

9. Has your firm ever purchased an extended reporting period endorsement or "tail" coverage? Yes No

If "Yes", provide term of tail policy ____/____/____ to ____/____/____

10. Provide total gross revenues as indicated in your last filed tax return. \$_____

Do not include direct recovery of expenses.

If newly established, provide estimate of expected gross revenues for the current year. \$_____

11. Has your firm or any past or present owner, partner, corporate officer or employee upon inquiry:

a. Had any professional liability claims or suits brought against them within the past five years? Yes No

b. Been made aware of any circumstance that may result in a claim or suit? Yes No

If "Yes" to 11a or b, complete the Supplemental Claim Information below. Coverage cannot be bound until your application is reviewed and approved by an underwriter.

12. Has your firm or any past or present owner, corporate officer or employee upon inquiry:

a. Had a professional liability application denied, policy canceled or policy not renewed? Yes No

b. Ever been reprimanded or subject to any fine or criminal penalty related to professional services? Yes No

If "Yes" to 12a or b, please provide full details on a separate sheet. Coverage cannot be bound until your application is reviewed and approved by an underwriter.

***** PLEASE FORWARD A COPY OF ALL LETTERHEAD USED BY YOUR FIRM. *****

SUPPLEMENTAL CLAIM/INCIDENT INFORMATION

Indicate whether: Claim/Suit Incident

Full name of claimant _____

Additional defendants _____

Date of alleged error ____/____/____

Date became aware of alleged error ____/____/____

Date reported ____/____/____

Name of Insurance Carrier reported to _____

If CLOSED, indicate date closed ____/____/____ Total amount paid \$_____

Of the total amount paid, how much was paid for legal expenses \$_____

If PENDING, please forward suit papers or answer all questions below:

Claimant's settlement demand \$_____ Defendant's offer for settlement \$_____

Insurer's loss reserve \$_____

Is claim in suit? Yes No If "Yes", amount asked in summons \$_____

Limits of Liability \$_____ Deductible \$_____

Was an engagement letter used? Yes No

On your letterhead, please attach a brief description of the claim indicating the alleged error, type of engagement and alleged injury.

ABC PREMIUM CALCULATION INSTRUCTIONS

1. Determine the number of years your firm has continuously held claims-made accountants professional liability insurance. **Number of years** _____
2. Determine the limit option you wish to purchase. **Limit option** _____
3. Circle the corresponding rate per accountant from the chart below. **Rate per accountant \$** _____

LIMIT OPTIONS/RATE PER ACCOUNTANT*

| # of Years of Continuous Insurance | \$100,000/\$200,000 | \$250,000/\$500,000 | \$500,000/\$500,000 | \$1,000,000/\$1,000,000 |
|------------------------------------|---------------------|---------------------|---------------------|-------------------------|
| (o) prior insurance | \$336 | \$453 | \$504 | \$604 |
| (1) year prior insurance | \$504 | \$680 | \$755 | \$906 |
| (2) years prior insurance | \$631 | \$852 | \$946 | \$1,135 |
| (3) years prior insurance | \$755 | \$1,019 | \$1,133 | \$1,359 |
| (4) years or more prior insurance | \$805 | \$1,088 | \$1,208 | \$1,449 |

* The above rates include the following states: **CALIFORNIA**

4. Multiply the number of accounting professionals in your firm by the rate identified in #3 to arrive at your total premium due.
of Accounting Professionals _____ **x rate** _____ = \$ _____ **Total Premium Due**
(including coverage for review services)

- a. If you do not desire coverage for review services the premium is discounted by 10%.

Total Premium Due in #4 \$ _____ **x .90 = \$** _____ **Total Premium Due**
(without coverage for review services)

- b. Premium for sole practitioners who are part-time accountants with other full time employment who do not require coverage for review services is discounted by 40%.

Total Premium Due in #4 \$ _____ **x .60 = \$** _____ **Total Premium Due**
(for part time accountants without coverage for review services)

PAYMENT OPTIONS

- Financing is available with down payment of 25% (minimum premium of \$1,000)

- Mastercard Visa

Charge card number: _____ Expiration date: ____/____/____

Name on card: _____ Phone # _____

Billing Address: _____

- Check or money order for total premium (made payable to Herbert H. Landy Insurance Agency, Inc.)

The ABC Program has been organized as a Purchasing Group located and domiciled in Illinois, pursuant to legislation enacted by Congress known as the Federal Risk Retention Act of 1986. You will automatically become a member of the purchasing group once your completed application has been approved and your premium payment has been received. This form must be signed/dated by a principal of the firm and submitted along with the attached application. The application and rating page will become part of your Accountants Professional Liability Policy. I declare that the information submitted herein is true and accurate to the best of my knowledge. I understand that an incorrect or incomplete statement could void my protection.

By purchasing this coverage I acknowledge on behalf of the Insured/Applicant that I may be switching from a policy that may contain broader coverage, to a claims-made policy with more restrictive coverage. I have reviewed the attached specimen policy. I fully understand and acknowledge that I am voluntarily choosing to reduce our coverage by waiving the broader liability provisions of our previous policy. I further acknowledge that if I elect the option under items 4a or 4b, coverage will not be provided for claims arising out of review services that were rendered at anytime.

Signature _____ **Date** ____/____/____

Must be signed by principal of firm

RETROACTIVE DATE COVERAGE INFORMATION

This professional liability insurance is written on a "claims-made" basis and only applies to those claims first made against you while this insurance is in force. No coverage exists for claims made against you after the end of the policy term unless, and to the extent, an extension of coverage applies.

This RETROACTIVE DATE COVERAGE INFORMATION explains how a claims-made policy works. The retroactive date on your policy directly corresponds to your prior insurance history.

The Chicago Insurance Company claims-made accountants professional liability insurance policy covers claims resulting from wrongful acts by an insured in the performance of professional services as an accountant, provided that the claim is first made against the insured and reported to the Company during the policy period. The wrongful act must have taken place during the policy period or subsequent to the "retroactive date" stated on the Declarations page of the policy. Claims from wrongful acts committed before the "retroactive date" are not covered by this policy. If the phrase "no prior acts limitation applies" is indicated on your Declarations page under "retroactive date", then no specific date limitation has been applied to your coverage.

The length of time between your "retroactive date" and the effective date of your policy commonly referred to as "prior acts coverage" is one of the factors which determines the cost of your policy. A firm's first year of claims-made coverage will have a retroactive date which coincides with the effective date of their policy. Once this retroactive date is assigned, it will remain the same throughout subsequent renewals on your Chicago Insurance Company policy. If an uninsured gap occurs between your renewals, your retroactive date may change and you may be creating uninsured periods of time.

With each subsequent renewal of your claims-made policy an additional year of coverage is added on, thus accumulating an increase in exposure to claims for proceeding years. This increase in exposure results in a scheduled premium increase. This "step rating" occurs for four (4) consecutive renewal periods at which time statistics show the vast majority of claims from prior years' exposures have been presented. At this point prior acts coverage continues to accumulate at each consecutive renewal, but no further scheduled increases will apply.