THE HARTFORD

TWIN CITY FIRE INSURANCE COMPANY

Name of Insurance Company to which Application is made

NEW YORK ACCOUNTANTS PROFESSIONAL LIABILITY APPLICATION

NOTICE: THIS IS A CLAIMS-MADE POLICY. THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR WRONGFUL ACTS FOR WHICH CLAIMS ARE FIRST MADE WHILE THE POLICY IS IN FORCE AND WHICH ARE REPORTED TO THE COMPANY, DURING THE POLICY PERIOD, ANY SUBSEQUENT RENEWAL, OR ANY EXTENDED REPORTING PERIOD. THIS POLICY PROVIDES NO COVERAGE FOR CLAIMS ARISING OUT OF WRONGFUL ACTS WHICH OCCURRED PRIOR TO ANY APPLICABLE RETROACTIVE DATE. THE INSURED WILL HAVE THE OPTION TO PURCHASE A ONE, THREE, FIVE YEAR OR AN UNLIMITED OPTIONAL EXTENDED REPORTING PERIOD. THE PREMIUM FOR AND DURATION OF THE EXTENDED REPORTING PERIOD SHALL BE STATED ON THE EXTENDED REPORTING PERIOD ENDORSEMENT.

COVERAGE GAPS MAY ARISE AT THE EXPIRATION OF THE POLICY, AUTOMATIC EXTENDED REPORTING PERIOD OR OPTIONAL EXTENDED REPORTING PERIOD. DURING THE FIRST SEVERAL YEARS OF THE CLAIMS MADE RELATIONSHIP, CLAIMS-MADE RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES, AND THE INSURED CAN EXPECT SUBSTANTIAL ANNUAL PREMIUM INCREASES, INDEPENDENT OF THE OVERALL RATE LEVEL INCREASES, UNTIL THE CLAIMS-MADE RELATIONSHIP REACHES MATURITY. PLEASE READ AND REVIEW THE POLICY CAREFULLY.

THIS POLICY IS WRITTEN ON A DEFENSE WITHIN THE LIMITS BASIS. THE LIMIT OF LIABILITY AVAILABLE TO PAY LOSS, INCLUDING JUDGMENT OR SETTLEMENT AMOUNTS, SHALL BE REDUCED OR MAY BE COMPLETELY EXHAUSTED BY AMOUNTS INCURRED FOR LEGAL DEFENSE AND OTHER CLAIMS EXPENSES IF THE LIMITS OF LIABILITY PER CLAIM ARE A MINIMUM OF $500,000. FURTHER NOTE THAT AMOUNTS INCURRED FOR LEGAL DEFENSE AND OTHER CLAIMS EXPENSES SHALL BE APPLIED AGAINST THE APPLICABLE DEDUCTIBLE. ONCE THE LIMIT OF LIABILITY IS EXHAUSTED, THE COMPANY SHALL NOT BE LIABLE FOR LEGAL DEFENSE COSTS, OTHER CLAIM EXPENSES OR FOR THE AMOUNT OF ANY JUDGEMENT OR SETTLEMENT.

THE RETROACTIVE DATE MAY NOT BE CHANGED DURING THE TERM OF THE CLAIMS MADE RELATIONSHIP AND ANY EXTENDED REPORTING PERIOD.

This is an application for a CLAIMS-MADE AND REPORTED Policy

If a policy is issued this application will attach to and become part of the policy, therefore, it is important that all questions are answered accurately. **If additional space is required, please provide complete details on Applicant's letterhead**.

GENERAL INFORMATION

1. Full Legal Name of Applicant **(include trading names and DBA's under which the applicant operates)**:

   ____

   Principal Address: ____

   City: ______________________ County: _______________________ State: ___________ Zip Code: __________

   Website Address: ___________________ Email Address: ___________________ Contact Name: _______________

2. Does the Applicant or any of its owners, officers or partners provide any services under a separate entity name? ❑ Yes ❑ No
   If "Yes", please complete the <u>Separate Entity Supplement</u> for each entity.

3. Does the Applicant have any other office locations? ……………………………………………………… ❑ Yes ❑ No

   If "Yes", please provide complete address(es) on a separate sheet.

