

A Member of the Tokio Marine Group

Management & Professional Liability Division

ACCOUNTANTS PROFESSIONAL LIABILITY

WHY PHIYS

- 20+ years of operating experience in the Management and Professional Liability market with superior service and coverage
- Superior financial strength from AM Best (A++ XV) and Standard & Poor's (A+)
- Dedicated team with over 100 underwriters & claims professionals located across 13 Regional Offices
- Broad definition of professional services
- Comprehensive Professional Liability coverage tailored to meet the needs of accounting professionals



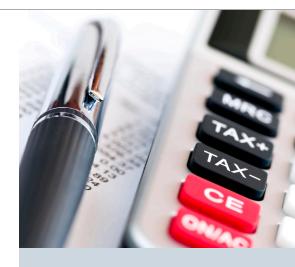
- CPA
- Bookkeeper
- Enrolled Agent
- Non-CPA
- Tax Preparer

PROHIBITED CLASSES

- Business Valuator
- Firms providing primarily attestation services
- Firms providing services to entertainment/sports clients, real estate clients, construction clients, and investment companies/mutual funds/ hedge funds/venture capital firms
- Public Audit Firm

RISK MANAGEMENT TIPS

- 1. Always use engagement letters with clients which clearly list the following:
 - what you will be doing
 - what you will not be doing
 - when you will be doing it
 - what the client's responsibilities will be
 - what the services cannot be relied upon to be accomplished (i.e. detect fraud)
- 2. Ensure that you have formal client screening procedures in place. Higher risk clients will increase the exposure for even the most careful accounting firms.
- 3. Create a document retention policy. A practical and systematically implemented document retention policy is of the utmost importance to protect the accounting firm and your client. Destroying or discarding client files may cause an accountant to face serious and adverse legal consequences if the destruction occurs in bad faith.



CIAIM SCENARIOS

\$3M Audit Services

A lender relied on the Insured's audit when lending money to a borrower who ultimately defaulted on the

\$525,000 Trustee/Estate Tax

Beneficiaries of a trust filed a suit against the Insured when they realized the value of the trust was not what they expected.

\$300,000 Business Tax Preparation

The Insured failed to file S Corp. paperwork for a client and the client's tax return was rejected leading to interest and penalties.

\$400,000 Individual Tax Preparation/Tax Consulting

The client was taxed more due to the Insured's choice of tax write-off methods.

\$136,000 Bookkeeping/Payroll

The Insured provided bookkeeping and payroll services for a client who failed to pay payroll taxes for 10 years. The client was assessed penalties and interest and filed a suit against the Insured.

\$95,000 Individual Tax

The client failed to include foreign income when filing taxes for several years. The Client brought a suit against the Insured for negligence claiming the Insured never asked if they had foreign income.

ACCOUNTANTS PROFESSIONAL LIABILITY

KEY FEATURES

- Limits available up to \$3M per claim/aggregate
- · Broad definition of professional services including services as a trustee, receiver, executor, and notary public
- · Coverage includes independent contractors working on the Insured's behalf
- Defendants Reimbursement coverage
- Available coverages for select risks:
 - First Dollar Defense
 - Defense Costs in addition to the Limit of Liability
 - Aggregate Deductible
 - Subpoena Assistance
 - Consulting and Personal Financial Planning
- Availability of complementary coverages to provide broader risk management solutions including Business Owner's Policy (BOP), Directors & Officers, Employment Practices, Fiduciary, Crime, and Cyber Liability
- · Quick turnaround times for proposals and policy issuance

SUBMISSION REQUIREMENTS

- Completed application
- Completed supplemental applications (if applicable)
- Currently valued insurance company loss runs for the current policy period and four (4) prior years
- Supplemental claim form, if applicable

RISK MANAGEMENT SERVICES

Management and Professional Liability Risk Management Gateway (PHLYGateway)

- PHLY has partnered with The McCalmon Group to offer our web-enabled PHLYGateway, which includes:
 - An online training platform for employees and managers, providing training on preventing harassment, identifying discrimination, and more
 - A Best Practices Help Line, where insureds can schedule a consultation to discuss workplace risks
 - Access to sample forms and documents that can help draft employee handbooks, formal policies, written procedures, checklists, and more
 - An expansive library of weekly articles that cover a wide range of topics, including Employee Relations and Human Resources, Leadership and Ethics, Loss and Litigation, and much more

ABOUT US

Company Profile

AM Best Rating

The Company's two insurance subsidiaries are pooled for risk assumption and accumulated surplus. AM Best Company has assigned the insurance subsidiaries an "A++" (Superior) rating.

Standard & Poor's

Ward's 50[©]

CONTACT US:

RISK MANAGEMENT SERVICES: 800.873.4552

CLAIMS REPORTING: 800.765.9749

800.685.9238 Fax | E-mail: <u>claimsreport@phly.com</u> Gather facts, mitigate loss, inventory damage

PAYMENT OPTIONS: 877.438.7459

E-mail: <u>service@phly.com</u> | Direct billed | MasterCard, Visa, Discover, American Express, electronic checks



The PHLY Difference



800.873.4552 | **PHLY.com**

