

THE SOCIETY OF MANAGEMENT ACCOUNTANTS OF CANADA
2012-2013 New Business Application Professional
Liability / Errors & Omissions and Office Package Insurance
For Applicants in Nova Scotia, Prince Edward Island



General Information

- Please complete this application form in full since it forms the basis upon which insurance is provided.
- In the event of a non-disclosure, a claim may be refused at the option of the Insurer.

Entity Name _____

Are you incorporated? YES NO

Contact Name _____

CMA Membership # _____

Phone # _____ Fax # _____ Email _____

Mailing Address _____

City _____ Province _____ Postal Code _____

Section A: Information

A.1. Are you a member in good standing with the Society of Management Accountants? YES NO

A.2. Are you registered in public practice? YES NO
If 'NO', are you self-employed? YES NO

A.3. What do you estimate will be your total annual gross receipts from all sources for the next 12 month period? \$ _____

A.4. On what date was your business established? _____

A.5. What percentage of your total receipts is generated by your largest client? _____ %
If more than 30%, please answer the following:

- i. How many clients do you have in total? _____
- ii. How many clients do you expect to have by December 31, 2011? _____
- iii. Who is the client generating the percentage indicated in questions A.5 _____
- iv. What type of work are you doing for them? _____

A.6. Do you provide any of the following services? YES NO

- i. Property Management _____ % of billings
- ii. Trustee in Bankruptcy or Immigration, Estate Administration or Executors _____ % of billings
- iii. Audits _____ % of total billings

Please provide a breakdown of your revenues from audit services for:

- a. non-profit organizations _____% of billings
- b. private companies _____% of billings
- c. publicly traded companies _____% of billings
- iv. Forensic Accounting Services _____% of billings

A.7. Do you have the CFI or CFE designation? YES NO
If 'YES', please send a copy of your designation certificate along with this application. CMA's with this designation can receive coverage for Forensic Accounting.

A.8. Do you sell, manufacture, install, maintain, or repair any computer software? YES NO
If 'YES', what percentage of your total receipts are generated by this service? _____%

A.9 Are you performing any Information Technology Services? YES NO

A.10 If 'YES', please indicate what percentage of the gross receipts were derived from IT services? _____%
Please note if A.10 is more than 30% you must complete a supplementary IT application, please contact Kristin Mavroudi at KRISTINM@LMS.ca to obtain a copy.

A.11 Do you render services outside of Canada? YES NO
If 'YES', describe the type of work & country where the work is provided on a separate page.

A.12 Gross receipts from services outside Canada \$ _____

Section B: Claims

- B.1.** After making an inquiry of all members of the applicant's personnel has anyone, including predecessors in business and former staff, either individually or otherwise:
- i. Ever been the subject of one or more claims* with respect to professional services? YES NO
 - ii. Given notice of a possible claim* to an insurer with respect to professional services? YES NO
 - iii. Become aware of any facts or circumstances which could give rise to a claim* with respect to professional services? YES NO

If "YES", please give full details including dates, circumstances, names of claimants, amounts involved, etc on separate page.

* For the purpose of this application the word "claim(s)" used in question B.1 shall mean:

- ✓ A verbal or written claim for money damages;
- ✓ A verbal or written allegation;
- ✓ A fact or circumstance which could reasonably give rise to a claim for money damages.

B.2. Has any partner or principal for the entity stated or listed on this application ever been subject to a dismissal, suspension, or disciplinary sanction by the Society? YES NO

Section C: Professional Liability Insurance

Premiums for Certificate Holders:

Limit of Liability (Per Loss/Aggregate per Certificate)	\$0-\$30,000 in annual receipts	\$30,001- \$80,000 in annual receipts	\$80,001- \$160,000 in annual receipts	\$160,001 - \$250,000 in annual receipts	\$250,001 - \$400,000 in annual receipts	\$400,001- \$600,000 in annual receipts	>\$600,000 in Annual receipts
\$500,000 / \$1,000,000	\$1,030	\$1,215	\$1,323	\$1,512	\$1,801	\$1,974	\$2,051
\$1,000,000 / \$2,000,000	\$1,255	\$1,489	\$1,620	\$1,851	\$2,206	\$2,415	\$2,510
\$2,000,000 / \$4,000,000	\$1,698	\$2,083	\$2,267	\$2,591	\$3,087	\$3,382	\$3,515

Higher limits are available upon request. Please contact Kristin Mavroudi, 1.800.663.6828 ext. 7703

- C.1.** Provide the following information for each partner or principal for the entity stated, including yourself. CAs and CGAs who are partners or principals with the applicant firm **must** either purchase E&O insurance under this program or provide proof of E&O insurance purchased through another insurer.