4. Applicant is a: ❑ Sole Proprietor ❑ Partnership ❑ Corporation ❑ LLC ❑ LLP
❑ Independent Contractor ❑ Other: ______________________________

5. Date Applicant established: _____/_____/_____
(Month/Day/Year)

6. Is the Applicant engaged in the full-time practice of accountancy? ………………………………………………….. ❑ Yes ❑ No

7. During the past five (5) years, has the name or ownership of the Applicant changed or has there been an acquisition, merger, consolidation or any other change? ………………………………………………………………. ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

8. Does the Applicant anticipate any material changes to the firm or its practice within the next twelve (12) months? ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

9. Complete the following for each principal, partner, officer or director ***(attach additional sheet if necessary)***:

Name	Title	Years of Experience	Professional Membership or Association
(1)			
(2)			
(3)			

10. a. Indicate the number of staff associated with the Applicant:

Staff: Include Individuals only once	CPAs	Non-CPAs	Total
Owners, Officers, Partners			
Accounting or Tax Professionals			
Consulting Professional			
Support Staff			

b. During the past three (3) years, has the size of staff associated with the Applicant changed by ± 25%? .... ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

11. a. Indicate gross annual revenue for the Applicant. ***(If Applicant is newly established, please provide best estimate)***

Current Fiscal Year (Estimated)	Last Fiscal Year	Second Last Fiscal Year
Ending: / /	Ending: / /	Ending: / /
$	$	$

b. Indicate total number of clients for the last fiscal year: ______________

12. Does any client represent more than 25% of the Applicant's gross annual revenue? ……………………………… ❑ Yes ❑ No
If "Yes", please complete the following:

Name of Client	Industry	Description of Services Provided	% of Income

AREA OF PRACTICE

13. Based on the Applicant's gross revenue for the last fiscal year, indicate the percentage of revenue derived from the following areas of practice. **The total must equal 100%.** ***(If newly established, please provide best estimate).***

Area of Practice	%	Engagement Letters Used?	Area of Practice	%	Engagement Letters Used?
Audit: Publicly Held (1)		❑ Yes ❑ No	Information Technology (4)		❑ Yes ❑ No
Audit: Non-Public (2)		❑ Yes ❑ No	Business Valuations		❑ Yes ❑ No
Taxation: Individual		❑ Yes ❑ No	Forecasts & Projections		❑ Yes ❑ No
Taxation: Business		❑ Yes ❑ No	Litigation Consulting		❑ Yes ❑ No
Taxation: Estate		❑ Yes ❑ No	Management Advisory Services (5)		❑ Yes ❑ No
Bookkeeping		❑ Yes ❑ No	Executor/Trustee Services		❑ Yes ❑ No
Compilations		❑ Yes ❑ No	ERISA/Pension Plans		❑ Yes ❑ No
Review		❑ Yes ❑ No	Securities Activities (1)		❑ Yes ❑ No
Personal Financial Planning & Investment Advisory Services (3)		❑ Yes ❑ No	Other Services (5)		❑ Yes ❑ No
			TOTAL:	**100%**	

(1) Complete the *__Securities Supplement__*.
(2) Complete the *__Non-Public Audit Supplement.__*
(3) Complete the *__Financial Planning/Investment Advisory Services Supplement__*.
(4) Complete the *__Information Technology Supplement__*.
(5) Provide complete description of services on a separate sheet.

14. During the past five (5) years, has the Applicant or any predecessor firm:
    a. Provided services to any publicly held client? ❑ Yes ❑ No
    b. Provided professional accounting services, or consented to the use of the Applicant's work product in connection with the issue of public or private offerings or the registration or sale of securities, real estate or other investments? ❑ Yes ❑ No

If "Yes" to any part of Question 14 above, please complete the __Securities Supplement__.

15. During the past (5) years, has the Applicant:
    a. Received commissions, fees, reciprocity or revenue for referrals, sale or promotion of investments or tax shelters? ❑ Yes ❑ No
    b. Organized, arranged, procured or evaluated investments, real estate or tax shelters or prepared projections for use in these areas? ❑ Yes ❑ No
    c. Participated in the management of any investment partnership, limited partnership, tax shelter or other investment venture? ❑ Yes ❑ No
    d. Received loans from any client? ❑ Yes ❑ No
    e. Made recommendations as to the sale or purchase of any investments, including specific stocks, bonds or other securities for which the firm received compensation? ❑ Yes ❑ No

If "Yes" to any part of Question 15, please provide complete details on a separate sheet.

