

Professional indemnity insurance policies for accountants A comparison guide – May 2009

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Note: This is a Guide to the cover offered under standard policies. No reliance should be placed on the schedule by any member currently insured by one of the insurers whose policy has been included. Any one of the policies reviewed could be updated or replaced by an insurer at any time.



The Institute of
Chartered Accountants
in Australia

1. Coverage analysis

This article discusses the professional indemnity (PI) policies available to accountants in the Australian insurance market. As is characteristic of virtually all professional liability policies there is no “standard” accountants professional liability policy form. However, accountants PI policies do have a similar structure, although many of the individual provisions vary significantly from one insurer to another.

Claims Made/Claims Notified Policies

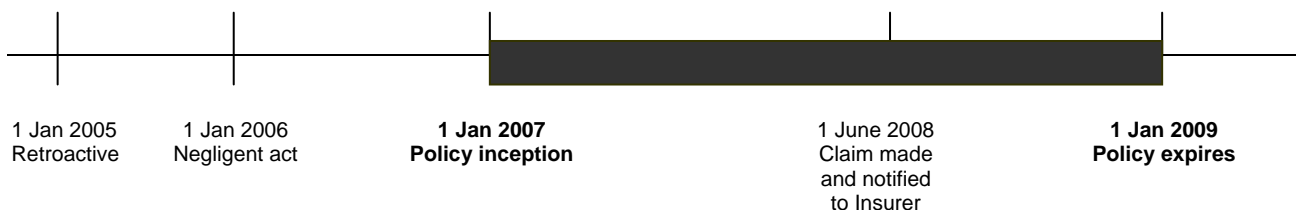
Professional Indemnity insurance policies are generally written on a claims-made and notified basis.

For coverage to apply a claim must be first made against the insured during the policy period and arise from acts that took place on or after the policy’s retroactive date (if it contains one) and in relation to acts that were unknown to the insured at the inception date of the policy.

Usually (and ideally) a policy will have no retroactive date (usually this is expressed as “unlimited” on the schedule page). A retroactive date may apply if, for example, a firm had only commenced business on a certain date and was not in need of cover for any activities undertaken prior to that date. No cover will be available under the policy for any claim made in respect of acts, which took place before the specified date.

Example of claims made policy scenario

Policy Period: 1 January 2008 to 1 January 2009
Retroactive date: 1 January 2005– not covered if occurrence before this date
Wrongful act: 1 June 2006
Claim Made: 1 June 2008 - assuming cover was provided under the policy for the negligent act the policy would respond



Scope of cover for professional services

The intention of the policies is to cover the insured’s liabilities resulting from professional services as described in the specific policies. Particular attention should be paid to such definitions to ensure that they are broad enough to cover the full scope of the activities carried out by the practice.

Many services provided by accounting firms are clearly the services one would traditionally expect such as audits, accounts preparation, bookkeeping, insolvency and liquidation and tax compliance.

However, other services are not so clearly the professional services usual for a firm of accountants. For example, many firms now offer management and business advisory services, which do not involve traditional accounting services and are also provided by professionals other than accountants. Care should be taken to ensure that any non-traditional activities are covered by the PI policy, or related policies, as insurers have added exclusions in respect of the non-traditional activities.

Note: This article is intended to provide general information in summary form on the topics covered. No responsibility is accepted for any loss or damage (howsoever arising) caused by any reliance upon the information contained in this article. Members are advised to consult an insurance broker with experience in PI insurance for advice before entering into any particular policy. Any one of the policies could be updated or replaced by an insurer at any time. Any term or condition of the PI policies reviewed could be enhanced, amended or deleted by endorsement by the underwriter.

Members should always check the terms and conditions of their policy wording to confirm the cover provided under a specific policy, as there may be limitations imposed dependent on specific issues such as the size of the firm.

It is essential that your broker is well informed about your practice:

- > About the nature of the work your practice takes on;
- > The processes you have in place to evaluate clients, both upon initial engagement and for ongoing review; and
- > Other risk management strategies.

Q. Which policy provides the broadest cover?

Abacus, Allianz, Tasman, Resource, Dual and AXIS all define professional activities cover and QBE define professional services in the schedule and an insuring clause endorsement.

If the definition contained in the schedule simply refers to “Accountant” the practitioner needs to consider whether there may be scope for the Insurer to argue that certain activities that they carry out are outside the traditional activities of an accountant and therefore fall outside of the scope of the policy. A full description of the activities should be included in the schedule to avoid such an argument and should be matched to the information submitted in the proposal form or specified in the policy wording.

Covered Persons

A number of individuals and entities typically qualify as insured under accountants’ professional liability policies.

Particular attention should be paid to coverage for:

- > Past Personnel
- > Former Principals
- > Acts committed Prior to Joining the Insured Firm
- > Heirs, Executors, Trustees
- > Independent Contractors/Consultants

Covered Organisation

Most policies provide cover for the insured firm’s predecessors in business. If a firm is formed by the merger of two firms or one firm acquiring another at a previous date, you should seek confirmation from your broker whether your coverage applies to claims arising from the predecessor business.

Care needs to be taken to ensure that cover is also provided for claims made against partners or principals in respect of work they carried out at another practice prior to joining their current firm (this may be provided by way of endorsement or named in the policy schedule). This differs from the situation above as the partner or principal has moved firms without there being a merger or acquisition.

Some policies do offer Partners Previous Business Extensions, which are valuable if the previous practice from which the partner or principal moved no longer maintains its own PI policy.

Due to the “claims made and notified” nature of PI policies, it is imperative that cover be provided (“Former Partners/Principals”) in respect of former principals and employees that have left the insured firm.

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Members should always check the terms and conditions of their policy wording to confirm the cover provided under a specific policy, as there may be limitations imposed dependent on specific issues such as the size of the firm.

For example,

Underwriter	Previous Business	Sub-Contractors	Former Principals
Abacus	Yes. An automatic extension	Yes. Insured's liability only	Yes. An automatic extension
Allianz	Yes. An automatic extension	Yes, Insured's liability only (vicarious liability)	Yes
APUA	Yes. An automatic Extension. Excludes firms with more than 100 partners/qualified accounting staff. Excludes firms with more than \$5m audit revenue.	Yes, Insured's liability only.	Yes. An automatic extension.
AXIS	Yes Automatic as per Insuring Clauses.	Yes Automatic as per Insuring Clauses.	Yes
CGU	Prior entities are covered; Incoming principals are covered if declared in proposal.	Vicarious liability provided automatically. Direct supervision and control test for contract employees.	Covered as an Insured person.
Dual	Optional extension provided on request	Yes: insured's liability only	Yes
LAUW	Optional extension provided on request	Yes, covered automatically	Yes, within definition of 'Insured'
QBE	Yes, usually available as an extension on receipt of additional underwriting information	Yes: insured's liability only	Yes
Tasman	Yes, usually available as an extension on receipt of prior practice information	Yes, vicarious liability automatically covered. Consultants and associates automatically included as Insured Persons.	Yes, automatically covered
Resource	Yes. But refer to Mergers & Acquisitions extension and see definition of Insured (predecessors in the practice)	Yes : Insured's liability only	Yes
Vero	Available by endorsement.	Yes, Insured's liability only.	Yes automatically included.

