

Short Form/Warranty

Underwritten by The Hanover Insurance Company

CPAOnePro Risk Purchasing Group Application

CLAIMS-MADE WARNING FOR APPLICATION

THIS POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY CAN BE COMPLETELY EXHAUSTED BY CLAIMS EXPENSES AND CLAIMS EXPENSES WILL BE APPLIED AGAINST THE DEDUCTIBLE. WE WILL HAVE NO LIABILITY FOR CLAIMS EXPENSES OR THE AMOUNT OF ANY JUDGEMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

RISK PURCHASING GROUP NOTICE

This Accountants Professional Liability Risk Purchasing Group Policy is not protected by an insurance insolvency guaranty fund in this state, and the insurer or Risk Purchasing Group may not be subject to all the insurance laws and rules of this state.

IMPORTANT NOTICE REGARDING RISK PURCHASING GROUPS

Disclosure Pursuant to Federal Law Regarding Purchasing Groups [15 U.S.C. SEC. 3901, et seq] the National Small Business PG, Inc. is a "Purchasing Group", as defined under Federal law, formed to purchase liability insurance on a group basis for its Members to cover the similar or related liability exposure(s) to which the Members of the Purchasing Group are exposed by virtue of their related, similar, or common businesses or services. Members do not share limits and each member is provided with its own policy and/or evidence of insurance.

Please fully answer all questions. Complete all sections, including the appropriate supplements. If space is inadequate to answer all questions in full, please provide details on a separate page.

By completing and submitting this Application you are applying for both professional liability insurance and membership into the National Small Business PG, Inc. (a Risk Purchasing Group).

Throughout this Application the words "you" and "your" refer to the applicant herein, and any subsidiary, partner, officer, director, member, covered independent contractor or employee of the applicant. The words "we", "us", and "our" refer to the insurance company to which this Application is made.

Firm Details

1. Name of Firm _____

Address _____

City _____ State _____ County _____ Zip _____

Name of Contact _____ E-mail _____

Telephone _____ Fax _____ Date Firm Established _____

Website _____ Legal Entity Type _____

Practice Details

2. Have **you** merged with or acquired any firms in the past 5 years? YES NO
3. Within the past 5 years, have **you** provided any professional services:
- a. To a publicly traded company? YES NO
 - b. In connection with securities offerings, registration or sale of securities? YES NO
 - c. To any outside entity where **you** were a director, officer, partner or manager? YES NO
 - d. To any outside entity where **you** or a spouse held an equity or financial interest greater than 10%? YES NO
 - e. In connection with any investment syndication or tax shelter, including investment partnerships designed for tax shelters? YES NO
 - f. To a bank, insurer, or other financial institution? YES NO
- A financial institution is defined as an insurance company or insurance company holding company or affiliate thereof, a bank, credit union, savings and loan, savings Association, building association or other banking institution, bank holding company or affiliate thereof.***
- g. In connection with business valuation services? YES NO
 - h. Related to Information Technology? YES NO
4. Have **you** become registered with the Public Company Accounting Oversight Board (PCAOB)? YES NO

Risk Management Details

5. Have **you** failed a Peer or Quality Review in the past 3 years? YES NO
6. Within the past 5 years has any member of **your** firm had a professional license suspended or revoked? YES NO
7. Other than in connection with personal tax returns, have **you** sued to collect fees within the past 5 years? YES NO

Claims and Insurance Details

8. After inquiry, within the past 5 years have any claims or suits involving malpractice been made against you, a predecessor firm, a subsidiary or affiliate entity, any partner, stockholder and/or professional staff person? YES NO
9. Are **you**, after inquiry of stockholders, partners and employees, aware of any incident, circumstance, dispute, fee problem, or employee problem, which could result in a claim being made against the Firm, its predecessors, subsidiaries, affiliates or any partner, stockholder or employee? YES NO

***Please contact your agent if you have answered "Yes" to one or more of the questions above. Additional information may be required prior to binding.**

Incorporated Documents - To be completed by broker

10. Description of attached application incorporated by reference: _____
11. Date attached application was signed: _____

CPAOnePro Accountants Professional Liability Cyber and Data Security Supplement

1. Do **you** have a formal procedure for destroying or archiving old client files? YES NO
2. Do **you** have a formal policy regarding the security of client files removed from the office? YES NO
3. Are all client files contained on laptops or portable media devices encrypted? YES NO
4. Do **your** laptops have installed tracking and data removal software? YES NO
5. Are all servers or network computers "firewall" protected against outside access? YES NO
6. Are all firewalls and firewall software current and regularly updated? YES NO
7. Do **you** log and monitor access to your network? YES NO
8. Do **you** have a formal procedure for the disposal of obsolete computers, faxes, scanners and/or hard drives? YES NO
9. How often is sensitive information backed up?
 Daily Weekly Monthly Other _____
10. Does the firm accept credit cards for services rendered? YES NO
 - a. If **Yes**, please state the approximate % of revenues from credit card transactions in the last 12 months _____ %
 - b. What steps are taken to prevent theft of card info?