16. During the past five (5) years, has the Applicant or any of its professional staff exercised any discretionary control over a client's funds, other than as a trustee? ❑ Yes ❑ No
If "Yes", please complete the __Client Funds Supplement (Non-Trustee)__.

17. During the past five (5) years, has the Applicant provided audit, attest or review services for a client that subsequently declared or filed bankruptcy, defaulted on a debt obligation or became insolvent? ❑ Yes ❑ No
If "Yes", please provide complete details including the name of client, services rendered, date of services, date of bankruptcy, default or insolvency, and whether there was a "going concern" reference.

18. During the past five (5) years, has the Applicant or any of its professional staff provided professional accounting services to or served as a fiduciary, committee member, officer, director, partner, employee, principal shareholder or member of any Financial Institution? ❑ Yes ❑ No
If "Yes", please complete the __Financial Institutions Supplement__.

19. During the past five (5) years, has the Applicant or any of its professional staff served as a trustee, administrator, or executor? ………… ❑ Yes ❑ No
If "Yes", please complete the __Trustee Supplement__.

20. Does any of the Applicant's professional staff maintain a professional license other than for accountancy?…….. ❑ Yes ❑ No
If "Yes", please indicate name of individual, type of license, description of services provided, name of separate professional liability carrier and limits of liability, if applicable.

INTERNAL CONTROLS AND PROCEDURES

21. Does the Applicant have written internal quality control procedures in place? ………… ❑ Yes ❑ No
22. Does the Applicant have a formalized training program in place for all new professionals? ………… ❑ Yes ❑ No
23. During the past two (2) years, indicate the percentage of professional staff:
    a. Who have completed continuing professional education (CPE) courses: ………… __________%
    b. Who participated in a formal loss control program/seminar: ………… __________%
24. Does the Applicant have procedures in place that include the regular use of a conflict of interest avoidance system when accepting new clients? ………… ❑ Yes ❑ No
If "Yes", indicate the method used: ❑ Personal Memory ❑ Computer ❑ Index File ❑ Conflict Committee ❑ Client Lists ❑ Other (describe): ___________________________
25. During the past five (5) years, has the Applicant provided professional accounting services to any client in which any of the Applicant's professional staff (including their spouse) owed an equity interest or served as a director, owner, officer, partner or employee of such client? ………… ❑ Yes ❑ No
If "Yes", please complete the __Outside Interest Supplement__.
26. Does the Applicant require the use of engagement letters including fee arrangements on all new matters undertaken? ………… ❑ Yes ❑ No
If "***No," please explain how misunderstandings about the scope and cost of services are prevented.***
27. Are declination or non-engagement letters issued on all matters declined by the Applicant? ………… ❑ Yes ❑ No
If "No", please explain how misunderstandings about representation are prevented.
28. Does the Applicant require the completion of a second person or partner review for any services provided? ……. ❑ Yes ❑ No
If "Yes," check all that apply: ❑ All Services ❑ Attest Services ❑ Tax Services ❑ Other: _____________
29. Within the past three (3) years, has the Applicant undergone a peer or quality review? ………… ❑ Yes ❑ No
If "Yes", indicate: a. ❑ Unqualified/Unmodified ❑ Qualified/Modified*
b. Date of Issue: ______________
****If the results of the review were qualified/modified, please attach a copy of the peer review report, letter of comments and the Applicant's letter of response.***
30. During the past five (5) years, has the Applicant or any predecessor firm sued (including small claims court) to collect fees? ………… ❑ Yes ❑ No
If "Yes", please provide complete details including the name of client, services rendered, dates of services, fee amounts, date of suit, current status and whether an engagement letter was used.

