



# CLAIM SCENARIOS

## ACCOUNTANTS PROFESSIONAL LIABILITY

### \$65,000

An accounting firm was acting as a trustee on a client's \$1M living trust insurance policy. As trustee, the Insured was responsible for payment of the annual policy premium. The firm moved and failed to give the insurance company their new address so the policy was cancelled for non-payment of premium. The claim made against the Insured was for the **difference in premium to purchase another policy**.

### \$375,000

An accountant set-up a client's investment properties as a corporation instead of a partnership. The client alleged **losses for tax liability** which must be paid by the client.

### \$4,175,000

An accountant **audited financial statements which were relied upon by the creditors** of three plumbing companies. The creditors lent \$6.5M to the Insured's client. The plumbing companies defaulted on the loans and filed for bankruptcy. The accountant's audit procedures did not comply with GAAP.

### \$185,000

An accountant audited the financial statements of a client. The accountant failed to **detect and recognize the irregularities** associated with an employee embezzlement during the audit process.

### \$205,000

The heirs of a wealthy investor brought suit against their accountant for not filing a tax return on time resulting in penalties and interest charged to the estate.

### \$170,000

An accountant made a **\$1.9M error in a client's financial statements**. The client filed a claim for the cost to have another accounting firm correct the mistake.

### \$1,600,000

200 plaintiffs alleged they were **coerced into participating in illegal tax shelters**. The accountant allegedly promoted products and made referrals to other co-defendant accounting firms who actually set-up the illegal tax shelters. Damages included lost funds, loss of tax benefits, interest, and consequential damages.

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