

**American Tax Preparers Program
Application for Professional Liability Insurance**

Dear Prospective Client,

Thank you for considering the American Tax Preparers Professional Liability Insurance Program, which is endorsed by the *National Society of Tax Professionals*. Target Insurance Services administers this program, and coverage is provided by The Hartford.

In addition to the application that follows, you'll find Coverage Cost Indications on the next page to help you estimate your cost in advance. Be sure to note the Bookkeeping Factors if you'd like coverage for this service. And if your firm has been in business for less than three years, please include your resume with your application.

You can return your completed application in any of three ways:

1. Scan all pages and email the file to: taxpreparers@target-capital.com
2. Fax the document to: 630-961-0284
3. Mail your application to:

Target Insurance Services
American Tax Preparers Program
1230 East Diehl Road
Suite 350
Naperville, IL 60563

Assuming your firm is eligible for coverage, you can expect to receive your policy within seven-to-ten business days. We will email these documents to the email address you provide on your application. ***You will be directly billed by The Hartford once the policy is in effect. The bill will provide you with 20 days to you're your payment, which can be made by check or electronic funds transfer.***

Please feel free to contact us if you have any questions:

Shelley Cvek

Dawn Harris

Toll-free: 800-692-5752, Ext. 228240

Toll-free: 800-692-5752, Ext. 228223

scvek@target-capital.com

dharris@target-capital.com

Thank you for considering our program. We look forward to serving you!

P.S. If you've had prior claims, please complete and return a Supplemental Claim / Error Reporting Form along with your application. All forms are available online at: www.target-capital.com/apps_forms.asp. From the list at the top of this page, select Tax Preparers Liability Insurance.

American Tax Preparers Professional Liability Insurance Program
COVERAGE COST INDICATIONS

The costs below include an administrative fee which helps cover expenses associated with the Risk Purchasing Group used to maintain favorable rates.

A \$100 DEDUCTIBLE APPLIES TO ALL RATES.

| NY ONLY | \$10,000 EACH CLAIM \$10,000 AGGREGATE | \$25,000 EACH CLAIM \$25,000 AGGREGATE | \$50,000 EACH CLAIM \$50,000 AGGREGATE | \$100,000 EACH CLAIM \$100,000 AGGREGATE |
|---|---|---|---|---|
| NUMBER OF PEOPLE TO BE COVERED | | | | |
| 1-3 | \$191 | \$372 | \$553 | \$733 |
| 4 | 234 | 459 | 683 | 908 |
| 5 | 278 | 546 | 814 | 1082 |
| 6 | 322 | 633 | 947 | 1256 |
| 7 | 365 | 720 | 1075 | 1430 |
| 8 | 409 | 807 | 1206 | 1605 |
| 9 | 452 | 894 | 1337 | 1779 |
| 10 | 496 | 982 | 1467 | 1953 |
| 11 | 539 | 1069 | 1598 | 2127 |
| 12 | 583 | 1156 | 1729 | 2302 |
| 13 | 626 | 1243 | 1859 | 2476 |
| 14 | 670 | 1330 | 1990 | 2650 |
| 15 | 714 | 1417 | 2121 | 2824 |

TABLE 3 COST FACTORS FOR OPTIONAL BOOKKEEPING COVERAGE

If you would like bookkeeping coverage, multiply your Coverage Cost Indication from the Table above by the appropriate factor below.
PLEASE NOTE: If you employ more than 15 people, we will rate your Bookkeeping coverage for you.

| BOOKKEEPING AS A % OF TOTAL WORK | CHARGE FACTOR |
|----------------------------------|---------------|
| 1-10% | 1.15 |
| 11-25% | 1.25 |
| 26% OR MORE | 1.33 |

TWIN CITY FIRE INSURANCE COMPANY-Indianapolis, IN,

**TAX PREPARERS ERRORS AND OMISSIONS LIABILITY INSURANCE
APPLICATION FOR A CLAIMS MADE POLICY**

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.

NOTICE: THIS PROFESSIONAL LIABILITY INSURANCE IS WRITTEN ON A CLAIMS-MADE AND REPORTED BASIS AND PROVIDES COVERAGE FOR THOSE CLAIMS WHICH ARE FIRST MADE AND REPORTED TO THE COMPANY WHILE THIS INSURANCE IS IN FORCE AND WHICH ARE THE RESULT OF WRONGFUL ACTS OCCURRING ON OR AFTER THE RETROACTIVE DATE SHOWN IN ITEM 8 OF THE DECLARATIONS PAGE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT, AN EXTENDED REPORTING PERIOD APPLIES. THE INSURANCE PROVIDED BY THIS POLICY PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS WILL BE REDUCED BY AMOUNTS INCURRED FOR DEFENSE COSTS. DEFENSE COSTS SHALL ALSO BE APPLIED AGAINST THE RETENTION AMOUNT.

