

**GENERAL STAR INDEMNITY COMPANY
A STOCK COMPANY
(A NON-ADMITTED INSURER, EXCEPT IN CONNECTICUT)**

Any correspondence relating to this Application should be directed to:

**PROFESSIONAL MANAGERS
INCORPORATED**

SUITE 1460, 2 NORTH RIVERSIDE PLAZA
CHICAGO, ILLINOIS 60606-2640
312/559-0101
FAX 312/559-0167

**ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE
APPLICATION FOR CLAIMS MADE INSURANCE**

NOTICE: This is an application for **CLAIMS MADE INSURANCE**. Such insurance, if accepted by the Company, applies only to claims first made against the insured during the policy period and may additionally limit coverage applicable to negligent acts, errors, omissions or offenses made prior to the inception of the policy period. The limit of liability shall be reduced by amounts paid for legal defense and such payments for legal defense shall also be applied against the deductible amount. Receipt by the Company and submission by the Applicant of the completed application incurs no obligation to purchase or bind insurance.

INSTRUCTIONS TO THE APPLICANT:

- A. Please answer all the questions. The information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to that evaluation.
- B. If a question is not applicable, state "not applicable" (not N/A). If more space is required to answer a question, continue on applicant's letterhead.
- C. The application must be signed and dated by an owner, partner, officer or director of the applicant's organization.
- D. Attach (1) brochures, pamphlets, advertisements or other descriptive literature of operations and services; (2) Financial statement, 10k and/or annual report; and, (3) COPIES OF ENGAGEMENT LETTERS USED WITH CLIENTS AND MOST RECENT PEER REVIEW.

1) Applicant's name to be used on policy, if issued:

2) A) Home office address: _____

	number		street
city	state	zip	telephone

B) Please list any secondary locations or branch offices on a separate sheet and include staff break downs at each location.

3) Applicant is: Individual Professional Corporation Other

describe _____

Date firm established _____

4) Breakdown the firm's estimated gross fees for the current year by percentage, based on each of the following income generating activities.
(If NONE, enter "zero" and use whole numbers only - no fractions).

- A. Tax services for businesses (including tax consulting) _____ %
 - B. Tax services for individuals _____ %
 - C. Bookkeeping services _____ %
 - D. Compilations and reviews _____ %
 - E. Data Processing services _____ %
 - (1) Processing data of clients _____ %
 - (2) Providing analysis and/or advisory services _____ %
 - (3) Performing computer programming services or selling software you have developed _____ %
 - (4) Providing, installing and/or maintaining packaged "preprogrammed" software _____ %
 - F. Audit Services _____ %
 - G. Pension, benefit and profit sharing plans (including ERISA)
 - (1) Consulting and/or preparing required reports for the IRS and/or other federal/state entities and calculating allowable contributions and earnings of plan participants _____ %
 - (2) Administering and/or controlling assets _____ %
 - H. Estate planning _____ %
 - I. Fiduciary activities (the handling of client funds as trustee, executor, investment manager, check signing, etc.) _____ %
 - J. Financial planning
 - (1) For an hourly rate _____ %
 - (2) For a fee _____ %
 - (3) For a commission _____ %
 - K. Business valuation _____ %
 - L. Management consulting/services _____ %
 - M. Other (Please describe) _____ %
- TOTAL 100 %**

N. Has any single or combination of income generating activities provided under items F. through item M. (above) been 20% or more of the firm's gross fees during any annual period in the past five years? Yes No

If yes, please specify the services, when they were performed and what the percentage was at its high point: _____

5) Provide total gross billings and fees for:

	Gross Billing	Period Covered Month/Year
Last fiscal 12 months	\$ _____	____/____ To ____/____
Current 12 months	\$ _____	____/____ To ____/____
Projected next 12 months	\$ _____	____/____ To ____/____

6) Provide percentage of total gross billings and fees for current year for:

- Largest client _____ %
- Second largest client _____ %
- Clients that are publicly held _____ %

7) Does your firm utilize engagement letters which specifically outline the nature and scope of the work to be performed for each of the following types of engagements?

