkbox"/> both
			<input type="checkbox"/> none

22. Date of most recent peer or quality review: _____ On-site Off-site
 Were the review results pass with deficiencies or fail (or if your state has not adopted the new Peer Review standards, were the results modified, qualified, adverse or other)? Yes No
 If "Yes", please provide a copy of the letter of comments, your Firm's response and committee acceptance letter

CLAIMS INFORMATION

23. To the knowledge of the Firm, after inquiry of Owners/partners and employees, have any claims or suits involving malpractice been made against the Firm, a predecessor Firm, a subsidiary or affiliate entity, any partner, stockholder and/or professional staff person:

a. During the past five (5) years? Yes No

b. Anytime and remains open? Yes No

If "Yes" to a. or b. above, please complete the **Prior and Existing Claim/Incident Supplement**.

24. Is the Firm, after inquiry of stockholders, partners and employees, currently aware of any incidents, circumstances, disputes, fee problems, or employee problems, which may result in any claim being made against the Firm, its predecessors, subsidiaries, affiliates or any partner, stockholder or employee? Yes No
 If "Yes", please complete the **Prior and Existing Claim/Incident Supplement**.

25. Has any similar insurance for the firm, a partner, employee of the Firm ever been declined, canceled, or non-renewed? (Not applicable in Missouri) Yes No
 If "Yes", please attach explanation.

COVERAGE

26. Has the Firm or its predecessor(s) carried accountants professional liability insurance during the past five (5) years? Yes No
 If "Yes", attach a copy of your most recent policy's declarations page along with any amendatory endorsements.

27. Proposed Effective Date: _____ 28. Current Retroactive Date: _____

29. Requested limit of liability and deductible:

Limit of Liability: \$100,000 (Not available in CA) \$250,000 \$500,000 \$1,000,000
 (Double aggregate limits are available for most limits)

Separate Limit of Defense (Not available in MO, NM, SD): \$100,000 \$250,000 \$500,000 \$1,000,000
 (Limit selected cannot exceed per claim indemnity limit)

Deductible: \$1,000 (Only available for \$100,000 or \$250,000 limits) \$2,500 \$5,000 \$10,000

Dollar One Defense (If choosing Dollar One Defense, select a deductible that applies to indemnity payments. The deductible does not apply to expenses paid.)

SUPPLEMENTAL COVERAGES

30. Quote for Employment Practices Defense Coverage (available in most states)
 Please complete **Employment Practice Defense Coverage Application (S-11)***. **Check if Coverage is Desired**

31. Quote for Nonprofit Directors and Officers Defense Coverage (available in most states)

Please complete **Community Services Defense Coverage Application (S-12)***.

*To obtain the supplement forms, contact us, or visit www.camico.com, click the 'Products' section and 'Applications & Supplements'.

SIGNATURES

The undersigned proprietor, authorized partner of the partnership, or authorized stockholder of the corporation represents that the following statements are understood and agreed to by the applicant:

By signing this application, the undersigned represents that he or she has made inquiries of all Firm members as appropriate and that all Firm members are bound by the representations made on this application, any supplemental application, and any supplemental data and documents provided.

Signing this application or tendering premium does not bind the applicant or the company to issue insurance coverage, but it is agreed that this application shall be the basis of the contract should a policy be produced.

After inquiry of all stockholders, partners and employees, the undersigned is not currently aware of any act, error, omission, incident, circumstance, dispute, fee dispute or employee problem, which could reasonably be expected to be the basis of a claim being made against the Firm, its predecessors or any partner, stockholder or employee, that has not been reported to another insurer. It is understood and agreed that any claim emanating from such knowledge or information shall be excluded from coverage under the proposed policy.

IMPORTANT: CAMICO intends to rely upon your answers to questions in this application and any attached supplements in reaching its decision to offer coverage and/or to offer coverage excluding any described activities. Inaccurate responses to inquiries may result in a loss of coverage for activities and/or a decision by CAMICO to rescind the entire policy. Your signature below acknowledges your understanding of this notice.

FRAUD WARNINGS – Residents of Alabama, Colorado, District of Columbia, Florida, Kansas, Kentucky, Louisiana, Maryland, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Washington and West Virginia

Applicable in AL, DC, LA, MD, NM, RI and WV: Any person who knowingly (or willfully)* presents a false or fraudulent claim for payment of a loss or benefit or 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. *Applies in MD Only. **Applicable in CO:** 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 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. **Applicable in DC:** It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant. **Applicable in FL and OK:** 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)**. **Applies in FL Only. **Applicable in KS:** 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, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. **Applicable in KY, NJ, OH and PA:** 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. **Applicable in TN, VA and WA:** 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. **Applicable in OR:** Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Name: (Please Print) _____

Signature: _____ Date: _____

Position/Title: _____

Applicant/Firm: _____

Thank you for applying for CAMICO coverage. Please send completed forms to:

**CAMICO Mutual Insurance Company
1800 Gateway Drive, Suite 300
San Mateo, CA 94404**

**E-mail: inquiry@camico.com
Web: www.camico.com
Fax: 1.800.496.9910**

CAMICO MUTUAL INSURANCE COMPANY

SMALL FIRM ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE APPLICATION SUPPLEMENT

AUDIT SERVICE (As referenced in Question 16.)