INSURANCE COVERAGE HISTORY

31. List the professional liability insurance coverage carried by the Applicant and any predecessor firm(s) during the past five (5) years, including any periods without coverage. **If no past coverage, indicate NONE.**

Effective (mm/dd/yy)	Expiration (mm/dd/yy)	Insurance Company	Limits of Liability (per claim/aggregate)	Deductible/ Retention	Annual Premium
___/___/___	___/___/___				
___/___/___	___/___/___				
___/___/___	___/___/___				
___/___/___	___/___/___				
___/___/___	___/___/___				

32. Does the Applicant's current policy contain a prior acts limitation/retroactive date or provide full prior acts? …… ❑ Yes ❑ No
If "Yes", please indicate: prior acts limitation/retroactive date: _____/_____/_____ or ❑ full prior acts coverage.
Please attach a copy of the applicable endorsement. (month/day/year)

33. Does the Applicant's current policy have any endorsements or exclusions or coverage limitations tailored specifically to the Applicant? …………………………………………………………………………………………… ❑ Yes ❑ No
If "Yes", please provide description on a separate sheet and attach a copy of the endorsement(s).

34. During the past five (5) years, has the Applicant or any of its professional staff ever had professional liability insurance or similar insurance declined, cancelled or non-renewed for any other reason other than a carrier's withdrawal from the market? …………………………………………………………………………………………….. ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

35. Has the Applicant or any predecessor firm(s) ever purchased an extended reporting period endorsement? ……. ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

CLAIM/INCIDENT INFORMATION

36. During the past five (5) years, has any professional liability claim or suit ever been made against the Applicant, any predecessor firm or any of the Applicant's current or former professional staff? ……………………………… ❑ Yes ❑ No
If "Yes", please indicate how many _____ and complete a separate <u>Supplemental Claim Form</u> for each claim.

37. Does any of the Applicant's professional staff know of any incident, negligent act, error or omission or other circumstance that could result in a claim or suit against the Applicant or any predecessor firm or any of the Applicant's current or former professional staff? ……………………………………………………………………… ❑ Yes ❑ No
If "Yes", please indicate how many _____ and complete a separate <u>Supplemental Claim Form</u> for each claim.

38. Has the Applicant, any predecessor firm or any of the Applicant's professional staff ever had their license revoked or suspended; or been the subject of a complaint or disciplinary action by any state board of accountancy, any national or state accounting society, any state or federal regulators or any other governmental agency or court; or ever been the charged, indicted, plead guilty or convicted of any felony charge? …………………………………… ❑ Yes ❑ No
If "Yes", please provide complete details on a separate sheet.

COVERAGE SELECTION

39. Limits of Liability requested (each claim/annual aggregate):

❑ $100,000/$100,000	❑ $500,000/$500,000	❑ $1,000,000/$2,000,000
❑ $100,000/$300,000	❑ $500,000/$1,000,000	❑ $2,000,000/$2,000,000
❑ $250,000/$250,000	❑ $1,000,000/$1,000,000	❑ $2,000,000/$4,000,000
❑ $250,000/$500,000	❑ $1,000,000/$2,000,000	❑ $Other: ___________________________

40. Deductible Amount requested (each claim):

❑ $1,000	❑ $2,500	❑ $5,000	❑ $10,000	❑ $15,000	❑ $20,000
❑ $25,000	❑ Other: $____________________				

NEW YORK REGULATION 107 DEFENSE WITHIN LIMITS ACKNOWLEDGEMENT

I understand and acknowledge that the policy may contain a Defense Within Limits provision which means that **claim expenses** will reduce the limit of liability and may exhaust it completely and should that occur, the **insured** shall be liable for any further **damages** or **claim expenses**. In addition, **claim expenses** are applied against the deductible.

NEW YORK APPLICANTS: 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 SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION."

SIGNING THIS FORM DOES NOT BIND THE APPLICANT OR THE COMPANY TO COMPLETE THE INSURANCE. APPLICATION MUST BE SIGNED AND DATED BY AN OWNER, PARTNER OR OFFICER OF THE APPLICANT.

Signature: ______________________________________ Title: ______________________________

Print Name: ______________________________________ Date: ________________________________

PLEASE SUBMIT THIS APPLICATION TO:
Target Insurance Services
40 Shuman Blvd., Suite 330
Naperville, IL 60563
apl@target-capital.com