

ACCOUNTANTS & CONSULTANTS PROFESSIONAL LIABILITY

Rating Guidelines CPAGold (Global)

The rating calculation is as follows: (Round to the nearest dollar after each step)

1. Determine the **number of professionals** from the application.
2. Determine the appropriate **Base Premium** for each professional employee of the firm *[See Note 1]*:

<u># of years of prior insurance</u>	<u>Step</u>
No prior acts coverage	1
One years of prior acts coverage	2
Two years of prior acts coverage	3
Three years of prior acts coverage	4
Four years or more of prior acts coverage	5

Round up to the nearest year.

Total the appropriate **Base Premiums** for each professional employee (using full-time equivalents - *See Note 1a*) and divide the result by the total **number of professional employee** to produce an **Average Base Premium** for the firm.

3. Multiply the number of professionals, including full-time equivalents, by the **Average Base Premium**. This yields the **Adjusted Base Premium**.
4. Determine the **Billings Factor Adjustment** (0.75 minimum to 1.15 maximum) *[See Note 2]*:
 - Divide the total gross billings by total number of professionals to determine the gross receipts per professional
 - Divide the total gross receipts per professional by the average for the state.
5. Determine the applicable **Practice Specialty Factors** and add them all together *[See Note 3]*.
6. Determine the **Claim Debit/Credit** from the formula in the Experience Rating Plan *[See Note 4]*.
7. Apply the **Defense Expenses Outside The Limit** adjustment if applicable *[See Note 5a]*.
8. Determine if any **Individual Risk Modifications Factors** apply and add them all together to determine the appropriate credit or debit *[See Note 6]*.
9. Determine the **Size Of Firm Credit** (if applicable) *[See Note 7]*.
10. Multiply 4 x 5 x 6 x 7 x 8 x 9 to determine the **Total Modification Factor**.
11. Multiply the **Basic Premium** developed in item 3 above, by the **Total Modification Factor** developed in item 10 above to determine the **Modified Base Premium**.
12. Add the cost of any optional professional coverage endorsement *[See Special Considerations]*.
13. Multiply the result from item 12 above by the appropriate **Deductible Factor** *[See Note 9]*.
14. Multiply the result from 13 above by the appropriate **Increased Limit Factor** *[See Note 5]*
15. Determine the applicable **Loss Control Credit** (number of professionals who attended a loss control seminar divided by the number of professionals in the firm multiplied by 7.5%) *[See Note 8]*.
16. Determine the **Longevity Credit** *[See Note 10]*.
17. Add premium for EPL Defense coverage *[See Special Considerations]*.
18. This is the **Final Annual Premium**.

Note 1-- Base Premiums:

	<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
Territory 1	275	421	527	623	660
Territory 2	319	490	612	723	767
Territory 3	365	559	699	826	876
Territory 4	410	628	785	928	985
Territory 5	492	754	942	1,113	1,180

Note 1a-- Base Premiums:

Part-time professional staff should be rounded to the nearest .25 full-time equivalent based upon a 40 hour week, e.g., an employee working 15 hours would represent 0.25 employees; an employee working 25 hours would represent 0.50 employees, etc. The total is calculated, and this is added to the total of full-time professional employees.

Note 2 -- Average Gross Billings (Effective 4.1.2015)