Extent of Cover

Insuring Clause

The Insuring Clause is the core clause of a PI policy. This clause states the extent of the cover that the insurer provides to the insured. After the insuring clause, the rest of the policy governs the additions to the cover provided by this clause, exclusions from cover, definitions and the conditions that both the insured and insurer must adhere to in order for the policy to remain valid throughout the policy period.

Most policies now provide a broad form Insuring Clause where cover is given for Legal or Civil Liabilities that arise from the acts, errors or omissions of the insured in the course of the provision of professional services as described in the policy.

Some policies differ in that they cover claims arising from acts, errors or omissions without specifically stating that legal or civil liabilities are covered.

Common additional extensions to the insuring clause in many policies are those that cover claims arising from dishonesty of staff, defamation, breach of the trade practices act and loss of documents. Care should be taken to ensure that these additional extensions are negotiated with the insurer if they are required.

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Members should always check the terms and conditions of their policy wording to confirm the cover provided under a specific policy, as there may be limitations imposed dependent on specific issues such as the size of the firm.

Covered Defence Costs

In addition to covering indemnity payments and settlement amounts associated with claims, the policies also cover the costs of investigating, defending and settling claims.

The key thing is whether the policy is costs inclusive or costs exclusive and whether there is any special (increased) excess applicable to specific areas, such as audit. Sometimes there is more than one excess, for example costs exclusive below, say, \$20,000 and costs inclusive for any excess of \$20,000 or more.

Inclusive and exclusive limits of indemnity

Costs inclusive limit – Defence costs are included within rather than in addition to the total policy limit.

Costs in addition limit – Defence costs are payable in addition to the policy limit. Typically where a payment in excess of the sum insured is made to dispose of a claim defence costs payable are subject to a form of ‘averaging’.

With the ever increasing costs of defending a claim – a rough average would be as much as 50 cents in every dollar paid to dispose of a claim can be attributable to defence costs – careful consideration must be given to determining what limit of indemnity should be purchased, particularly where the limit of indemnity is costs inclusive.

Where costs inclusive cover is held the level of cover required to meet the limitation amount must be increased by 25% to meet the requirements of Regulation 4A.

To ensure that legal and other costs of defending and settling claims are covered, costs in addition cover should be obtained. Further, the limit of indemnity must be the limitation amount as set out in the Institute’s Limitation of Liability Scheme. From 1 July 2009, members in all states and territories (except Tasmania) must hold professional indemnity cover of at least \$1,000,000 and, where an engagement fee exceeds \$100,000; they will be required to hold professional indemnity insurance at a multiple of ten times the highest individual engagement fee. Members need to be mindful that they do not limit this to the highest individual engagement fee anticipated for the renewal period, but review their highest individual engagement fees during the previous 7 years.

Reinstatements

Unless otherwise specified the sum insured on a policy represents the maximum amount that can be paid in any one policy period.

Under most policies there is a provision known as an Automatic Reinstatement Clause, which allows the sum insured to be reinstated, should the original sum ever become depleted by a claim, or a series of claims that equal the original policy limit.

Depending on the number of reinstatements provided by the Clause, these reinstatements can provide indemnity for multiple claims during the year, where the total of these claims exceeds the policy limit. However, no one claim payment by the insurer will exceed the original policy limit.

Deductibles/Excess

Deductible clauses under policies typically apply to both indemnity payments and claim expenses regardless of whether an indemnity payment is made. In other words they do not generally provide “first dollar” defence coverage. Deductibles can be either inclusive or exclusive of costs.

Excess amounts may also vary for different activities. For example \$10,000 audit excess, all other work \$1,000.

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Members should always check the terms and conditions of their policy wording to confirm the cover provided under a specific policy, as there may be limitations imposed dependent on specific issues such as the size of the firm.

2. Insurers

Insurer	Information current at	S&P rating*
Abacus Australia Ltd (Lloyd's)	Nov-08	"A+"
AIG Australia (per Arthur J. Gallagher)	Nov-08	"A+"
Allianz	May-09	"AA–"
APUA (Vero Insurance Ltd)	Apr-09	"A+"
AXIS	Apr-09	"A+"
CGU	Apr-09	"AA–"
Dual (Lumley General Insurance Limited)	Nov-08	"A–"
Indemnity Solutions (Lloyd's)	Apr-09	"A+"
Liberty	May-09	"A –"
London Australia Underwriting (100% Lloyd's)	May-09	"A+"
Miramar Underwriting Agency (Lloyd's)	June-09	"A+"
QBE	Nov-08	"A+"
Resource (Lloyd's)	May-09	"A+"
SRS Underwriting Agency (100% Lloyds)	May-09	"A+"
Tasman Underwriting (Lloyds)	Apr-09	"A+"
Vero	Apr-09	"A+"
Zurich	Nov-08	"A"

*As a guide to Standard & Poor's (S&P) Insurer Financial Strength Ratings, an insurer rated BBB or higher is regarded as having financial security characteristics that outweigh any vulnerabilities, and is highly likely to have the ability to meet financial commitments.

Note: This is a Guide to the cover offered under standard policies and the endorsements typically added by insurers. No reliance should be placed on the schedule by any member currently insured by one of the insurers whose policy has been included. Any one of the policies considered could be updated or replaced by an insurer at any time.

3. General

Insurer	Wording/version	Insuring clause	Covered defence costs
Abacus Australia Ltd (Lloyd's)	Accountants PI Policy (01/08)	Civil Liability the result of a breach of professional duty	Costs in Addition
AIG Australia (per Arthur J. Gallagher)	Aust Accountant PII Facility	Civil Liability	Costs in Addition
Allianz	PI – Acc042003	Civil Liability	Costs in Addition
APUA	Accountants V6931 12/07	Civil Liability	Costs in Addition
AXIS	PIACC0109	Civil Liability	Costs in Addition
CGU	CGU PI 10/08	Civil liability for breach of Professional Duty	Costs in Addition
Dual (Lumley General Insurance Limited)	PI Wording Australia (03/07)	Civil liability resulting from any breach of Professional Duty	Costs inclusive (optional)
Indemnity Solutions (Lloyd's)	Accountants v.11092008	Civil liability	Costs in addition
Liberty	PI.01.04	Legal Liability	Costs in Addition or costs inclusive
London Australia Underwriting (100% Lloyd's)	LAU_PIACC_20080601 (unlimited reinstatements)	Civil Liability	Costs in Addition
Miramar Underwriting Agency (Lloyd's)	MUA.PICWL.V8.03/09	Civil Liability	Costs in Addition
QBE	"Civil Liability" (QM-814)	Civil Liability Amended by endorsement	Costs inclusive or Costs exclusive, depending on limit
Resource (Lloyd's)	RUPPL Accountants (October 2007)	Civil Liability	Costs in Addition
SRS Underwriting Agency (100% Lloyds)	Accountants Professional Indemnity Policy V07.08	Civil liability	Costs in Addition
Tasman Underwriting (Lloyds)	Australis/Tasman 2007 Accountants PI Wording Sept08	Civil liability	Costs in Addition
Vero	V5675 10/05	Civil liability	Costs in addition
Zurich	PCUS-000027-2006-ZU07099	Civil Liability	Costs Inclusive or Costs Exclusive (depending on limit)

