
Professional Indemnity Insurance Proposal Form

Accountants

IMPORTANT NOTICE

Your Duty of Disclosure

Before you enter into a contact of general insurance with any insurer, you have a duty, under the Insurance Contracts Act 1984, to disclose to the insurer every matter you know or could reasonably be expected to know to be a matter relevant to the decision of the insurer whether to accept the risk and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of insurance.

Your duty however does not require disclosure of a matter:

- that diminishes the risk to be undertaken by the insurers;
- that is common knowledge;
- that the insurers know or, in the ordinary course of business as insurers, ought to know; or
- as to which compliance with your duty is waived by the insurers.

The requirement of full and frank disclosure of anything which may be material to the risk for which you seek cover (for example, claims, whether founded or unfounded), is of the utmost importance with this type of insurance.

If you do not understand any part of this Proposal Form, seek advice from your professional insurance adviser, as you will be bound by your answers and any of the information provided by you.

Non-Disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce their liability under the contract in respect of a claim. If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

Claims Made & Notified Insurance

This insurance is written on a "claims made and notified" basis. This means that the insurer indemnifies you for Claims (as defined) that are made against you during the period of insurance and notified to the Insurer during the period of insurance. The policy does **not** provide cover for any claims made against you during the period of insurance if at any time prior to commencement of the period of insurance you became aware of facts which might give rise to those Claims being made against you.

Section 40(3) of the Insurance Contracts Act 1984 provides that where you gave notice in writing to the insurer of any facts that might give rise to a Claim against you as soon as reasonably practical after you become aware of those facts, but before the

expiry of the period of insurance, the insurer cannot refuse to pay a Claim which arises out of those facts, when made, because it was made after the period of insurance had expired.

The policy does not cover your civil liability for breach of professional duty arising from any claim:

- first made prior to the inception of the Policy;
- directly or indirectly based upon, or attributable to, or in consequence of, any incident, occurrence, fact or matter which you knew or ought or should have reasonably known, had the potential to give rise to a claim under the Policy; or
- directly or indirectly based upon, or attributable to, or in consequence of any fact, matter, circumstance or occurrence which has been notified under any other insurance attaching prior to the inception date of the Policy.

Retroactive Date

The proposed insurance may be limited by a retroactive date. If so, the policy will not cover any claims or circumstances arising from any events, omissions or conduct prior to such retroactive date.

Subrogation

Where you have prejudiced the insurer's rights to recover a loss from another party, this may have the effect of excluding or limiting the insurers liability in respect of that loss.

Change in Risk or Circumstances

You should advise the insurer(s) as soon as practicable of any material change in your business activities (as disclosed in the Proposal Form).

Privacy

New privacy legislation took effect on 21st December 2001. The legislation regulates the way private sector organizations can collect, use, keep, secure and disclose personal information. We have developed a privacy policy that explains what sort of personal information we hold about you and what we do with that information. Please refer to our website for a copy of our Privacy Statement.

Additional Notes

If there is insufficient space to adequately complete your answers, please provide further details on your letterhead, clearly identifying the question referenced.

Proposer Details

New Business

Renewal to Newline

1. **Name of Firm to be Insured (including any predecessors):**

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2. **Address of the Firm:**

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3. **Website of Firm (if applicable):**

www.

4. **Contact Details:**

Contact Person	
Email	
Telephone	

5. **Date since the Firm has continuously carried on the business:**

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6. **Please provide details of the Principal(s) of the Firm:**

Name in full of all Partners / Principals / Directors	Qualifications	Date Qualified	How many years as a Partner / Principal / Director	
			This Practice	Prior Practice

7. **Please state total numbers of:**

Principals/Directors		Other Technical Staff	
Qualified staff		Administrative/Other staff	

In the past 5 years, has your staff size increased or decreased by more than 50%

Yes No

8. **Does the Firm belong to any Professional Associations?**

ICAA CPA Australia NIA Other Please Specify: _____

9. If a sole practitioner, does the Proposer have a locum arrangement in force for periods of absence from the office due to leave or sickness? Yes No

SUB-CONTRACTORS

10. (a) Do you use the services of independent sub-contractors? Yes No

(i) If **No**, proceed to question 11, If **Yes**, do you require them to maintain their own Professional Indemnity insurance? Yes No

(ii) If **Yes**, what limit of indemnity do you require them to carry?