<u>STATE (Territory):</u>	<u>A.G.B.:</u>	<u>STATE (Territory):</u>	<u>A.G.B.:</u>
Alabama (2)	\$193,341	Montana (1)	\$179,020
Alaska (2)	\$193,341	Nebraska (1)	\$186,180
Arizona (3)	\$200,502	Nevada (2)	\$186,180
Arkansas (2)	\$186,180	New Hampshire (1)	\$179,020
California - LA (5)	\$236,306	New Jersey (4)	\$221,984
California (5)	\$221,984	New Mexico (2)	\$186,180
Colorado (2)	\$193,341	New York (4)	\$214,823
Connecticut (3)	\$200,502	New York - City (5)	\$221,984
Delaware (2)	\$186,180	North Carolina (1)	\$186,180
District of Columbia (2)	\$186,180	North Dakota (1)	\$179,020
Florida (4)	\$200,502	Ohio (2)	\$186,180
Georgia (2)	\$186,180	Oklahoma (1)	\$179,020
Hawaii (2)	\$186,180	Oregon (2)	\$186,180
Idaho (1)	\$179,020	Pennsylvania (3)	\$214,823
Illinois (4)	\$214,823	Rhode Island (2)	\$186,180
Indiana (1)	\$179,020	South Carolina (1)	\$179,020
Iowa (1)	\$179,020	South Dakota (1)	\$179,020
Kansas (1)	\$179,020	Tennessee (2)	\$186,180
Kentucky (2)	\$186,180	Texas (4)	\$214,823
Louisiana (3)	\$186,180	Utah (1)	\$186,180
Maine (1)	\$179,020	Vermont (1)	\$179,020
Maryland (2)	\$186,180	Virginia (1)	\$179,020
Massachusetts (3)	\$200,502	Washington (2)	\$186,180
Michigan (3)	\$200,502	West Virginia (1)	\$179,020
Minnesota (2)	\$186,180	Wisconsin (2)	\$186,180
Missouri (1)	\$186,180	Wyoming (1)	\$186,180
Mississippi (2)	\$186,180		

Note 3 -- Practice Specialty

<u>Specialty</u>	<u>% of Practice:</u>	<u>Surcharge:</u>
<i>Auditing (Closely held corporations):</i>		
With engagement letter:	1 – 35%	0%
	36 – 45%	10.00%
	46 – 55%	15.00%
	56 – 65%	20.00%
	66 – 75%	25.00%
	Over 75%	35.00%
Without engagement letter:	1 – 15%	5.00%
	16 – 25%	10.00%
	Over 25%	Decline
<i>Public Auditing:</i>		
With engagement letter:	1 – 25%	0%
	26 – 30%	5.00%
	31 – 35%	10.00%
	Over 35%	25.00%
Without engagement letter:	Any	Decline
<i>Financial Planning:</i>		
	1 – 15%	0%
	16 – 35%	5.00%
	36 – 50%	10.00%
	Over 50%	Decline
<i>Securities:</i>		
	1 – 15%	5.00%
	16 – 30%	10.00%
	Over 30%	25.00%
<i>Financial Institutions:</i>		
<i>(Conflict situations)</i>		
See Financial Institutions Guidelines		

Note 4 -- Experience Rating Plan

An additional premium adjustment for loss experience shall be applied as follows, based upon claims reported in the last five (5) years. For the purposes of the adjustment, losses will only be considered "claims" if: i) loss and/or expense payments have been made in excess of \$5,000; or ii) an insurer has established a claim file and carries an open reserve in excess of \$5,000.

When a loss has been declared, but the reserve amount is unknown, 5% of the demand amount may be used as the best approximation of the claim value.

Each factor will be multiplied in sequence (a x b x c) and the product rounded to the nearest whole percentage to establish the final adjustment.

<u>A. # of claims</u>	<u>Debit/(Credit) - # of Professionals in firm</u>					
	<u>1</u>	<u>2-5</u>	<u>6-10</u>	<u>11-20</u>	<u>21-40</u>	<u>41 or more</u>
0	(0.35)	(0.50)	(0.65)	(0.75)	(0.85)	(1.25)
1	1.00	0.50	0	(0.50)	(0.75)	(1.00)
2	2.00	1.00	0.50	0	(0.25)	(0.75)
3	2.50	2.00	1.05	0.50	0	(0.25)
4	3.00	2.50	1.50	1.00	0.50	0
5	A consent to rate form will be completed					

Note 4 -- Experience Rating Plan (Continued)

If Table A indicates a debit (positive), multiply the factor from Table A by the factors specified in Table B.1 and Table C.1 as "Debit". If Table A indicates a credit (negative), multiply the factor from Table A by the factors specified in Table B.2 and Table C.2 as "Credit". If Table A indicates "0", no adjustment will apply.

B. Years since claims were notified:

If there are multiple claims, average all of them and round (below 0.5 round down; 0.5 and above round up).