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4. Policy Extensions

Insurer	Policy extensions	Optional extensions
Abacus Australia Ltd (Lloyd's)	Auditing Standards Automatic Unlimited Reinstatement of Sum Insured Cost of Official Inquiries Extended Reporting Period Fidelity Findings and Awards by Dispute Resolution Bodies Intellectual property Loss of Documents Misleading or Deceptive Conduct Outgoing Principals Partners Principals Previous Business Run off cover Severability and Non-imputation Trade Practices and Related Legislation	Financial Planning Mortgage Broking Finance Broking
AIG AUSTRALIA (per Arthur J. Gallagher)	BusinessGuard Advisory panel Court Attendance Costs Extended Reporting Period Joint Ventures Property Loss of Documents Past Partner Liability (no more than 4 partners or 10 staff) Previous Business Name Quasi Judicial Costs Vicarious Liability Fidelity	Employment Practice Liability
Allianz	Fraud & Dishonesty (exc. Currency) Previous Business Former Principals etc Loss of Documents Consultants, Sub-Contractors & Agents Newly Acquired or Created Subsidiary Former Subsidiary External Appointments Estates & Legal Representatives Practitioners' Run-Off Cover (conditional) Trade Practices Act Defamation Breach of copyright Joint Ventures (own liability)	Subsidiaries – Pre-Acquisition Liability Fidelity Cover Sub-limit (PI) Reinstatement of Limit of Indemnity – one/two reinstatements (Unlimited Reinstatements available when requested) Employment Practices Liability Endorsement available for financial planners
APUA	<u>Clarifications</u> Libel or Slander Contractual Liability Trade Practices Act Intellectual Property Sub-contractors and Consultants <u>Automatic Extensions</u> Continuous Cover Lost Documents Inquiry Costs Dishonesty of Employees Joint Venture Liability Previous Business Former Principals Newly Created or Acquired Subsidiary Former Subsidiary External Appointments Fidelity	<u>Available by endorsement</u> Liquidators cancellation clause

Policy Extensions (continued)

Insurer	Policy extensions	Optional extensions
AXIS	Defamation Intellectual Property rights Trade Practices Act Breaches of Auditing Standards Defence costs Innocent Party Indemnity Loss of Documents Costs of Official Inquiries FICS Awards Previous Business Breaches of Auditing Standards Continuous Cover Consultants/Contractors/Agents Joint Ventures	Fidelity
CGU	Defamation Loss of documents Fraud & dishonesty of innocent employees Unintentional intellectual property breaches Trade Practices & Fair Trading Acts ASIC Act misleading and deceptive conduct breaches Warranty of Authority breaches Costs of official enquiries (sub-limited) Continuous cover clause Insured Claims Preparation costs (sub-limited) Advancement of claims investigation costs Compensatory Penalties (sub-limited) Cover to employees Cover for claims arising from Principal's prior practice Cover for Acts of agents & consultants Interim merger & acquisition cover – 30 days Cover to Estates & legal representatives Joint ventures One reinstatement of limit	Employment Practices Liability
Dual (Lumley General Insurance Limited)	Fraud & dishonesty (innocent party) Former principals Acts of agents, consultants & subcontractors Loss of documents Run-off cover Joint ventures Libel & slander or defamation One reinstatement / optional two Fidelity Intellectual property Court attendance costs Public relations Attendance at inquiries Heirs, estates & legal representatives Continuous cover Defence costs in addition	Previous business Mergers and acquisitions

Policy Extensions (continued)

Insurer	Policy extensions	Optional extensions
Indemnity Solutions (Lloyd's)	<ul style="list-style-type: none"> Non-imputation Fraud and dishonesty Previous business Outgoing principals Loss of documents Consultants, sub-contractors and agents Estates and legal representatives Continuous cover period Australian Accounting Standards Costs of official inquiries 	Fidelity
Liberty	<ul style="list-style-type: none"> Replacement of Documents Outgoing Principals One Automatic Reinstatement Legal Costs in Tribunals or Inquiries Run-Off Defamation Joint Ventures Dishonesty of Employees Vicarious Liability 	
London Australia Underwriting (100% Lloyd's)	<ul style="list-style-type: none"> Australian Auditing Standards Continuity of Cover – renewal basis Costs of Coronial Inquests/ Disciplinary Hearings/Occupational Health and Safety proceedings Fraud & Dishonesty (Employees) Fidelity Loss of Documents Newly Created or Acquired Subsidiaries Prior Corporate Entity Run-Off Cover Severability and Non-imputation Trade practices Waver of Subrogation Against Named Consultants 	
Miramar Underwriting Agency (Lloyd's)	<ul style="list-style-type: none"> Reinstatement of limit Disciplinary proceedings and enquiries costs Joint venture cover Newly acquired or created new subsidiaries Continuity of cover Pollution buy-back clause Trade Practices Act & Fair Trading Act cover Intellectual Property Consultants & Sub-contractors Libel & Slander Fraud & Dishonesty Loss of Documents Breach of Fiduciary Duties 	<ul style="list-style-type: none"> Fidelity guarantee Principal's previous business

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Policy Extensions (continued)

Insurer	Policy extensions	Optional extensions
QBE	<ul style="list-style-type: none"> Civil liability insuring clause Run-Off Cover Insured Entity or Subsidiary Severability Fraud and Dishonesty Outgoing principals Loss of documents Adjusted tax assessment - \$50,000 sub-limit Official Investigations & Enquiries Court Attendance costs Public Relations Expenses Consultants, Sub-Contractors nad Agents Joint Venture Liability Continuous Cover Estates & Legal Representatives Intellectual Property Libel and Slander Trade Practices & related legislation Newly created subsidiary 	<ul style="list-style-type: none"> Increased Aggregate Limit of Indemnity Fidelity (limitation applies) Previous business (subject to information) Breach of Auditing Standards
Resource (Lloyd's)	<ul style="list-style-type: none"> Acquisitions & Mergers Dishonesty of Partners or Employees Affiliated Firms Fidelity Loss of Documents Intellectual Property Rights (if unintentional breach) Forgery Official Inquiries Estates & Legal Representatives (refer definition of insured) Unlimited reinstatements except Aggregate limit and 2 Reinstatements for Audit Work Outgoing Principals/Employees (refer to definitions of insured and employee) Auditing Standards Continuity 	Optional Extensions – available on application
SRS Underwriting Agency (100% Lloyds)	<ul style="list-style-type: none"> Non Imputation Fraud and Dishonesty Previous Business Outgoing Principals Loss of documents Consultants, Sub Contractors and Agents Estate and Legal representatives Costs of Official Inquiries \$100,000 Fidelity up to \$250,000 Joint Venture Liability Continuous Cover Run-Off Cover Unlimited Reinstatements 	