\$

- (iii) If **Yes** to Question 10(a)(i), do you require any consultant, sub-contractor or agent to be indemnified under your insurance? Yes No

If **Yes**, please state:

Name	Qualifications	Fees Paid (last financial year)

- b) What percentage of your income relates to sub-contracted work?

%

FEE INCOME INFORMATION

11. a) Please provide details of gross fees received for the following financial years:

	Last Year	Current Year	Estimated Year
Year End (Month / Year)	/	/	/
Gross Fees	\$	\$	\$
Average Fee	\$	\$	\$
Maximum Fee	\$	\$	\$

- b) Split of Gross Fees in the last complete financial year:

Accounting / Bookkeeping	%
Insolvency / Liquidation	%
Audit Public Company	%
Audit Private Company	%
Personal taxation	%
Business taxation	%
Secretarial / Share Registration	%
EDP / Computer Consultancy Services	%
Mergers & Acquisitions	%
Management Consultancy	%
Investment Advice	%
Executorship / Trusteeship	%
Business Valuations	%
Securities Services	%
Financial Planning	%
Mortgage / Finance Broking	%
Other	%
	100%

- (c) Please provide a percentage split of your income by geographical area:

NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Overseas
%	%	%	%	%	%	%	%	%

- (d) Please provide a percentage split of your income by client types:

Client Type		Client Type	
Individuals	%	Non-Profit or Charities	%
Individuals – High Net Worth (>\$10M)	%	Trusts (>\$5M)	%
Private Companies	%	Financial Institutions	%
Public Companies	%	Other	%
Government or Public Institutions	%	TOTAL	100%

GENERAL INFORMATION

12. (a) Has any person for whom insurance is now sought ever been the subject of disciplinary proceedings by the Institute of Chartered Accountants, CPA Australia, NIA or any other professional organisation? Yes No
- (b) In the last complete financial year, did more than 20% of fee income derive from one client? Yes No
- (c) In the last 5 years, has the firm merged with or acquired the business of any sole practitioner, accounting firm or any other business entity? Yes No

(d) Do you anticipate any material changes to the firm or its practice within the next 12 months? Yes No

If **Yes** to any of the above, please give full details:

13. In the last 5 years have you:

(a) Received loans from any client? Yes No

(b) Made recommendations as to the sale or purchase of any investments including specific stocks, bonds or other securities for which you received compensation? Yes No

(c) Provide information technology services? Yes No

(d) Provided (or has any member or former member of your firm provided) auditing or any consulting services to or acted as a Director or Officer or been a committee member of any financial institution? Yes No

If **Yes**, give full details of the nature of the association together with the name and business of the third party:

OPTIONAL COVERAGE EXTENSIONS

14. Do you require cover for the **Previous Business Activities** of any Partner / Principal / Director? Yes No

If **Yes**, Please complete the following, if **No** please proceed to question 15.

Name of Principal		
Name of Practice		
Position at Practice		
Period at Practice		
Fees for Practice (last complete year)	\$	\$
Reason for Leaving		

15. Do you require the cover to indemnify you in respect of any **Joint Ventures** you are involved in? Yes No

If **Yes**, give full details of the nature of the Joint Venture and the parties involved:

16. Do you require any **Fidelity** cover? Yes No

If **No**, go directly to Question 17. If **Yes**, please complete the balance of Question 16.