<u>1. Debit</u>		<u>2. Credit</u>	
1 year	1.00	1 year	0.80
2 years	0.95	2 years	0.85
3 years	0.90	3 years	0.90
4 years	0.85	4 years	0.95
5 years	0.80	5 years	1.00

C. Total Amount of All Claims (indemnity and Expenses)

<u>Debit</u>		<u>Credit</u>	
\$2,501 – 15,000	6	\$0 – 10,000	15
\$15,001 – 25,000	10	\$10,001 – 25,000	12
\$25,001 – 35,000	14	\$25,001 – 50,000	8
\$35,001 – 45,000	18	\$50,001 – 65,000	4
\$45,001 – 60,000	21		
\$60,001 – 80,000	24		
\$80,001 – 100,000	27		

Note 5 -- Increased Limit Factors

<u>Limit of Liability</u>	<u>Factor</u>	<u>Limit of Liability</u>	<u>Factor</u>	<u>Limit of Liability</u>	<u>Factor</u>
\$100,000/\$200,000	1.00	\$1,000,000/\$3,000,000	2.00	\$5,000,000/\$5,000,000	3.88
\$250,000/\$250,000	1.27	\$2,000,000/\$2,000,000	2.35	\$5,000,000/\$10,000,000	4.05
\$250,000/\$500,000	1.41	\$2,000,000/\$4,000,000	2.53	\$6,000,000/\$6,000,000	4.10
\$500,000/\$500,000	1.53	\$2,000,000/\$6,000,000	2.71	\$7,000,000/\$7,000,000	4.29
500,000/\$1,000,000	1.65	\$3,000,000/\$3,000,000	2.85	\$8,000,000/\$8,000,000	4.46
\$1,000,000/\$1,000,000	1.78	\$3,000,000/\$6,000,000	3.13	\$9,000,000/\$9,000,000	4.61
\$1,000,000/\$2,000,000	1.90	\$4,000,000/\$4,000,000	3.53	\$10,000,000/\$10,000,000	4.74

Note 5a -- Defense Expenses Outside the Limits:

A 10% surcharge for defense expenses outside the limits will be applied in all states except New York (this is already built into the rate in New York).

Note 6 -- Individual Risk Modification Plan

Unless referred to the Company's underwriting committee, the firm's basic limits premium shall be modified, subject to the maximum modification of 50% credit or 50% debit, 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	Loss Control a) Participation in loss control programs b) Absence of general acceptable loss Control technique	10	10
5	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

-15%/+15%	-25%/+25%			-40%/+25%	-40%/+40%		-50%/+50%		N/A
NY ⁸ GA ³	AK ¹	IA	NM ⁷	SC	AR	NH	IL	VA	HI ⁴
	AL	ID	NV		KS ⁵	OK ⁹	IN	VT	NE ⁶
	AZ	LA	OH		MD	PA	KY	WI	
	CA	MA	OR		ME	RI	NC	WY	
	CO	MI	PR		MN	TX	TN		
	CT	MO	SD ¹⁰		MS	WV			
	DC	ND	UT		MT				
	DE	NJ	WA						
	FL ²								

Table 6.A. Schedule Rating Maximum credit or debit

¹Alaska: The plan must be applied to all eligible insureds, must be applied at each policy renewal, must assign credits or debits only for risk characteristics described in the plan, and may not be applied in a way that duplicates other rating. The plan must only apply to things that effect losses and loss adjustment expenses.

²Florida: A minimum premium of \$1,000, before and after schedule rating, is necessary for schedule rating to apply. Documentation must be maintained for five years.

