

PROFESSIONAL LIABILITY INSURANCE POLICY

Purpose:

This policy should be interpreted in conjunction with the By-laws:

- Members: By-law 227(b)
- Professional Corporations: By-laws 255(k) & 267(c)
- Limited Liability Partnerships: By-laws 275(f), 278(f) & 290
- Sole Proprietors and Partnerships: By-laws 307(c) & 318(e)
- Members engaged in public accounting or a regulated service: By-laws 404-408

The CPA Nova Scotia Broad of Directors' Professional Liability Insurance Policy is intended to protect members and the public from past, current, and future acts performed in public accounting and regulated services. In general terms, this is achieved through prior acts coverage, minimum coverage limits, and discovery period coverage. This policy will clarify the specific requirements for professional liability insurance.

Applicability:

Each member or registered firm engaged in public accounting or a regulated service is required to carry sufficient professional liability insurance (PLI). It is the responsibility of all members to ensure that they, as individuals or the firms they work for, have suitable professional liability insurance in place that meets the requirements of the By-laws and this policy.

Members or firms required to carry professional liability insurance coverage shall report and confirm this coverage at least annually to CPA Nova Scotia, through either the [Firms Annual PLI Declaration](#) or the [Members Annual PLI Declaration](#).

The Professional Liability Insurance Declaration is due March 31st for individual members and September 30th for firms.

New firms are required to submit proof of insurance through the [New Firms PLI Declaration](#) with their application.

Upon request by CPA Nova Scotia's Registrar or the Practice Inspection Committee, a member or firm shall make available for inspection the professional liability insurance policy which covers the member or firm and shall provide all information and documents relevant to the policy.

Minimum coverage limits:

Minimum coverage limits required for registered firms (excluding LLPs):

- a) \$1,000,000 per claim and \$1,000,000 in aggregate for each sole proprietorship or professional corporation, in which only one member practices public accounting or engages in a regulated service. Defense costs should be in addition to the per claim and aggregate limit.
- b) \$1,500,000 per claim and \$1,500,000 in aggregate for each registered firm, where two or three members practice public accounting or engage in a regulated service. Defense costs should be in addition to the per claim and aggregate limit.
- c) \$2,000,000 per claim and \$2,000,000 in aggregate for each registered firm, where four or more members practice public accounting or engage in a regulated service. Defense costs should be in addition to the per claim limit and aggregate limit.

LLP limits are specified in the By-law 290.

Minimum coverage limits required for a member:

- a) \$1,000,000 per claim and in aggregate for each member, who engages in a regulated service other than through a registered firm. Defense costs coverage should be in addition to the per claim and aggregate limit.

Coverage Terms:

All insurance contracts must be with reputable and well recognized insurance providers.

All insurance contracts must include an endorsement requiring the insurer to advise CPA Nova Scotia, in writing, if a policy is cancelled or not renewed or coverage is below the minimum coverage required.

Firms and members are required to have prior acts coverage. This ensures previously performed public accounting and/or regulated services are also covered by current insurance.

Firms and members who have ceased practicing are required to carry insurance for a minimum period of six years after they cease practicing, covering all acts while they were practicing. This is referred to as the Discovery Period.

Coverage for prior acts may be either through a rider to an ongoing policy or a new and separate discovery policy.

Exemptions from this policy:

- Members of the Office of the Auditor General (federal and provincial).

Effective: July 15, 2016.
Date approved by Board