1. Firm Name: _____

Contact Name: _____

Address: _____

Street

City

State

ZIP

Telephone: _____ Fax: _____

Email Address: _____

2. A. Firm is: Individual Partnership Corporation Other

B. Date firm was established: _____

(If less than 3 years experience, please attach resumes for firm principal(s).)

3. Is this a part-time business? Yes No

4. Total number of staff: _____

(Please include yourself and all personnel, including clerical, who are involved in tax preparation & bookkeeping.)

5. Has the name of the APPLICANT been changed, or has the APPLICANT merged with or acquired another practice unit within the past 5 years? Yes No (If yes, please attach explanation)

6. Have you or your employees had a claim, or become aware of any circumstances which could give rise to a claim?

Yes No (If yes, please complete the Supplemental Claim / Error Reporting Form.)

7. The policy provides coverage for tax preparation and notary public work. Bookkeeping coverage is available for an extra charge.

A.) Do you want coverage for bookkeeping activities? Yes No

B.) What percentage of your business' gross receipts is bookkeeping? _____%

8. Please select desired coverage limits by checking one box from either Table A or Table B below:

Table A—U.S. (excluding New York)

| | |
|---|---|
| <input type="checkbox"/> \$10,000 each claim/\$20,000 aggregate | <input type="checkbox"/> \$50,000 each claim/\$100,000 aggregate |
| <input type="checkbox"/> \$25,000 each claim/\$50,000 aggregate | <input type="checkbox"/> \$100,000 each claim/\$200,000 aggregate |

Table B—New York only

| | |
|---|---|
| <input type="checkbox"/> \$10,000 each claim/\$10,000 aggregate | <input type="checkbox"/> \$50,000 each claim/\$50,000 aggregate |
| <input type="checkbox"/> \$25,000 each claim/\$25,000 aggregate | <input type="checkbox"/> \$100,000 each claim/\$100,000 aggregate |

9. Effective date desired: _____
 (NOTE: If you have *not* carried insurance in the past two years, we can include Prior Acts Coverage at your request. It will cover you for one year prior to the effective date above.

Yes Please provide Prior Acts Coverage for a period of one year prior to my effective date.

10. List all prior E&O liability coverage. If none, please state "None."

| INSURANCE COMPANY | POLICY NUMBER | LIMITS | INCEPTION DATE | EXPIRATION DATE |
|-------------------|---------------|--------|----------------|-----------------|
| | | | | |
| | | | | |
| | | | | |

NOTICE TO APPLICANT - PLEASE READ CAREFULLY

Not applicable in Florida, Georgia, Kansas, Kentucky, Maine, New Hampshire, North Carolina, Oregon, and West Virginia.

WARRANTY: The Applicant warrants that the information contained herein is true as of the date this application is executed and understands that it shall be the basis of the policy of insurance and deemed incorporated therein if the Company accepts this application by issuance of a policy. It is hereby agreed and understood that this warranty constitutes a continuing obligation to report to the Company, as soon as possible, any material change in the circumstances of the Applicant's business, including but not limited to size of firm, areas of business engaged in by the firm and information contained on each supplemental application submitted by the Applicant.

The Applicant hereby authorizes the release of all claims information from any prior insurer to the Company. The Applicant agrees that the organization releasing the information, its agents, servants or employees shall not incur any liability as a result of any information released or furnished pursuant to this authorization including any errors, omissions or mistakes contained in such released information.

NOTE: In applying for coverage, the Applicant agrees that in the event of covered losses, he/she will be required to be defended by an attorney appointed by the Company.

The Applicant hereby acknowledges that he/she is aware that the limit of liability shall be reduced, and may be completely exhausted, by defense costs and in such event, the Company shall not be liable for defense costs or for the amount of any judgment or settlement to the extent that such exceeds the limit of liability.

The Applicant hereby further acknowledges that he/she is aware that defense costs that are incurred shall be applied against the deductible amount.

The Applicant understands and accepts that the policy applied for provides coverage on a "claims-made and first reported" basis for only those claims that are made against the Insured while the policy is in force and that coverage ceases with the termination of the policy.

NOTICE TO APPLICANT - PLEASE READ CAREFULLY

Applicable in Florida, Georgia, Kansas, Kentucky, Maine, New Hampshire, North Carolina, Oregon, and West Virginia.