1. List both the number of clients and the percentage of **audit revenue** derived from the following businesses or industries for which the Firm provides audit services:

Industry	No. of Clients	Percentage of Revenue	Industry	No. of Clients	Percentage of Revenue
Manufacturing		%	Municipal Government		%
Retail		%	County Government		%
Wholesale/Distribution/Warehousing		%	School Districts		%
Construction		%	Colleges & Universities		%
Mining/Oil & Gas		%	Hospital/Medical		%
Service		%	Unions		%
Real Estate Dev./Management		%	Tribal Entities		%
Insurance Companies		%	Not-for-Profit		%
Banks/Lending Institutions		%	Agribusiness		%
Mortgage Brokers		%	Broker Dealers		%
Employee Benefit /Welfare Plans		%	Other: (describe) _____		%
				Total	100%

2. In the past five (5) years, has the Firm had any audit client that has declared or filed bankruptcy, defaulted on a bond issue, or become insolvent subsequent to service rendered by the applicant Firm? Yes No

If "Yes", provide the following: Client Name; Services provided and Dates provided. If a written opinion was provided, did it contain a going concern reference? Did the client declare or file bankruptcy; default on a bond issue or become insolvent?

Completion of this supplement does not guarantee that coverage will be automatically granted. Any coverage will be subject to underwriting review.

EXECUTOR / TRUSTEE (As referenced in Question 17c.)

Please provide the following regarding Trust Protector, Trustee or Executor services. Complete a separate supplement for each Estate or Trust.

1. Describe procedures in place to ensure that all partners/owners have knowledge of the Trust before a position of Trustee, Executor, Conservator or similar position is accepted by a firm member? _____

2. Does the Firm require that any accounting services (bookkeeping, tax, etc.) performed under the name of the firm be either performed or reviewed by a firm member other than the executor, trustee or receiver? Yes No

Are engagement letters required for such services? Yes No

3. Executor/Trustee Name: _____ Number of years' experience in this capacity: _____

a. Provide the following regarding any receivership and for funded trusts and estates with asset values of \$500,000 or more.

Trust or Estate Name	Date Accepted	Type*	Asset Value	Asset Composition	Number of Beneficiaries	Beneficiary Interest? **	Firm Services
			\$				

*Type: E – Estate; P–Personal/Family Trusts; B–Business Trusts; C–Charities; F–Foundations; R–Real Estate; X–Receivership (Court Appointed); Z–Receivership (Other)

**Beneficiary Interest: Indicate "Yes", if a firm member or relative has any personal interest as heir or beneficiary of the trust or estate funds.

b. How often are reports made to beneficiaries? _____

c. Do Trustee fees inure to the benefit of the Trustee or to the Firm? Trustee Firm

d. Does any member of the firm or firm subsidiary have authority to invest trust/estate funds? Yes No

If "Yes", describe how this authority is exercised.

Completion of this supplement does not guarantee that coverage will be automatically granted. Any coverage will be subject to underwriting review.

PRIOR AND EXISTING CLAIM/INCIDENT (As referenced in Questions 23 and 24.)

Complete one form for each claim or incident. If space is insufficient to answer any question completely, attach a separate sheet.

- 1. Full name of defendant(s): _____
- 2. Full name of claimant/potential claimant: _____ Client Non-Client
- 3. Date of alleged error: _____ 4. Date claim/incident reported: _____
- 5. Name of insurer: _____
- 6. Defense cost: \$ _____ Indemnity cost: \$ _____ Total cost: \$ _____
 Pending Closed/Settled If Pending, provide demand amount: \$ _____ and Reserve amount: \$ _____
- 7. Description of claim/incident: _____

- 8. Was an engagement letter used? Yes No
- 9. Explain any steps that have been taken to prevent similar claims. _____

Disclosure: There is no coverage under any policy issued by the Company for any claim and/or incident known by any member of the Firm before the coverage effective date. All known situations should be reported to your current insurance carrier.

I recognize that information submitted on this supplement becomes a part of my application for coverage and is therefore subject to all of the representations and conditions of that application.

Signature: _____ Date: _____