	<u>Always</u>	<u>Sometimes</u>	<u>Never</u>	<u>No Work Performed</u>
Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compilation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Management services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual tax engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business tax engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8) If the name of the Applicant has ever changed, or if there has been a consolidation, merger, acquisition, dissolution or change in business structure, please provide details listing each item in chronological order and specify date of change. If the predecessor firms are not listed they will not be included for coverage. If firms are accepted for coverage they will be listed on the policy. Without direct lineage or being the source of the current firm a firm will not be considered a predecessor.

<u>Name of predecessor firm(s)</u>	<u>Date established</u>
_____	_____
_____	_____
_____	_____
_____	_____

9) List all Principals, Partners, Owners or Officers (use separate sheet if necessary):

<u>Name</u>	<u>Professional Organization Memberships</u>	<u>Years in Practice</u>	<u>CPA License Date of Issue</u>
a) _____	_____	_____	_____
b) _____	_____	_____	_____
c) _____	_____	_____	_____
d) _____	_____	_____	_____

If Applicant is not a CPA, please attach a resume detailing educational background and work experience.

10) A. Has the Applicant or its predecessor in business carried accountants' professional liability insurance during the past 5 years? Yes No If "yes", provide details of prior insurance.

<u>Insurance Company</u>	<u>Policy Period</u>	<u>Limits of Liability</u>	<u>Deductible</u>	<u>Premium</u>
a) _____	_____	_____	_____	_____
b) _____	_____	_____	_____	_____
c) _____	_____	_____	_____	_____
d) _____	_____	_____	_____	_____

B. Have you ever purchased an extended reporting period endorsement? Yes No

11) Staff size of your firm. Include yourself as well as all part-time employees. (Do not count anyone twice and use whole numbers only.)

	Full-Time	Part-Time
A. All Certified Public Accountants	_____	_____
B. All Public Accountants	_____	_____
C. All Enrolled Tax Agents	_____	_____
D. All unlicensed accountants	_____	_____
E. All other tax preparers and bookkeepers who work on client business	_____	_____
F. All clerical staff (typists, secretaries, data entry, mailroom)	_____	_____
G. All other staff (please describe)	_____	_____
TOTAL STAFF	_____	_____

12) Has the Applicant (or any enterprise wholly or partially owned by the Applicant) within the last five years or does the Applicant now:

- a. Engage in the sale, promotion of, or provide advice or consultation on hardware or software to any party? Yes No
- b. Receive any type of commission and/or monetary reward from investors in any investment or tax shelter, other than fees collected for performing normal accounting services for such investors? Yes No
- c. Sell, organize or arrange investments, tax shelters or other business ventures or provide advice relating to business ventures or investments including but not limited to valuations, acquisitions, projections or purchase/sale of an asset? Yes No
- d. Participate in the preparation or sale of securities offering materials, prospectuses or other sales materials? Yes No
- e. Participate in the management of a general or limited partnership, tax shelter or other investment ventures, or provide any accounting services to such entities? Yes No
- f. Participate in incorporation or dissolution legal services? Yes No

IF "YES" TO a, b, c, d, e OR f, PLEASE EXPLAIN IN DETAIL ON A SEPARATE SHEET.

13) Is the Applicant or any member of the Applicant a: Lawyer Insurance Agent
 Real Estate Agent/Broker Licensed Investment Advisor Actuary Programmer?
If any of these are indicated provide details of professional liability insurance for this practice.

14) Is any partner, stockholder or principal engaged in any business other than public accounting practice on either a part-time or full-time basis? Yes No. If yes, explain activity and include hours per week and income.