Name	Accounting Designation (CMA, CA, or CGA)	Professional Membership #	Other Professional Designations	Premium (as per Page 2 chart)
SUBTOTAL PREMIUM:				
Applicable Discounts: 1 paying CMA/CA/CGA = no discount 2 or 3 paying CMAs/CAs/CGAs = 10% > 3 paying CMAs/CAs/CGAs = 20%				()
TOTAL PREMIUM:				

- C.2. Income Tax Penalties *Extension of Coverage*:** Do you perform any tax preparation work? YES NO

If 'YES', you must purchase this coverage. If you have performed tax preparation work in the past but are no longer doing so you must purchase this coverage in order to have coverage for your prior services rendered (*even if you have purchased this coverage in the past*).

Annual Premium	C.2.A: # of Accounting Professionals listed above who are performing Tax Services	Calculate Premium, if applicable (\$100 x # professionals listed in column C.2.A)
\$100		

Section D: Office Package Insurance

Both Options A and B are on a replacement cost basis. Applicable deductibles for both Basic and Comprehensive Office Packages: 5% Earthquake; \$5,000 Flood; \$2,500 Sewer Backup, \$1,000 All other property losses; \$2,500 All liability losses.

Option 1: The Basic Office Package

Please note that limits cannot be increased under this Basic Package, with the exception of Commercial General Liability. The maximum limit of insurance available is \$25,000 inclusive of ALL coverage extension limits you see in the table below, with the exception of Commercial General Liability.

	Basic Premium Limits for Program	Totals
Office Contents <ul style="list-style-type: none"> - 90% co-insurance applies - including Leasehold Improvements and Laptops - Also includes EDP/Computer Equipment up to a limit of \$10,000 	\$25,000	\$350
Business Personal Property <ul style="list-style-type: none"> Equipment Temporarily Away from Premises \$2,500 Off Insured's Premises \$2,500 Newly Acquired Property (subject to 120 day reporting) \$2,500 		Included
Personal Effects of Employees <ul style="list-style-type: none"> Any One Loss \$1,250 		Included
Removal of Debris after Loss	Included	Included
Extra Expense	\$2,500	Included
Valuable Papers & Records	\$500	Included
Accounts Receivable	\$500	Included
Loss of Business Income	Actual Loss Sustained	Included
Money & Securities <ul style="list-style-type: none"> On & Off Premises \$250 		Included
Professional Fees <ul style="list-style-type: none"> Included \$500 		Included
Blanket Glass & Sewer Backup	Included	Included
Commercial General Liability including, but not limited to: <ul style="list-style-type: none"> Non Owned Auto \$1,000,000 Tenants Legal Liability, All Risks \$1,000,000 Medical Payments - Per Person \$5,000 Medical Payments, Per Occurrence \$25,000 		Included <i>(CGL and Non-owned auto can be increased to \$2,000,000 for additional \$100 flat rate)</i>
Basic Annual Premium:		\$350
\$100 Additional CGL Premium (if applicable) to increase to \$2,000,000:		
TOTAL ANNUAL PREMIUM:		

Option 2: The Comprehensive Office Package

The coverage extension limits listed in the table below are IN ADDITION to the \$25,000 in contents coverage. Please refer to the policy wording for a full list of extensions. Please note if increasing contents and/or computer limit, Equipment Breakdown must also be increased.