The Applicant represents that the information contained herein is true as of the date this application is executed and understands that it shall be the basis of the policy of insurance and deemed incorporated therein if the Company accepts this application by issuance of a policy. It is hereby agreed and understood that this representation constitutes a continuing obligation to report to the Company, as soon as possible, any material change in the circumstances of the Applicant's business, including but not limited to size of firm, areas of business engaged in by the firm and information contained on each supplemental application submitted by the Applicant.

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FRAUD WARNING STATEMENTS

ARKANSAS APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

COLORADO APPLICANTS: 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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER 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.

DISTRICT OF COLUMBIA APPLICANTS: 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."

FLORIDA APPLICANTS: 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.

HAWAII APPLICANTS: FOR YOUR PROTECTION, HAWAII LAW REQUIRES YOU TO BE INFORMED THAT PRESENTING A FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT IS A CRIME PUNISHABLE BY FINES OR IMPRISONMENT, OR BOTH.

KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.

LOUISIANA APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

MAINE APPLICANTS: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

MARYLAND APPLICANTS: ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NEW MEXICO APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

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."

OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

OKLAHOMA APPLICANTS: WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

OREGON APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD OR SOLICIT ANOTHER TO DEFRAUD AN INSURER: (1) BY SUBMITTING AN APPLICATION OR; (2) FILING A CLAIM CONTAINING A FALSE STATEMENT AS TO ANY MATERIAL FACT MAY BE VIOLATING STATE LAW.

PENNSYLVANIA 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 SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

PUERTO RICO APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD AN INSURANCE COMPANY PRESENTS FALSE INFORMATION IN AN INSURANCE APPLICATION, OR PRESENTS, HELPS, OR CAUSES THE PRESENTATION OF A FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS OR ANY OTHER BENEFIT, OR PRESENTS MORE THAN ONE CLAIM FOR THE SAME DAMAGE OR LOSS, SHALL INCUR A FELONY AND, UPON CONVICTION, SHALL BE SANCTIONED FOR EACH VIOLATION WITH THE PENALTY OF A FINE OF NOT LESS THAN FIVE THOUSAND (5,000) DOLLARS AND NOT MORE THAN TEN THOUSAND (10,000) DOLLARS, OR A FIXED TERM OF IMPRISONMENT FOR THREE (3) YEARS, OR BOTH PENALTIES. IF AGGRAVATED CIRCUMSTANCES PREVAIL, THE FIXED ESTABLISHED IMPRISONMENT MAY BE INCREASED TO A MAXIMUM OF FIVE (5) YEARS; IF EXTENUATING CIRCUMSTANCES PREVAIL, IT MAY BE REDUCED TO A MINIMUM OF TWO (2) YEARS.

TENNESSEE APPLICANTS: 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.

VIRGINIA APPLICANTS: 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.

VERMONT APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON, FILES AN APPLICATION FOR INSURANCE, OR A STATEMENT OF CLAIM CONTAINING ANY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH MAY BE A CRIME IN CERTAIN JURISDICTIONS.

WASHINGTON APPLICANTS: 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."

WEST VIRGINIA APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

NAME OF BROKER _____ BROKER LICENCE NO. _____
(Required: FLORIDA, IOWA, NEW HAMPSHIRE only) (Required: FLORIDA only)

PRINT NAME _____ NAME OF AGENCY _____

ADDRESS _____

DATE _____ BROKER SIGNATURE _____
(Required: NEW HAMPSHIRE onl)y

I HEREBY DECLARE that all statements and answers herein are full, complete and true to the best of my knowledge and belief and that no material circumstances or information concerning the subject matter of the questions asked has been withheld or omitted.

SIGNATURE OF APPLICANT* _____ DATE _____

PRINT OR TYPE NAME AND TITLE _____

*Signing this form, or deposit of the remittance, does not bind the APPLICANT, company or underwriting manager to complete the insurance. Application must be signed and dated to be considered for coverage.

IMPORTANT: Please check one answer to the question below.
Where did you learn about the American Tax Preparers Purchasing Group and/or Target Insurance Services?

- ___ Internet Search Engine
- ___ NSTP Web Site
- ___ NAEA Web Site
- ___ Advertisement (Where? _____)
- ___ IRS Forum / NSTP Conference
 - ___ Anaheim, CA
 - ___ Chicago, IL
 - ___ New York City
 - ___ Orlando, FL
 - ___ Atlanta, GA
 - ___ Las Vegas, NV

___ Other (Please explain: _____)