<u>Name</u>	<u>Occupation/Business</u>	<u>Activity</u>	<u>Hours/Week</u>	<u>Gross Income</u>

- 15) A. Is the Applicant's accounting practice: Full Time (more than 30 hours per week) Part Time
If Part-Time, please explain:
- B. Are financial statements, reports and projections that are prepared by your staff checked by an owner, principal, partner or manager prior to their release? Yes No
- C. Are business tax returns checked and verified by a disassociated preparer prior to their release? Yes No
- D. Is a diary or "tickler" system used to be sure that tax filings and any other items due by specific dates are completed on time? Yes No
Is it electronic/computerized? Yes No
- E. Does your firm sub-contract out to others MORE than 10% of your firm's total work? Yes No
- F. With regard to unaudited statements, does your firm always issue a disclaimer of opinion in or with such statements? Yes No
- G. Are large clients billed on a "pay-as-you-go" basis? Yes No
- H. When performing audits, does your firm use an Audit Procedure Manual? Yes No
- I. Is your firm a member of the AICPA's "Division of CPA Firms" which is concerned with and involved in "peer review"? Yes No
- J. In the last four(4) years, has your firm has a "peer review"? Yes No
Were procedural recommendations made that you have NOT fully implemented? Yes No
- 16) A. Does the Applicant have a policy which prohibits an accountant from having an investment in a client or serving as a director, officer, or general or limited partner for a client and from working on a securities matter of such client? Yes No
- B. Does the Applicant have a policy which prohibits its accountants and staff from participating in the securities selling process? Yes No (e.g., prohibiting participating in marketing meetings or calls involving prospective investors)
- C. Does the Applicant have any procedure intended to prevent the improper use of material, inside information, or the tipping of such information by its accountants and staff? Yes No
- 17) Since 1981, has the applicant or does the Applicant provide professional services for financial institutions or publicly held corporations? If Yes, please describe the type of institution, location, work performed and gross fees derived from such engagement for all such entities on a separate sheet.
 Yes No

- 18) a. Does the Applicant invest client's funds or act in a decision-making capacity with respect to the clients' funds? (If yes, please provide full details on separate sheet.) Yes No
- b. Does the Applicant control receipt or disbursement of any part of client's funds? Yes No
- c. Is Applicant bonded for handling clients' funds? If Yes, specify the amount of the bond, expiration date and carrier. Yes No

19) Has the applicant (within the last five years) or does the Applicant perform any professional services for any client in which any member of the Applicant or his/her relatives owns an equity or financial interest or serves as an officer, director, trustee or partner? Yes No. If Yes, provide details of each such client that include the name of the client, percentage of total equity interest for the firm, the nature of the relationship, gross client billings for the last fiscal year and the nature of the services performed:

20) During the past five (5) years, have any claims involving accounting practice or other professional services been made against the Applicant, predecessors in business or any other person for whom insurance is being requested? Yes No. If Yes, attach a statement providing details. Information should include the name of claimant, cause of claim, amounts sought, amounts paid, and the current status of the claim.

21) Is the Applicant, predecessors in business or any other person for whom insurance is requested aware of any act, error, omission or circumstance that may result in a claim being made against them? Yes No

22) Has the Applicant, predecessors in business or any other person for whom insurance is being requested ever been subject to disciplinary action or reprimand by any state board of accountancy (or equivalent thereof), the S.E.C., any other governmental regulatory agency, federal, state, local court, or any state or national accounting society? Yes No If Yes, provide full details:

23) Has the Applicant, predecessors in business, or any other person for whom coverage is being requested had any professional liability application denied, policy cancelled, policy not renewed or policy rescinded in the past 5 years? Yes No If Yes, please explain:

24) A. Has the Applicant filed any suits for the collection of fees in the past 5 years? Yes No If "Yes", provide full details:

B. What are the Applicant's procedures for collecting unpaid fees?

25) Do you desire Prior Acts Coverage? Yes No If yes, what is your requested retroactive date? _____
What is the Retroactive Date of your expiring policy? _____
Since what date have you had continuous coverage with no gaps? _____

NOTE: Prior Acts Coverage, if acceptable to the Company, will be granted back only to your present Retroactive Date, and then only if you have had continuous coverage with no gaps. If you have not carried coverage, your Retroactive Date will be the inception date of the policy, if offered.