- ³Georgia: A schedule rating plan based on factors other than past loss experience is limited to a maximum +/- 15% however larger amounts are possible. Schedule rating plans based on factors other than past loss experience may utilize a maximum debit of 40% and a maximum credit of 50% if the insurer shows to the satisfaction of the Commissioner that the amount collected on an annualized basis from all insureds under the line of coverage of the rating plan of the insurer is not less than 95% but not more than 105% of an amount represented by the product of the filed rate amount on the line of coverage of the rating plan multiplied by the annualized number of insureds; otherwise the insurer is limited to +/- 15%.
- ⁴Hawaii: Schedule Rating is not available.
- ⁵Kansas: The Company will maintain all underwriting files, premium, loss and expense statistics, financial and other records pertaining to special risks as required by K.S.A. 40-955.
- ⁶Nebraska: Nebraska does not recognize "Schedule Rating". However, Nebraska allows Flex Rating without documentation. When it can be shown that conditions exist which clearly change the company's risk, rates may be modified subject to a maximum credit or debit of 40% in accordance with Nebraska statute 44-7509.
- ⁷New Mexico: Professional liability, contract surety, and D&O coverage not subject to +/- 25% limit, per NMAC 13.8.5.8.F.
- ⁸New York: The Rating Plans (Experience Rating, Schedule Rating/IRPM, etc.) may only be used in the rating of risks which would otherwise generate a basic limits premium of at least \$2,500 before the Rating Plans are applied. The use of the Rating Plans shall be applied uniformly in a nondiscriminatory manner and is mandatory for all eligible classes of risks.
- Scheduled Rating/IRPM is subject to a maximum debit or credit of +/-10% for each criterion and +/-15% in total. Scheduled Rating/IRPM and Experience Rating together cannot exceed 25% combined debit or credit. However, Experience Rating alone can exceed 25%, but in that case Scheduled Rating cannot operate to increase the total modification beyond the Experience Rating factor alone.
- ⁹Oklahoma: For commercial property, commercial inland marine and package policies with indivisible premiums (e.g. Businessowners), the maximum is +/- 25%. For commercial casualty, the maximum is +/- 40%.
- ¹⁰South Dakota: Credit/debit for each individual category is capped at +/- 25%.

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	refer

Note 8 -- Loss Control Credit:

If any member of the firm attends a loss control seminar, credit can be applied for three consecutive, subsequent years. The credit is determined by dividing the number of professionals in the firm that attended a loss control seminar by the total number of accounting professionals in the firm and multiplying the result by 7.50%. The maximum credit is 7.50% each year. For firms of 10 or more professionals, 70% or greater of professional staff attendees qualifies for 100% credit

Note 9 – Deductible Factors – *including use arbitration clauses in engagement letters*

<u>Deductible:</u>	<u>Loss & Expenses</u>	<u>with Arbitration</u>	<u>Loss Only</u>	<u>with Arbitration</u>
\$500	1.10	1.045	1.20	1.14
\$750	1.05	1.00	1.10	1.045
\$1,000	1.00	0.95	1.05	1.00
\$2,000	0.97	0.92	1.02	0.97
\$2,500	0.96	0.91	1.01	0.96
\$3,000	0.945	0.90	0.99	0.94
\$4,000	0.925	0.88	0.97	0.92
\$5,000	0.91	0.865	0.95	0.90
\$10,000	0.84	0.80	0.91	0.86
\$15,000	0.79	0.75	0.87	0.83
\$20,000	0.75	0.71	0.84	0.80
\$25,000	0.71	0.675	0.81	0.77
\$35,000	0.655	0.62	0.765	0.73
\$50,000	0.60	0.57	0.72	0.68
\$75,000	0.55	0.52	0.69	0.66
\$100,000	0.50	0.475	0.65	0.62
\$150,000	0.483	0.458	0.633	0.607
\$200,000	0.467	0.442	0.617	0.593
\$250,000	0.450	0.425	0.600	0.580
\$350,000	0.430	0.405	0.580	0.560
\$500,000	0.400	0.375	0.550	0.530

For aggregate deductibles, the following charges are applicable:

1. 0.75% charge of the final policy premium if the aggregate deductible is 3 times the per claim deductible
2. 1.50% charge of the final policy premium if the aggregate deductible is 2 times the per claim deductible
3. 2.50% charge of the final policy premium if the aggregate deductible is equal to the per claim deductible

Note 10 – Longevity Credit:

If the Named Insured, or any predecessor firm, has been continuously insured for professional liability insurance via this program or any qualifying predecessor program, a credit may be applied as follows:

<u>Years of Coverage:</u>	<u>Credit:</u>
1 – 2	0%
3 – 5	5%
6 or more	10%

[N.B. Not applicable in New York state]

Special Considerations

Financial Institutions

An analysis of the rating of the financial institution is required to ensure a minimum level of financial stability (use S&P or similar).

Financial institutions are subject to further review if the supplementary application reveals the following circumstances:

1. An insured provides professional services to, and owns stock in, a financial institution.
2. An insured provides professional services and is a Director, officer or serves on the financial institution's internal committees (conflict situations).
3. An insured provides professional services to, and has a loan of \$250,000 or more from, a financial institution.