Policy Extensions (continued)

Insurer	Policy extensions	Optional extensions
Tasman Underwriting (Lloyds)	Acquisitions & Mergers Incoming & Outgoing Principals Dishonesty of Partners or Employees Affiliated Firms Consultants & Contractors Loss of Documents Trade Practices Act Defamation Intellectual Property Breach of Fiduciary Duty Estates & Legal representatives External appointments	Two reinstatements of the indemnity limit Fidelity Previous Partners' Practice Financial Planning Official Inquiry Costs
Vero	<u>Clarifications</u> Libel or Slander Contractual Liability Trade Practices Act Intellectual Property Sub-contractors and Consultants <u>Automatic Extensions</u> Continuous Cover Lost Documents Inquiry Costs Dishonesty of Employees Automatic Reinstatement Joint Venture Liability	<u>Available by endorsement</u> Previous Business Newly Created or Acquired Subsidiary External Appointments Fidelity Accountants Limit of Indemnity any one Claim unlimited in the aggregate Two Automatic reinstatement Strict liability for failure to conduct an audit or review in accordance with auditing standard Excess not payable in respect of Insured Costs Liquidators cancellation clause
Zurich	Consultants, subcontractors & agents Continuous cover Dishonesty Estates & Legal Representatives Intellectual Property Joint Venture Libel, Slander & Defamation Loss of Documents Merger/Takeover/Sale/Winding-up of Insured – Run-off Newly Created/Acquired Subsidiary Companies One Reinstatement of Limit	Personal Injury/Personal Damage Fidelity Two Reinstatements of Limit

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5. Policy Exclusions

Insurer	Exclusions
Abacus Australia Ltd (Lloyd's)	Activities as Agent Controlling Interests/Associated Companies Dishonesty of the Insured Financial returns Intentional Libel and Slander Market Fluctuation Other Insurance Outside Directorship Duties Punitive or Exemplary Damages Warranty or Guarantee
AIG AUSTRALIA (per Arthur J. Gallagher)	Anti-Competitive Conduct Audit Publicly listed Companies & Financial Institutions Contractual Liability/Performance Guarantees (assumed Liability) Cost Assessment/Refund of fees Infrastructure Intentional Acts Investment Advice where an AFSL is required Misdeeds Patent/Trade Secret Prior Claims/circumstances Pollution US Sanctioned Country
Allianz	Prior or Pending Claims Fraud & Dishonesty Assumed Duty or Obligation Associates & Relatives Investment Performance (PI)
APUA	Directors and Officers Liability Trading Debts (does not apply to any debt incurred by the Insured in the conduct of the Professional Services relating to their appointment as a receiver, manager, administrator, liquidator or trustee in respect of which the Insured has not received an indemnity from another party). Dishonest, Fraudulent or Criminal Acts Prior Claims or Known Circumstances Subrogation Waiver Assumption of Liability Liquidated Damages Controlling or Financial Interests Investment Performance Financial Planning Tax Schemes Mezzanine Finance
AXIS	Assumed Liability Breach of Authority and Discretionary Investments Dishonest or Reckless Acts Financial performance Financial Services Occupier's liability Prior Claims or Circumstances Related Entities Rights of Recovery Conflict of Interest Fines & Penalties Insolvency

Policy Exclusions (continued)

Insurer	Exclusions
CGU	<ul style="list-style-type: none"> Known claims & circumstances Assumed duty or obligation Insured Vs Insured Refund of professional fees Punitive/exemplary damages Tax avoidance schemes Investment advice information or opinion Auditing for Financial Institutions & Public Companies Director & officer liability
Dual (Lumley General Insurance Limited)	<ul style="list-style-type: none"> Known claims & circumstances Assumed liability Insured Vs Insured Director & officer liability Trading debts
Indemnity Solutions (Lloyd's)	<ul style="list-style-type: none"> Prior or pending Fraud and dishonesty Assumed duty or obligation Trading debts Related or associated entities
Liberty	<ul style="list-style-type: none"> Contractual Liability Dishonesty Pollution and Clean-Up Health Hazard including Asbestos Prior Matters Hedging Contracts Money Intellectual Property Rights Trading Debts & Professional Fees (write back where such debts are incurred in professional capacity as administrators, receivers or liquidators) Tax Schemes Directors & Officers
London Australia Underwriting (100% Lloyd's)	<ul style="list-style-type: none"> Intentional Breach of Confidentiality, Copyright, Libel & Slander Directors & Officers Liability Dishonesty Investment Performance Tax Schemes without ATO approval Financial services (unless current licence held) Minimum Cheque Signing Related Companies Trading Losses
QBE	<ul style="list-style-type: none"> Prior or Pending Assumed Duty or Obligation Related or Associated Entities Conflict of Interest or Duty Financial interest Directors liability Financial Planning (unless negotiated) Fraud/Dishonesty of insured who has committed or condoned ATO Retrospective Tax Rulings Part IVA Mergers & Acquisitions Advice Guarantees regarding investment returns Services associated with computer equipment

Policy Exclusions (continued)

Insurer	Exclusions
Resource (Lloyd's)	Tax schemes/arrangements (unless ATO approved or within guidelines or rulings) Related or Financial interests > 10% Contractual Liability Public Company Directors / Secretaries Infringement of copyright (intentional breaches) Insolvency practitioners Repayment of Fees Intended/Reckless breach of Financial Services Law As regards business valuations – use of Valuation/Data without authority or which is obsolete Investment Forecast
SRS Underwriting Agency (100% Lloyds)	Prior or pending Fraud and Dishonesty Assumed Duty or Obligation Trading Debts – other than incurred as liquidator, manager or receiver Related or Associated Entities Obligation to Employees Bodily Injury and Property Damage – but not liability arising out of the conduct of the professional business Conflict of Interest
Tasman Underwriting (Lloyds)	Tax Avoidance Scheme Contractual liability Financial or related interest >10% Public company Directorships Internet & electronic trading
Vero	Directors and Officers Liability Trading Debts. Dishonest, Fraudulent or Criminal Acts Prior Claims or Known Circumstances Subrogation Waiver Assumption of Liability Liquidated Damages Controlling or Financial Interests Investment Performance (by endorsement) Financial Planning Tax Schemes (by endorsement) Finance or mortgage broking activities (by endorsement) Insurance agency activities (by endorsement) Conveyancing activities (by endorsement) Business broking activities (by endorsement) Audit of publicly listed companies (by endorsement) Insolvency, liquidation, administration or receivership work Work for banks and/or finance institutions (by endorsement) Acting in the capacity as a financial planner, security dealer or as an investment adviser with an ASIC licence (by endorsement) Mergers and/or acquisitions (by endorsement)
Zurich	Contractual liability, assumed liability & Trading debts Dishonesty Directors & Officers Intellectual Property Infringement Manufacturing/Efficacy/Faulty Workmanship Money & Negotiable Instruments Occupier's liability Personal injury/Property damage Prior & Pending Related Entities Superannuation Trustees Financial Planning Managed Investment Schemes Tax Implications Advice

Policy Exclusions (continued)

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This Guide does not include exclusions that are not specifically applicable to accountants' activities. For example, claims arising from asbestos, war and terrorism, bodily injury, property damage etc.