11. Are all personnel advised of the obligations to secure client privacy? YES NO
12. Do **you** have a client notification system in place in the event of loss or theft of personal records? YES NO
13. Within the past 5 years have any client records in **your** custody or control been lost or stolen? YES NO
14. How frequently are passwords changed?
 Monthly Every 3 Months Every 6 Months Every 9 Months Other _____
15. Do **you** undertake background checks for all new hires? YES NO
16. Are passwords and network access immediately revoked for former personnel? YES NO

DECLARATIONS AND NOTICE TO APPLICANT

If you are aware of any incident, fact, circumstance, act or omission that could reasonably result in a professional liability claim against you or any insured listed in this Application, you should immediately file a report with your current carrier.

The undersigned, acting on behalf of all Applicants, represents that the statements set forth in this Application are true and correct and that thorough efforts were made to obtain requested information from each and every Applicant proposed for this insurance to facilitate the proper and accurate completion of this Application.

The undersigned agree that the information provided in this Application and any material submitted herewith are the representations of all the Applicants and that they are material and are the basis for issuance of the insurance policy provided by us. The undersigned further agree that the Application and any material submitted herewith shall be considered attached to and a part of the policy. Any material submitted with the Application shall be maintained on file (either electronically or paper) with us.

It is further agreed that:

- If any of the Applicants discover or become aware of any significant change in the condition of the Applicants Organization between the date of this Application and the **policy** inception date, which would render the Application inaccurate or incomplete, notice of such change will be reported in writing to us as soon as practicable;
- Any **policy** issued, will be in reliance upon the truthfulness of the information provided in this Application; provided, however, with respect to such information, no knowledge or information possessed by any Applicant shall be imputed to any other Applicants. If any person or persons knew as of the **policy** inception date that such information contained in the Application(s) was untrue, inaccurate or incomplete, then Coverage may be denied with respect to that person or persons if such information was material to issuance of the **policy**. However, if the Chairperson of the Board of Directors, President, Chief Executive Officer, or Executive Director of the Applicant knew as of the **policy** inception date that such information contained in the Application(s) was untrue, inaccurate or incomplete, then Coverage may be denied with respect to that person or persons and the Applicant Organization if such information was material to issuance of the **policy**;
- Statements in the Application, facts pertaining to or knowledge possessed by the individual signing the Application shall be imputed to the Applicant; and
- By completing and submitting this Application you are applying to both professional liability insurance and membership into the National Small Business PG, Inc. (a Risk Purchasing Group).
- As a member of the Risk Purchasing Group, you are consenting to the use of electronic transactions and communications.
- The signing of this Application does not bind the undersigned to purchase insurance.

NOTICE TO ALABAMA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

NOTICE TO ARIZONA AND MISSOURI APPLICANTS: Claim Expenses are Inside the Policy Limits. All claim expenses shall first be subtracted from the limit of liability, with the remainder, if any, being the amount available to pay for damages.

NOTICE TO ARKANSAS, LOUISIANA AND 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.

NOTICE TO 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 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.

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: Warning: 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.

NOTICE TO 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.

NOTICE TO 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.

NOTICE TO IDAHO AND OKLAHOMA APPLICANTS: 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.

NOTICE TO KANSAS APPLICANTS: Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by 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 or insurance agent or broker, any written statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

NOTICE TO KENTUCKY 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.

NOTICE TO MAINE, TENNESSEE, VIRGINIA, AND 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.

NOTICE TO MARYLAND APPLICANTS: 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.

NOTICE TO MICHIGAN APPLICANTS: Any person who knowingly and with intent to defraud an insurance company or another 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 act, which is a crime and subjects the person to criminal and civil penalties.

NOTICE TO NEW JERSEY APPLICANTS: Any person who knowingly includes any false or misleading information on an application for an insurance policy or files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

NOTICE TO NEW HAMPSHIRE 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.

NOTICE TO NEW MEXICO AND RHODE ISLAND 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.

NOTICE TO 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.

NOTICE TO OREGON APPLICANTS: Any person who knowingly and with intent to defraud or solicit another to defraud any insurance company: (1) by submitting an application, or (2) by filing a claim containing a false statement as to any material fact, may be violating state law.

NOTICE TO 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.

NOTICE TO VERMONT APPLICANTS: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

Except to such extent as may be provided otherwise in the policy, the policy for which Application is being made is limited for ONLY THOSE CLAIMS FIRST MADE AGAINST YOU while the policy is in force.

Signature of Applicant* _____ Date _____

Title _____

*** Must be signed by Chief Executive Officer, President, Chief Financial Officer, Managing Partner or Owner. The completion of this form does not bind or guarantee coverage**

Program Administrator: McGowan & Company, Inc.

Submitting Producer: _____ License: _____