

ACCOUNTANTS & CONSULTANTS PROFESSIONAL LIABILITY
Rating Guidelines CPAGold (Global)
State Exceptions – Rhode Island

Rating Guidelines CPAGold (Global)

Note 6 – Individual Risk Modification Plan is deleted and replaced by the following:

Note 6 -- Individual Risk Modification Plan

The firm's basic limits premium shall be modified, subject to a maximum credit or debit of +/-40%, to reflect such characteristics of the exposure to be insured that are not otherwise reflected in the rate. The modification factor to be applied will be the sum of the applicable credits or debits.

The following factors apply:

	<u>Classification</u>	<u>% Range</u>	
		Credit	Debit
1	Type of clients (Corporate/Government/Individual, etc.)	20	20
2	Internal Management of the Firm: a) Standards of Control greater or less than those of peers; or, b) Participation in peer audit; or, c) Remedial action to improve past shortcomings. d) Outside client directorships.	25	25
3	Unusual risk conditions: a) Unique conditions of exposure not usual b) To the practice type outlined in the practice specialties.	25	25
4	Ethics and Moral standing: a) Absence of ethical or moral standing as reflected by criminal complaint to a professional regulatory body; or, b) Contribution to the profession beyond the practices' usual sphere.	10	10

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Note 7 – Size of Firm is deleted and replaced by the following:

Note 7 – Size of Firm

<u># of Accounting Professionals:</u>	<u>Credit:</u>
1 – 3	0%
4 – 5	4%
6 – 9	8%
10 – 13	11%
14 – 16	13%
17 – 20	18%
21 – 30	20%
31 – 50	25%
Over 50	27%

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Accountants Professional Liability
Manual of Rules and Rates
Small Accountants, Bookkeepers, Enrolled Agents and Tax Professionals Liability Addendum

Rule 1.d. is deleted and replaced by the following:

- d. Determine the individual risk premium modification factor. The firm's basic limits may also be modified to reflect such characteristics of the exposures to be insured that are not otherwise reflected in its rate. The factor to be applied will be the sum of the applicable credits or debits below subject to a maximum credit or debit of +/-40%.

<u>Classification</u>	<u>% Range</u>	
	Credit	Debit
Firm History / Qualifications and Credentials / Expertise the length of time the firm has been in business, the various specialized qualifications and/or credentials the professionals have achieved, and how many of them are qualified/credentials, and the amount of time the professionals have been practicing	0% to 25%	+25% - 0%
Firm Financial Condition / Growth Plans ^{SEP} Balance sheet strength, contemplated or recent mergers / acquisitions	0% to 25%	+25% - 0%
Unusual Liability Exposures / Office Sharing / Other Office Locations Characteristics outside of a typical CPA firm such as locations outside the domiciled state, number of locations, professionals with unique, dual employment situations, extraordinary firm focus	0% to 25%	+25% - 0%
Client Involvements and Dependency ^{SEP} Diversity of clientele, if few clients provide the majority of revenues	0% to 25%	+25% - 0%
Severity Exposure / Complexity of Transactions Firms specializing in high value or complex transactions that increase the potential of a large loss	0% to 25%	+25% - 0%
Frequency Exposure / Transactions Handled Firms specializing in a high volume transactions that increase the potential of loss frequency	0% to 25%	+25% - 0%
Firm Structure / Industry Experience / Staffing Specialized focus, number of experienced professionals vs less experienced professionals, workload per staff member, usage of assistants	0% to 25%	+25% - 0%