	Basic Premium Limits for this Comprehensive Package	Additional Limits Required (above basic limit)	Rates per \$1,000 for Additional Coverage Above Basic Limit	Totals
Base Premium:				\$710
Office Contents - **90% co-insurance applies - including Leasehold Improvements and Laptops	\$25,000	\$	@ \$1.20	
Value of Computer Equipment (includes hardware, software, phone systems, printers, copiers, fax etc.)	\$25,000	\$	@ \$1.20	
Equipment Breakdown Coverage – must be increased to match the combined contents and computer limits if they are in excess of \$50,000	Up to \$50,000	\$	@ \$1.00	
Personal Effects of Employees Any One Loss	\$10,000	Not Available	Not Applicable	Included
Removal of Debris after Loss	Included	Not Available	Not Applicable	Included
Accounts Receivable	\$25,000	\$	@ \$1.20	
Extra Expense	\$25,000	\$	@ \$1.20	
Outdoor Signs	\$10,000	\$	@ \$5.75	
Valuable Papers & Records	\$25,000	\$	@ \$1.20	
Loss of Business Income	Actual Loss Sustained	Not Available	Not Applicable	Included
Money & Securities On- & Off Premises	\$5,000	\$	@ \$17.50 (per \$100)	
Employee Dishonesty	\$5,000	Not Available	Not Applicable	Included
Professional Fees Included	\$25,000	Not Available	Not Applicable	Included
Deferred Sales	\$25,000	Not Available	Not Applicable	Included
Expediting Expense	\$25,000	Not Available	Not Applicable	Included
Cost to Prepare Proof of Loss	\$5,000	Not Available	Not Applicable	Included
Home Office Extension	\$10,000	\$	@ \$1.20 (per \$100)	
Commercial General Liability <i>including, but not limited to:</i>	\$2,000,000	\$	\$75 per additional \$1,000,000 to maximum of \$5,000,000 for CGL and NOA \$25 flat to increase TLL to \$2,000,000	
Non Owned Auto	\$2,000,000	\$		
Tenants Legal Liability, All Risks	\$1,000,000	\$		
Medical Payments - per person Medical Payments, per occurrence	\$5,000 \$25,000			
Blanket Glass	Included	Not available	Not applicable	Included
Sewer Backup	Included	Not available	Not applicable	Included
Building 90% Co-Insurance Applies	Not Included	\$	Contact Broker	Broker to Quote
Basic Annual Premium:				\$710
Premium for Additional limits:				
TOTAL ANNUAL PREMIUM:				

** Co-insurance provision can be amended to Stated Amount, upon receipt of Statement of Values Form.

This must be provided with completed application, please see Appendices A & B

Section E: Premium Summary

Please complete the following:

Premium for Professional Liability (<i>prorated to January 1, 2013. Note \$300 min premium applies</i>)	\$
Premium for Income Tax Penalties Extension (<i>prorated to January 1, 2013. Note \$50 min premium applies</i>)	\$
Premium for Office Package (<i>prorated to January 1, 2013. Note \$100 min premium applies</i>)	\$
TOTAL:	\$

Payment Options

- ✓ **Full payment.** Please make your cheque payable to 'LMS PROLINK Ltd'.
- ✓ **Credit Card.** Please complete the attached credit card payment form (*Appendix C*).

Disclosure and Consent

As part of my application for insurance I consent to the collection and use of personal information required for purposes of considering my application for errors and omissions insurance by the insurer INTACT Insurance Company and the authorized insurance broker, LMS PROLINK Ltd a member of The ProLink Insurance Group Inc. The insurer and the broker are authorized to collect, use, and disclose personal information and provide such personal information to third parties, as required for the purpose of underwriting this application for insurance, as permitted by the relevant provincial and federal privacy laws or other applicable laws. The privacy policy of INTACT Insurance can be viewed at the website www.intactinsurance.ca.

I understand that at any time I may ask to review the personal information pertaining to my application for insurance and the insurer and broker will be obligated to provide me with any information I am entitled to receive under the relevant provincial and federal privacy laws or other applicable laws.

I have reviewed the information in this Application, gathered information from all partners/directors/ officers/ employees/agents under this entity whether present or prior regarding their knowledge or awareness any error, omission or negligent act in the performance of professional services for others.

The Claim Information Forms, if any, that are attached to this Application include the details of:

- A. All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against the us (the Applicant);
- B. All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the applicant) in the future. All such claims, suits and incidents have been reported to our (Applicants) current or prior insurer(s). It is understood and agreed that all such claims, suits, arbitrations, fact situations and incidents will be excluded from coverage under any policy issued by the Company.