This Guide does not include the following exclusions common to all policies listed:

- * fines, penalties, punitive damages
- * computer viruses & unauthorised use
- * territorial limits, jurisdiction, USA/Canada Geographical, Australia
- * trading loss, trading debts, sale and supply of goods
- * market fluctuation(except Miramar Underwriting Agency)
- * insolvency/bankruptcy of assured
- * employers liability, obligations to employees
- * retroactive date
- * radioactive contamination or explosive nuclear assemblies
- * other insurances

Members should consider the specific wording of all such exclusions and their application to their specific situation.

6. Tax scheme provisions

Insurers	Wording used has been supplied by the underwriters	Comment Cover is otherwise subject to the terms and conditions of the policy wording
Abacus Australia Ltd (Lloyd's)	No specific exclusion	N/A
AIG Australia (per Arthur J. Gallagher)	No specific exclusion	N/A
Allianz	<p>TAX SCHEMES</p> <p>We are not liable to indemnify you in respect of any claim directly or indirectly based upon, attributable to or in consequence of any advice and/or investment or the allocation of funds in respect of any tax scheme or like arrangement which has either;</p> <ul style="list-style-type: none"> i) not received a product ruling and/or, ii) not received verification in respect to any allowable taxation concessions or deductions by the Commissioner of Taxation and/or the Australian Taxation Office. 	Cover depends on the tax scheme having the Tax Commissioner's or the ATO's approval.
APUA	The Insurer shall not be liable in respect of any Professional Services, Claim, liability, compensation, Inquiry Costs, claimant's costs and expenses or Insured Costs directly or indirectly arising from or in respect of any advice given by the Insured to any client on how to minimise their taxation obligations by investing in any taxation avoidance scheme or management investment scheme where currently or at the time a public ruling or announcement an Administrative Appeals Tribunal or Court has held the scheme to be in breach of Part IVA of the Income Tax Assessment Act, 1936 (as amended).	No cover where currently or at the time a public ruling or announcement an Administrative Appeals Tribunal or Court has held the scheme to be in breach of Part IVA of the ITAA.
AXIS	We shall not be liable under this Policy to provide indemnity in respect of any Claim against the Insured directly or indirectly arising from the promotion of or any investment in schemes or arrangements which are held to be in breach of the income tax avoidance provisions in Part 4A of the <i>Income Tax Assessment Act 1936</i> (as amended), unless the Australian Taxation office had previously issued a compliancy determination or product ruling:	Cover depends on the tax scheme or arrangement having the ATO's approval.
CGU	<p>This Policy does not provide cover for or in respect of a Claim directly or indirectly related to, based upon, attributable to or in consequence of a Tax Exploitation Scheme, of which the Insured was a promoter.</p> <p>For the purposes of this Exclusion:</p> <p>A) A Tax Exploitation Scheme shall have the same meaning as in Section 290-65 of the Tax Laws Amendment (2006 Measures No. 1) Act 2006 (No. 32, 2006) ("the Act") being a tax exploitation scheme of which :</p> <ol style="list-style-type: none"> 1. A civil penalty has been imposed upon any person, under Section 290-50 of the Act; or 2. An injunction has been granted against any person, under Section 290-125 of the Act; or 3. A voluntary undertaking has been given by any person, under Section 290-200 of the Act. <p>B) Promoter shall have the same meaning as in Section 290-60 of the Act.</p>	

Professional indemnity insurance policies for accountants

A comparison guide – May 2009

Tax scheme provisions (continued)

Insurers	Wording used has been supplied by the underwriters	Comment Cover is otherwise subject to the terms and conditions of the policy wording
Dual (Lumley General Insurance Limited)	Advice in connection with any scheme which has not received confirmation from the Commissioner of Taxation and/or the Australian Taxation Office of any allowable taxation concessions or deductions.	Consider policy endorsement under 'Financial Conduct, Advice and Performance' for discussion with your broker.
Indemnity Solutions (Lloyd's)	No specific exclusion	N/A
Liberty	Liberty will not pay for any Claim in respect of any liability arising in connection with any scheme to which Part 1V A (or its equivalent) of the Income Assessment Act 1936 (Commonwealth, or its equivalent) applies	Cover provided where the ATO has previously issued a compliancy determination or ruling.
London Australia Underwriting (100% Lloyd's)	Underwriters shall not have any liabilityany investments, schemes or arrangements which are held to be in breach of Part IVA of the Income Tax Assessment Act 1936, unless the Australian Tax office has issued a compliancy determination or product ruling prior to any promotion of, or investment in, the scheme or arrangement.....	Cover provided where the ATO has previously issued a compliancy determination or ruling.
Miramar Underwriting Agency (Lloyd's)	No specific exclusion	N/A
QBE	<p>Shall not be liable under this Policy to provide indemnity in respect of any Claim against the Insured directly or indirectly based upon, attributable to, or in consequence of:</p> <p>(i) any retrospective taxation legislation or amended rulings issued by the Australian Taxation Office.</p> <p>(ii) any scheme to which Part IVA (or its equivalent or replacement) of the Income Tax Assessment Act 1936 (Commonwealth) (or its equivalent or replacement) applies.</p>	No cover if Part IVA of the ITAA applies to the scheme.
Resource (Lloyd's)	Underwriters shall not be liable to indemnify the Insured for any claim made under this Contract which arises directly or indirectly from or in connection with advice given or services performed in respect to any scheme or arrangement devised directly or indirectly by or on behalf of the Insured, or by any other person and affecting the incidence of tax that might otherwise be payable by a taxpayer unless same has been approved by the Australian Tax Office or is within the guidelines or Rulings made by the Australian Tax Office at the time the advice is given or the services performed	Indemnity may apply if scheme or arrangement is ATO approved or is within ATO guidelines or rulings.
SRS Underwriting Agency (100% Lloyds)	No specific exclusion	N/A

Tax scheme provisions (continued)

