

Claim Scenarios

- **Audit Services**
A lender relied on the insured's audit when lending money to a borrower who ultimately defaulted on the loan.
- **Trustee/Estate Tax Services**
Beneficiaries filed suit against the insured when they realized the value of the trust was not what they expected.
- **Business Tax Preparation Services**
The Insured failed to file S Corp. paperwork for a client, and the client's tax return was rejected leading to interest and penalties.
- **Individual Tax Preparation/Tax Consulting Services**
 - The client was taxed more due to the Insured's choice of tax write-off methods.
 - 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.
 - 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.
 - An accountant audited financial statements which were relied upon by the creditors of three plumbing companies. The creditors lent \$65M 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.
 - 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.
 - 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.
 - 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.
 - 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.

These scenarios are not intended to be interpreted as coverage positions. Coverage for any given claim is based upon its facts and the specific terms and conditions of the policy.