(a) Are satisfactory written references obtained from former employers for at least three years prior to the engagement of any employee responsible for money, accounts or goods? Yes No

(b) Has the proposer/s suffered any loss through fraud or dishonesty or are you aware, **AFTER ENQUIRY**, of any circumstances which might give rise to a loss against the Firm? Yes No

If YES, state date, circumstances, amount and steps taken to prevent a recurrence:

- (c) Do all cheques drawn for more than \$5,000 require at least two signatures? Yes No
- (d) Is cash in hand and petty cash and bank reconciliation checked independently of those employees responsible for cash or to deposit into or withdraw from bank accounts? Yes No
- (e) Are bank statements, receipts, counterfoils and supporting documents checked at least monthly against the cash book entries independently of those employees making cash book entries or paying into the bank? Yes No
- (f) Are employees receiving cash and cheques in the course of their duties required to pay in daily? Yes No

INSURANCE HISTORY

17. Has the Firm (or its predecessors) had any insurer decline a proposal, impose special terms or had a similar insurance cancelled or refused to renew? Yes No

If Yes, please provide full details:

18. Are you currently insured for Professional Indemnity insurance? Yes No

If Yes, please confirm:

Name of Insurer(s)	
Limit of Indemnity	
Retroactive Date	
Premium	
Excess	
Renewal Date	

LIMITS & EXCESS

19. (a) For what Limit/s of Indemnity are quotations required?
- \$1,000,000 \$2,000,000 \$3,000,000
\$5,000,000 \$10,000,000 \$20,000,000

Other - Please specify:

\$

- (b) Is a reinstatement of the Limit of Liability required? Yes No

If Yes, how many reinstatements are required? One Two Other: _____

- (c) There will be a minimum level of uninsured excess. Is a quotation required with a voluntary excess to achieve a premium saving? Please tick as appropriate:

\$2,500 \$5,000 10,000
\$20,000 \$50,000

Other - Please specify:

\$

CLAIMS INFORMATION

20. (a) If an insurance similar to that now proposed has been or is now in effect would any claim which has been made or which is now pending against any persons proposed for insurance fall within the scope of such insurance?

Yes No

If Yes, please give details including date and cost/estimated cost of claim/loss:

If Yes, what steps have been taken to prevent a recurrence?

- (b) Is any person aware, AFTER ENQUIRY, of any circumstances or incidents which he/she has reason to believe might give rise to any claim against the Directors, Officers or Employees of the Firm?

Yes No

If Yes, please give details including estimated cost of claim/loss:

RISK MANAGEMENT

21. Do you have a policies and procedures manual? Yes No

22. Do you have a written policy about screening and evaluating? Yes No

▪ New Clients Yes No

▪ Existing Clients Yes No

23. Do you use engagement letters or a standard form of contract or agreement? Yes No

If No, please provide details of the basis of engagement?

If Yes, do your contracts contain any of the following:

- Hold Harmless or Indemnity Agreements inuring to your benefit? Yes No
- Hold Harmless or Indemnity Agreements inuring to the benefit of others? Yes No
- Guarantees or warranties? Yes No
- Disclaimers inuring to your benefit? Yes No

24. Are verbal reports always confirmed in writing? Yes No

If No, how are they substantiated?

DECLARATION

I hereby declare that:

1. I am authorised to complete this Proposal Form and to accept the quotation terms for this insurance on behalf of the Firm referred to in Question 1 (including on behalf of its partners, principals and directors); and
2. All answers to the questions contained in this Proposal Form are, AFTER ENQUIRY, true and correct to the best of my knowledge and belief and that no material facts have been misstated, omitted or suppressed; and
3. I have received the Important Notice at the beginning of this Proposal Form and I have read and understood the contents therein; and
4. I understand that, up until a contract of insurance is entered into, I am under a continuing obligation to immediately inform the Underwriters of any change in the particulars or statements contained in this Proposal Form or accompanying documents; and
5. I understand that the submission of this Proposal Form does not bind either the Underwriters or the Firm specified in Question 1 to enter into a binding contract of insurance.

Signed: _____

Capacity: _____

Company: _____

Date: _____

A copy of this proposal should be retained by you for your own records.