Insurers	Wording used has been supplied by the underwriters	Comment
Tasman Underwriting (Lloyds)	The underwriters shall not indemnify an assured against any claim made against them arising directly or indirectly from any scheme, arrangement or transaction which the Australian Taxation Office declares to be in breach of Part IVA of the Income Tax Assessment Act 1936 (as amended)	Cover is otherwise subject to the terms and conditions of the policy wording No cover if the ATO declare the scheme to be in breach of the ITAA. On application, Australis/Tasman will consider amending the exclusion on a case-by-case basis
Vero	The Insurer shall not be liable in respect of any Professional Services, Claim, liability, compensation, Inquiry Costs, claimant's costs and expenses or Insured Costs directly or indirectly arising from or in respect of any advice given by the Insured to any client on how to minimise their taxation obligations by investing in any taxation avoidance scheme or management investment scheme where currently or at the time a public ruling or announcement an Administrative Appeals Tribunal or Court has held the scheme to be in breach of Part IVA of the Income Tax Assessment Act, 1936 (as amended). Subject otherwise to the terms, General Conditions and Exceptions of the Policy.	No cover where currently or at the time a public ruling or announcement an Administrative Appeals Tribunal or Court has held the scheme to be in breach of Part IVA of the ITAA.
Zurich	This policy does not provide any indemnity against loss or in connection with any <i>claim</i> directly or indirectly arising from or in connection with any representation or advice relating to any tax minimisation scheme not approved and/or sanctioned by the Australian Tax office and/or the Australian Securities and Investment Commission.	No cover if scheme not approved by the ATO &/or ASIC

Note: This is a Guide to the cover offered under standard policies. No reliance should be placed on the schedule by any member currently insured by one of the insurers whose policy has been included. Any one of the policies reviewed could be updated or replaced by an insurer at any time.

7. Criminal proceedings and auditing standards provisions

Insurers

Wording used has been supplied by the underwriters

<p>Abacus Australia Ltd (Lloyd's)</p>	<p>Auditing Standards</p> <p>Underwriters shall indemnify the Insured against any claim made under this Contract during the Period of Insurance and notified in writing to Underwriters during that Period in respect of any failure of the Insured to conduct an audit in accordance with the auditing standards established under the Corporations Act 2001 (Cth) PROVIDED THAT Underwriters shall not be liable to indemnify the Insured for any claim which arises directly or indirectly from or in connection with:</p> <p>(a) any dishonest, fraudulent, criminal, reckless or malicious act or omission of any Insured or of:</p> <ul style="list-style-type: none"> (i) their predecessor(s) in business; (ii) any of their consultants, contractors, sub-contractors, or agents; or <p>(b) any wilful breach of any statute, contract or duty, or any act or omission committed or omitted or alleged to have been committed or omitted with a reckless disregard for the consequences by any Insured or their consultants, contractors, sub-contractors, or agents.</p>
<p>AIG Australia (Per Arthur J. Gallagher)</p>	<p>Exclusion</p> <p>This policy shall not cover Loss in connection with any Claim: Misdeeds arising out of, based upon or attributable to any act which a court, official tribunal or arbitrator finds, or which an Insured admits, to be a criminal, dishonest or fraudulent act; and in such event, the Insurer shall be reimbursed for all Loss paid in connection with such Claim; provided, however, that this exclusion shall not apply:</p> <ul style="list-style-type: none"> i) the "Fraud/Dishonesty" Cover; or ii) the "Fidelity" Extension; or iii) to a breach of the Australian Auditing and Assurance Standards enforceable under the Corporations Act 2001 (Cth) except in the case of dishonesty or fraud.
<p>Allianz</p>	<p>Auditing Standards Strict Liability Cover</p> <p>General</p> <p>In respect of an Auditing Standards Strict Liability Claim of which you first become aware and report to us during the period of cover we agree, to the extent insurable at law: to pay any defence costs that we incur or that you incur with our written consent; and to indemnify you for liability imposed on you under the Corporations Act 2001 for Auditing Standards Loss. However, we are not liable to indemnify you under this clause if you personally committed or condoned any act, omission or breach excluded by the fraud and dishonesty exclusion in clause 25, but otherwise this extension applies notwithstanding the fraud and dishonesty exclusion in clause 25.</p> <p>Advancement of defence costs</p> <p>We agree to pay defence costs before completion of an Auditing Standards Strict Liability Claim where:</p> <ul style="list-style-type: none"> a) we give you written confirmation that we will pay your defence costs in respect thereof; or b) we appoint a legal representative to represent you in respect thereof. <p>In any other case, we may pay defence costs before completion of an Auditing Standards Strict Liability Claim at our discretion.</p> <p>Scope of cover</p> <p>Our liability to cover you under this clause is subject to the following: We are only liable to cover you under this clause (whether for defence cost payments or for indemnity or both) up to the limit specified in item ## of the schedule in respect of any one claim or all claims in the aggregate per period of cover.</p> <p>You must bear the deductible in respect of each and every Auditing Standards Strict Liability Claim. Unless expressly provided otherwise, our liability to cover you under this endorsement is subject to the terms, exclusions and conditions of the policy.</p> <p>Definitions</p> <p>For the purpose of this extension only:</p> <p>Auditing Standards Strict Liability Claim means a strict liability claim against you for actual or alleged breach of section 307A of the Corporations Act 2001.</p> <p>Defence costs means reasonable costs, charges, fees (including legal counsels' fees and experts' fees) and expenses incurred in defending, investigating or monitoring any Auditing Standards Liability Claim.</p> <p>Auditing Standards Loss means a strict liability penalty, or a compensation order, imposed on you for breach of section 307A of the Corporations Act 2001.</p>

Criminal proceedings and auditing standards provisions (continued)

Insurers

Wording used has been supplied by the underwriters

APUA	<p>Strict liability for failure to conduct an audit or review in accordance with auditing standard</p> <p>The Dishonest, Fraudulent or Criminal Acts Exception is hereby deleted in its entirety and is replaced by the following:</p> <p>arising directly or indirectly from or in respect of any dishonest, fraudulent, criminal or malicious act or omission by the Insured, provided that this Exception shall not apply to a failure by an Insured to conduct an audit or review in accordance with auditing standards, unless such failure was committed by that Insured with wilful, reckless, dishonest, fraudulent, malicious or criminal intent.</p> <p>Subject otherwise to the terms, General Conditions and Exceptions of the Policy.</p>
AXIS)	Breaches of the Auditing Standards automatically covered as per Insuring Clause.
CGU	Information not provided
Dual Lumley General Insurance Limited	Information not provided
Indemnity Solutions (Lloyd's)	The Underwriters agree to indemnify the insured against any Claim first made and notified during the period of Cover for any civil liability arising out of any failure by the Insured to conduct an audit in accordance with the auditing standards prescribed by the Corporations Act 2001 (or as amended from time to time), provided that the Claim has not arisen due to any fraudulent, dishonest, reckless or wilful act of an Insured, Subsidiary, sub-contractor or agent.
Liberty	<p>Notwithstanding the provisions of the policy, it is agreed between Liberty and the Insured that exclusion 4.7 Dishonesty is deleted in its entirety and replaced with the following:</p> <p>any actual or alleged infidelity, or any fraudulent, criminal, wilfully reckless, intentional malicious or dishonest act, error or omission of the Insured their subcontractor, contractor, consultant or agent.</p> <p>However this exclusion shall not apply to any failure of the Insured their subcontractor, contractor, consultant or agent to conduct an audit or review in accordance with Auditing Standards, unless such failure is established to have been committed by the Insured with wilful, fraudulent, dishonest or malicious intent.”</p>
London Australia Underwriting (100% Lloyd's)	<p>3.13 Australian Auditing Standards</p> <p>Underwriters shall indemnify the Insured against any Claim first made and Notified during the Policy Period for any civil liability arising out of any failure by the Insured to conduct an audit in accordance with the auditing standards prescribed by the Corporations Act 2001 (or as amended from time to time), provided that:</p> <p>(a) the Claim has not arisen due to any fraudulent, dishonest, reckless or wilful act of an Insured, Subsidiary, sub-contractor, agent or Named Consultant.</p> <p>3.3 Dishonesty and Fraud (Third Party Liability)</p> <p>Notwithstanding Exclusions 4.4 (Dishonesty) and 4.18 (Deliberate Acts), Underwriters shall indemnify the Insured against any Claim first made and Notified during the Policy Period and which arises out of the conduct of the Insured's Business by reason of Dishonesty on the part of any Employee (other than any director).</p> <p>3.4 Fidelity (Own Losses)</p> <p>Notwithstanding Exclusions 4.4 (Dishonesty) or 4.18 (Deliberate Acts), Underwriters shall indemnify the Insured for any Loss of Money where such Loss of Money is sustained as a result of any Dishonesty by an employee committed in the conduct of the Insured's Business.</p> <p>4.18 Deliberate Acts</p> <p>Apart from cover afforded under extension 3.3 (Dishonesty & Fraud) and 3.4 (Fidelity), any Dishonesty or any criminal, malicious or wilful act, criminal, malicious or wilful error or criminal, malicious or wilful omission by the Insured or by any other person, firm or company directly appointed by and acting for or on behalf of the Insured.</p>