If such situations arise, further information is required and this may result in the specific exclusion of a particular financial institution.

Single Limit Engagements

This is rated as if *small firm*, that is the engagement is rated using the number of personnel employed, the fees generated by the specific engagement and the appropriate factor for the increased limit required. The resultant additional premium is (a).

The additional premium is then calculated for the *small firm*, using the limit of the current firm (b).

The net additional premium is calculated using (a) – (b).

Subject to a minimum premium of \$750 per \$1,000,000 of additional limits.

EPL Defense coverage:

- Retroactive limitation applies unless prior coverage
- Subject to short-form questionnaire or equivalent
- Rate - \$50,000 limit: \$25.00 per employee
Rate - \$100,000 limit: \$30.00 per employee

Outside Not for Profit Positions coverage (Defense only):

- Retroactive limitation applies unless prior coverage
- Subject to short-form questionnaire or equivalent
- Rate - \$50,000 limit: \$75.00 per position
- Rate - \$100,000 limit: \$100.00 per position
Rate - \$250,000 limit: \$150.00 per position

Multi-year managed aggregate (stretched limit)

Final Annual Premium multiplied by 2 (from step 18)
then this amount is discounted by a factor of 0.925
= multi-year managed aggregate premium.

Optional Coverage Endorsements

(this charge may be waived if percentage of Area of Practice is 10% or less)

The cost for Optional Professional Coverage endorsements are as follows:

Each Registered Representative:	\$300
Each Life Insurance Agent:	\$235
Each Real Estate Agent:	\$700

Management Liability Endorsement

- Minimum premium of \$750 or 7.5% of premium, whichever is greater.
- Deductible - \$10,000 or policy deductible, whichever is greater

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

1. Eligibility.

This rate and rule provides premiums, modification factors and Individual Risk Modification factors for a Small Accountants, Bookkeepers, Enrolled Agents and Tax Professionals Liability program

2. Premium Calculation

a. Identify the base premium from the matrix below:

Limit:	Firm annual billing range:					
<i>Each loss/aggregate limit</i>	<i>0 - \$75,000</i>	<i>\$75,001 - \$125,000</i>	<i>\$125,001 - \$200,000</i>	<i>\$200,001 - \$250,000</i>	<i>\$250,001 - \$325,000</i>	<i>\$325,001 - \$400,000</i>
<i>\$25,000/\$50,000</i>	175	200	263	315	368	420
<i>\$100,000/\$300,000</i>	300	400	525	630	735	840
<i>\$250,000/\$500,000</i>	400	500	630	735	840	945
<i>\$500,000/\$1,000,000</i>	500	600	735	840	945	1,050
<i>\$1,000,000/\$1,000,000</i>	600	700	840	945	1,050	1,155
<i>\$1,000,000/\$2,000,000</i>	675	770	924	1,040	1,155	1,260

b. Choose the deductible factor from the following matrix:

Deductible:	Factor	Deductible:	Factor	Deductible:	Factor
\$0	1.15	\$250	1.12	\$1,000	1.00
\$100	1.14	\$500	1.08	\$5,000	0.85

c. Chose the limit factor from the following matrix:

Defense Expense Outside the Limit	1.00	Defense Expense Inside the Limit	0.91
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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 modification of -40% to +40%.

<u>Classification</u>	<u>% Range</u>	
	Credit	Debit
Firm History / Qualifications and Credentials / Expertise	0% to 25%	+25% - 0%
Firm Financial Condition / Growth Plans	0% to 25%	+25% - 0%
Unusual Liability Exposures / Office Sharing / Other Office Locations	0% to 25%	+25% - 0%
Client Involvements and Dependency	0% to 25%	+25% - 0%
Severity Exposure / Complexity of Transactions	0% to 25%	+25% - 0%
Frequency Exposure / Transactions Handled	0% to 25%	+25% - 0%
Firm Structure / Industry Experience / Staffing	0% to 25%	+25% - 0%

-15%/+15%	-25%/+25%			-40%/+25%	-40%/+40%		-50%/+50%		N/A
NY GA ³	AK ¹	IA	NM ⁷	SC	AR	NH	IL	VA	HI ⁴
	AL	ID	NV		KS ⁵	OK ⁹	IN	VT	NE ⁶
	AZ	LA	OH		MD	PA	KY	WI	
	CA	MA	OR		ME	RI	NC	WY	
	CO	MI	PR		MN	TX	TN		
	CT	MO	SD ¹⁰		MS	WV			
	DC	ND	UT		MT				
	DE	NJ	WA						
	FL ²								