26) Please indicate the desired limits of liability (including claim expense):

a. \$100,000 \$250,000 \$500,000 \$1,000,000

b. Other _____

c. Deductible desired (which includes claim expenses): \$1,000 \$2,500 \$5,000 Other

THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY, NOR DOES IT OBLIGATE THE COMPANY TO ISSUE A POLICY. SUCH POLICY MAY BE CANCELLED BY THE COMPANY FROM INCEPTION UPON DISCOVERY THAT THE POLICY WAS OBTAINED THROUGH FRAUDULENT STATEMENTS, OMISSION OR CONCEALMENT OF THE FACTS MATERIAL TO THE ACCEPTANCE OF THE RISK OR HAZARD ASSUMED BY THE COMPANY.

NOTICE:

THE LIMIT OF LIABILITY IN THE POLICY, IF ISSUED, MAY BE REDUCED OR COMPLETELY EXHAUSTED BY CLAIM COSTS AND/OR LEGAL DEFENSE. IN SUCH EVENT, THE COMPANY SHALL NOT BE LIABLE FOR ANY JUDGMENT, SETTLEMENT OR CLAIM COSTS OR LEGAL DEFENSE COSTS WHICH ARE IN EXCESS OF THE LIMIT OF LIABILITY STATED ON THE DECLARATIONS PAGE OF THE POLICY.

THE DEDUCTIBLE IN THE POLICY, IF ISSUED, APPLIES TO CLAIM COSTS AND LEGAL DEFENSE AS WELL AS TO JUDGMENTS AND SETTLEMENTS.

THE APPLICANT REPRESENTS THAT THE STATEMENTS AND RESPONSES TO THE QUESTIONS ON THIS APPLICATION ARE ACCURATE AND COMPLETE. APPLICANT ALSO WARRANTS THAT SUCH STATEMENTS AND RESPONSES ARE TRUE, CONTAIN NO MISREPRESENTATIONS AND THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION OR ATTACHMENTS THERETO CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGES.

WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION, OR WHO CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

SIGNED BY AUTHORIZED OFFICER OR PARTNER

DATE

TITLE



GENERAL STAR INDEMNITY COMPANY
A STOCK COMPANY
(A NON-ADMITTED INSURER, EXCEPT IN CONNECTICUT)

SUPPLEMENTAL CLAIM DETAIL FORM

NOTE: A SEPARATE SUPPLEMENT SHOULD BE COMPLETED FOR EACH CLOSED CLAIM EXCEEDING \$5,000 IN LOSS OR DAMAGES AND FOR EACH OPEN CLAIM EXPERIENCED IN THE LAST FIVE YEARS.

- 1. Name of Applicant:
2. Provide:
a. name of Claimant
b. date of alleged error
c. date reported to E&O Carrier
d. name of E&O Carrier
e. deductible amount applicable to claim
3. Is the claim [] Open [] Closed
a. if closed, indicate the total amount for indemnity and/or expense: \$
b. if open, indicate:
The claimant's demand \$
The Insurer's total loss reserve (including defense costs) \$
Details of the current status:
4. Provide a description of the claim, the type of coverage involved,, the alleged act, error or omission and the event that led to the claim:
5. What loss prevention measures, if applicable have been taken to prevent a similar claim from recurring?

THIS SUPPLEMENTAL CLAIM DETAIL FORM IS ATTACHED TO AND FORMS A PART OF THE ERRORS AND OMISSIONS LIABILITY INSURANCE APPLICATION, IT IS SUBJECT TO THE SAME PROVISIONS CONCERNING REPRESENTATIONS MADE AS IN THE BASIC APPLICATION.

Date of Application Authorized Representative Title

NOTE: THE AUTHORIZED REPRESENTATIVE MUST BE AN ACTIVE OWNER, PARTNER OR EXECUTIVE OFFICER OF THE APPLICANT.