Criminal proceedings and auditing standards provisions (continued)

Insurers

Wording used has been supplied by the underwriters

Miramar Underwriting Agency (Lloyd's)	<p>7.7 Intentional Acts any act or omission of any Insured or their consultants, sub-contractors or agents committed or alleged to have been committed with a reckless disregard for the consequences thereof, or any wilful breach of any statute, contract or duty by any Insured or their consultants, subcontractors or agents PROVIDED ALWAYS THAT: a) this Exclusion shall not apply unless such conduct is established by final adjudication or judgment; b) this Exclusion shall not apply to any Insured not committing such acts.</p>
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QBE Breach of Auditing Standards Extension

It is agreed that the following policy extension is inserted at 2.14:

2.14 Breach of Auditing Standards

QBE agrees to indemnify the Insured against liability for:

(a) loss arising from;

(b) compensation arising from any subsequent Claim made against the Insured following, any actual or alleged breach of the Auditing Standards by the Insured which would otherwise be excluded by reason of Exclusion 4.8 (Fraud and Dishonesty), PROVIDED ALWAYS THAT:

- i) any investigation or prosecution, or notice of intended investigation or prosecution, is commenced during the Period of Cover and is notified to QBE during the Period of Cover;
- ii) the provisions of clause 5.2 (Defence and Settlement) shall apply to costs indemnified pursuant to this Extension;
- iii) QBE shall be entitled, at its discretion, to appoint legal representation to represent the Insured in any investigation or prosecution;
- iv) the Deductible will apply to each loss and Claim under this Extension;
- v) in determining the availability of coverage under this Extension, QBE agrees that it will not rely on Exclusion 4.8 (Fraud and Dishonesty) except where:
 - a) the Insured's conduct amounts to an admission to any conduct described in Exclusion 4.8 (Fraud and Dishonesty); or
 - b) the Insured intentionally or recklessly breached the relevant Auditing Standard.

In the event that the claim is withdrawn or that indemnity under this Extension for any such claim is subsequently withdrawn or denied, QBE shall cease to advance costs and the Insured shall refund any costs advanced by QBE to the extent that QBE is satisfied that the Insured was not entitled to such costs, unless QBE agrees in writing to waive recovery of such costs.

For the purposes of this extension, "Auditing Standards" shall mean the Australian Auditing Standards issued by the Auditing Assurance Standards Board as a legislative instrument under the Corporations Act 2001 or any equivalent standards issued by the Accounting Professional and Ethical Standards Board.

Criminal proceedings and auditing standards provisions (continued)

Insurers

Wording used has been supplied by the underwriters

Resource (Lloyd's)

C. EXTENSIONS

8. Official Inquiries

Underwriters shall indemnify the Insured in respect of all costs and expenses reasonably incurred in representation and defence at any official inquiry or disciplinary or criminal legal proceedings instituted in connection with the Practice during the Period of Insurance.

However, Underwriters shall not be liable for any costs or expenses incurred in respect of any criminal proceedings where the Insured is found guilty.

10. Auditing Standards

Underwriters shall indemnify the Insured against any claim made under this Contract during the Period of Insurance and notified in writing to Underwriters during that Period in respect of any failure of the Insured to conduct an audit in accordance with the auditing standards established under the Corporations Act 2001 (Cth) PROVIDED THAT Underwriters shall not be liable to indemnify the Insured for any claim which arises directly or indirectly from or in connection with:

(a) any dishonest, fraudulent, reckless or malicious act or omission of any Insured or of:

- (i) their predecessor(s) in business;
- (ii) any of their consultants, contractors, sub-contractors, or agents; or

(b) any wilful breach of any statute, contract or duty, or any act or omission committed or omitted or alleged to have been committed or omitted with a reckless disregard for the consequences by any Insured or their consultants, contractors, subcontractors, or agents.

D. EXCLUSIONS

Underwriters shall not be liable to indemnify the Insured for any claim made under this Contract which arises directly or indirectly from or in connection with:

(a) any dishonest, fraudulent, criminal, reckless or malicious act or omission of any Insured or of:

- (i) their predecessor(s) in business; or
- (ii) any company, person or entity which has a beneficial interest in such Insured; or
- (iii) any of their consultants, contractors, sub-contractors, or agents; or

(b) any **wilful breach** of any statute, contract or duty, or any act or omission committed or omitted or alleged to have been committed or omitted with a reckless disregard for the consequences by any Insured or their consultants, contractors, subcontractors, or agents; except to the extent covered under extensions 2., 4 and 10.

E. CONDITIONS

6. If any payment is made under this Contract, **Underwriters** are thereupon **subrogated** to all the Insured's rights of recovery in relation thereto. Underwriters will not exercise any such rights against any Employee of the Professional Business unless a loss has been brought about or contributed to by any dishonest, fraudulent, criminal, reckless or malicious act or omission of the Employee.