It is understood and agreed that failure to provide true and complete response to any of the questions, statements or request for information in this Application or to provide any other information material to this Application may, at the sole option of the Company, result in the voiding of the insurance policy issued in reliance on this Application and /or denial of coverage for specific claims asserted against us (the Applicant) or any other insured under the policy. The undersigned on behalf of Applicant and all other insured under any this policy issued by the Company, hereby waives any defense to an action by the Company for recession of such policy based upon misrepresentation of fact or failure to disclose material information in connection with this Application. Applicant agrees to hold the Company harmless from all loss as a result of any such misrepresentation or failure to disclose, including, without limitation, all costs and attorney fees incurred by the Company in connection with said action for rescission.

I HEREBY DECLARE that the above statements and particulars are true to the best of my knowledge, that I have not suppressed or misstated any facts and I agree that this application shall form part of the insurance policy. I also acknowledge that I am obligated to report any changes that could affect the disclosures in this application that occur after the date of signature, but prior to the effective date of coverage.

Print Name, Principal or Owner

Date

Signature of Partner, Principal or Owner

Please sign and date this completed application and send it to our office at the address below along with your payment.

Mailing Address: LMS PROLINK Ltd. | 480 University Avenue | Suite 800 | Toronto, ON | M5G 1V2

Attention: Kristin Mavroudi | CMA Program Manager | **TF:** 1.800.663.6828 x 7703 | **E:** KristinM@LMS.ca

Appendix A: Co-Insurance vs. Stated Amount

Co-Insurance (90%)

Under the terms of this clause, property must be insured for an amount equal to or exceeding 90% of its insurable value. Failure to do so will result in a penalty for under reporting/declaring/insuring if there is a partial loss.

The penalty is based on what you should have insured for (*in this case 90% or higher of the insurable value*) and the amount underreported (*the amount you actually insured for*).

As an example: *Office contents are actually valued at \$40,000 and have a 90% coinsurance clause. This means they should be insured for a minimum of \$36,000. They are insured for only \$30,000. Since the insured value is less than 90% of the actual value, when there is a partial loss, the recovery will be subject to the underreporting penalty.*

There is a loss of \$15,000...

Formula: $\$30,000$ (amount insured for) / $\$36,000$ (amount should be insured for) x $\$15,000$ (loss) = $\$12,500$ (recovery)

In this example the underreporting penalty would be \$2,500

Note the penalty is only applicable in a partial loss.

If there was a total loss of \$40,000, the insured would claim \$30,000 as this is the TOTAL they are insured for.

Stated Amount

By completing a Statement of Values form, in the event of a partial loss, the co-insurance penalty is waived. The claim would be settled based on the amount of the claim up to the maximum Stated Amount on the policy/certificate.

Using the Above Example: *Contents are actually valued at \$40,000 but insured for only \$30,000 as declared on the Statement of Values form. Since this is the stated amount declared, this is the total limit of insurance provided. The co-insurance clause is waived.*

There is a loss of \$15,000...

Because the contents are insured up to \$30,000, and are not subject to the underreporting penalty, recovery is \$15,000

Note in the event of a total loss of \$40,000, the insured would only recover \$30,000 as this was the total declared on the Statement of Values.

If you have any questions please contact Kristin Mavroudi of LMS PROLINK.

TF: 1.800.663.6828 x 7703 | E: KristinM@LMS.ca

Appendix B: Statement of Values

Date of Policy or Renewal: _____

Note 1: The policy wording will be drawn to cover only property for which values are given in the respective columns.

Note 2: Separate values are required on each separately rated building *(and on its contents if included in the insurance)*

	CONTENTS		BUILDING	
	Item	Replacement Cost Today	Location	Replacement Cost Today
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL:				

Company: _____

Date: _____

Submitted By: _____

Signature: _____

Appendix C: Credit Card Payment Authorization Form

Date of Transaction _____

Customer Code / Customer Number _____
(TO BE COMPLETED BY LMS PROLINK)

Entity Name _____

Name of Person Authorizing Payment _____

Name on Card _____

Type of Card VISA MASTERCARD

Credit Card Number _____

Credit Card Expiry Date _____

Total Amount to be charged _____

Request from CSR/TSR
(TO BE COMPLETED BY LMS PROLINK) _____

**NOTE: FULL PAYMENT WILL BE APPLIED TO THE CREDIT CARD INFORMATION SUBMITTED ABOVE.
THERE IS NO INSTALLMENT PLAN BY CREDIT CARD.**