Table 2.d. Schedule Rating Maximum credit or debit

- ¹Alaska: The plan must be applied to all eligible insureds, must be applied at each policy renewal, must assign credits or debits only for risk characteristics described in the plan, and may not be applied in a way that duplicates other rating. The plan must only apply to things that effect losses and loss adjustment expenses.
- ²Florida: A minimum premium of \$1,000, before and after schedule rating, is necessary for schedule rating to apply. Documentation must be maintained for five years.
- ³Georgia: A schedule rating plan based on factors other than past loss experience is limited to a maximum +/- 15% however larger amounts are possible. Schedule rating plans based on factors other than past loss experience may utilize a maximum debit of 40% and a maximum credit of 50% if the insurer shows to the satisfaction of the Commissioner that the amount collected on an annualized basis from all insureds under the line of coverage of the rating plan of the insurer is not less than 95% but not more than 105% of an amount represented by the product of the filed rate amount on the line of coverage of the rating plan multiplied by the annualized number of insureds; otherwise the insurer is limited to +/- 15%.
- ⁴Hawaii: Schedule Rating is not available.
- ⁵Kansas: The Company will maintain all underwriting files, premium, loss and expense statistics, financial and other records pertaining to special risks as required by K.S.A. 40-955.
- ⁶Nebraska: Nebraska does not recognize "Schedule Rating". However, Nebraska allows Flex Rating without documentation. When it can be shown that conditions exist which clearly change the company's risk, rates may be modified subject to a maximum credit or debit of 40% in accordance with Nebraska statute 44-7509.
- ⁷New Mexico: Professional liability, contract surety, and D&O coverage not subject to +/- 25% limit, per NMAC 13.8.5.8.F.
- ⁸New York: The Rating Plans (Experience Rating, Schedule Rating/IRPM, etc.) may only be used in the rating of risks which would otherwise generate a basic limits premium of at least \$2,500 before the Rating Plans are applied. The use of the Rating Plans shall be applied uniformly in a nondiscriminatory manner and is mandatory for all eligible classes of risks.
- Scheduled Rating/IRPM is subject to a maximum debit or credit of +/- 10% for each criterion and +/- 15% in total. Scheduled Rating/IRPM and Experience Rating together cannot exceed 25% combined debit or credit. However, Experience Rating alone can exceed 25%, but in that case Scheduled Rating cannot operate to increase the total modification beyond the Experience Rating factor alone.
- ⁹Oklahoma: For commercial property, commercial inland marine and package policies with indivisible premiums (e.g. Businessowners), the maximum is +/- 25%. For commercial casualty, the maximum is +/- 40%.
- ¹⁰South Dakota: Credit/debit for each individual category is capped at +/- 25%.

e. Determine the Experience Modifier:

Claims Experience	Factor
None: No claims reported in the last five years	1.00
Minimal: Total of \$15,000 or less in paid claims in the last five years	1.50
Material: Total of more than \$15,000 in paid claims in the past five years	2.00

f. Determine Dollar one defense factor Modifier:

First Dollar Defense Option:	Factor
No First Dollar Defense	1.00
First Dollar Defense up to \$10,000	1.10
Full First Dollar Defense	1.20

g. Loss Control Credit:

If any member of the firm attends a loss control seminar, credit can be applied for three consecutive, subsequent years. The credit is determined by dividing the number of professionals in the firm that attended a loss control seminar by the total number of accounting professionals in the firm and multiplying the result by 7.50%. The maximum credit is 7.50% each year. For firms of 10 or more professionals, 70% or greater of professional staff attendees qualifies for 100% credit

Final premium = (a) x (b) x (c) x (1+d) x (e) x (f) x (g)

Plus **Optional Coverage Endorsements** as stated above:

(this charge may be waived if percentage of Area of Practice is 10% or less)

The cost for Optional Professional Coverage endorsements are as follows:

Each Registered Representative:	\$300
Each Life Insurance Agent:	\$235
Each Real Estate Agent:	\$700