Criminal proceedings and auditing standards provisions (continued)

Insurers

Wording used has been supplied by the underwriters

SRS Underwriting Agency (100% Lloyds)

2. EXTENSIONS

2.9 Costs of Official Inquiries

Underwriters agree to indemnify the Insured for the costs incurred by Underwriters, or the reasonable costs incurred by the Insured with Underwriters' written consent, of the Insured's legal representation at any inquiry or hearing held before a court, tribunal or legally constituted industry or professional board (including any coronial inquiry, any investigation or hearing under any accountant's registration and/or licensing legislation, any proceeding or prosecution in respect to alleged breaches of auditing standards issued by the Auditing and Assurance Standards Board as a legislative instrument under the Corporations Act 2001, or any inquiry under the disciplinary rules of a professional association of which the Insured is a member) or other similar process relating to or connected with the affairs of the Professional Business Practice, which the Insured is legally compelled to attend. Provided always that:

- (a) the inquiry or hearing is ordered or commissioned during the Period of Cover; and
- (b) Underwriters shall be entitled to nominate lawyers to represent the Insured; and
- (c) the Insured notified Underwriters in writing within the Period of Cover and within 28 days of having received notice of the inquiry or hearing; and
- (d) indemnity under this Extension is subject to Exclusion 3.2 (Fraud and Dishonesty); and
- (e) Underwriters' aggregate liability for all costs payable under this Extension shall not exceed \$100,000.

3. EXCLUSIONS

3.2 Fraud and Dishonesty

3.2 directly or indirectly based upon, attributable to, or in consequence of:

- (a) any actual or alleged dishonest, fraudulent, criminal, or malicious act or omission of any Insured or their consultants, sub-contractors, or agents; or
- (b) any act or omission of any Insured or their consultants, sub-contractors, or agents committed or alleged to have been committed with a reckless disregard for the consequences thereof; or
- (c) wilful breach of any statute, contract or duty by any Insured or their consultants, sub-contractors or agents, provided that this Exclusion 3.2 shall not apply to any actual or alleged breach by the Insured of auditing standards issued by the Auditing and Assurance Standards Board as a legislative instrument under the Corporations Act 2001, unless such breach was fraudulent, malicious, or wilful or committed with a reckless disregard for the consequences thereof.

Tasman Underwriting (Lloyds)

- c) The Underwriters shall not indemnify the Assured, other than as provided in Extension 3B, in respect of any Claim made against them brought about or contributed to by the dishonest, fraudulent, criminal or malicious act, error or omission of an Assured (and/or any corporation or entity which has a financial interest in the Assured) or their predecessors in business.

However, in respect of the Assured's auditing activities, the Underwriters agree that the term "criminal" in this Exclusion does not apply to any actual or alleged act or omission of the Assured which constitutes a contravention of Section 307A of the Corporations Act 2001 or of Section 344(1) of the Corporations Act 2001 (insofar as it applies to Section 307A of the Corporations Act 2001).

3. B) Dishonesty of Partners or Employees

- i) Assured parties (other than any Assured and/or Employee(s) involved in dishonesty) shall be protected, within the terms of this Policy for any Claim arising by reason of any alleged dishonesty, misstatement or fraud on the part of the Assured or its Partners or its employees, unless a judgment or other final adjudication adverse to the Assured establishes that an act or acts of active or deliberate fraud or dishonesty committed by any Partner or Partners of the Assured with fraudulent or dishonest purpose and intent were material to the cause of action so adjudicated and notwithstanding that such acts were not disclosed within the Assured's Proposal Form.
- ii) In the event of such judgement or other final adjudication this Policy shall not indemnify any dishonest Partner or employee and shall pay only in excess of the full extent of the dishonest person's assets in the Firm. Any other personal assets of the dishonest Partner or Partners recovered by the Assured shall inure to the extent of the amount paid under this Policy, to the benefit of the Underwriters.



Criminal proceedings and auditing standards provisions (continued)

Insurers

Wording used has been supplied by the underwriters

Insurers	Wording used has been supplied by the underwriters
Vero	<p>Strict liability for failure to conduct an audit or review in accordance with auditing standard</p> <p>The Dishonest, Fraudulent or Criminal Acts Exception is hereby deleted in its entirety and is replaced by the following:</p> <p>arising directly or indirectly from or in respect of any dishonest, fraudulent, criminal or malicious act or omission by the Insured, provided that this Exception shall not apply to a failure by an Insured to conduct an audit or review in accordance with auditing standards, unless such failure was committed by that Insured with wilful, reckless, dishonest, fraudulent, malicious or criminal intent.</p> <p>Subject otherwise to the terms, General Conditions and Exceptions of the Policy.</p>
Zurich	<p>Dishonesty Automatic Feature.</p> <p>Notwithstanding Exclusion 2. 'Dishonesty', we agree to indemnify the insured for <i>civil liability claims</i> resulting from any actual or alleged dishonest, fraudulent, criminal or malicious activity in the provision of the professional services by an employee or employees of the insured provided that:</p> <ul style="list-style-type: none"> (a) no indemnity is available to the dishonest employee(s) themselves, or at all where the <i>insured</i> has knowingly engaged in or condoned such conduct; (b) for the purpose of this clause, employee shall mean a person or persons in the direct service of the <i>insured</i>, but shall exclude any principal or director. <p>Dishonesty Exclusion. directly or indirectly arising from or in connection with:</p> <ul style="list-style-type: none"> (a) any actual dishonest, fraudulent, criminal or malicious conduct of any <i>insured</i>; (b) any <i>civil liability</i> incurred by the <i>insured</i> which arises from conduct which is established to have been committed with a reckless disregard for the consequences thereof; or (c) any wilful breach of any statute, contract or duty by any <i>insured</i>. <p>Defence costs (Definition including Coverage for Inquiries prosecutions and Hearings). defence costs means:</p> <ul style="list-style-type: none"> (a) reasonable costs, charges or expenses (other than wages, salaries or fees of the insured) in investigating, defending and/or settling <i>claims</i> or in bringing or defending appeals in connection with them; and (b) reasonable costs, charges and expenses of legal representation, not otherwise covered by this policy, of the <i>insured</i> at any inquiry, prosecution or hearing while the insured is legally compelled to attend and which relates to matters which may give rise to a <i>claim</i>, provided that: <ul style="list-style-type: none"> (i) the requirement that the <i>insured</i> attend the inquiry, prosecution or hearing was imposed during the <i>period of insurance</i>; (ii) our prior consent to the incurring of any costs, charges or expenses is obtained; (iii) defence costs falling within this sub-clause (b) are only indemnifiable up to the sub-limit specified in the <i>schedule</i>; (iv) the phrase 'inquiry, prosecution or hearing', as employed in this sub-clause (b), does not include a Royal Commission or any audit, prosecution, hearing or other proceeding conducted by the Australian Taxation Office, by the National Crime Commission or by any successor body to it, by any independent commission against corruption or by a parliament or any committee of a parliament; (v) the matters which are the subject of the inquiry, prosecution or hearing all took place or are alleged to have taken place after the <i>retroactive date</i>; (vi) all other terms, conditions and exclusions of the policy otherwise apply as if the inquiry, prosecution or hearing were a <i>claim</i>.

Note: This is a Guide to the cover offered under standard policies. No reliance should be placed on the schedule by any member currently insured by one of the insurers whose policy has been included. Any one of the policies reviewed could be updated or replaced by an insurer at any time.