

Tax Preparers' Professional Liability

Protection when you need it most.

We take all of your risks into account so you can focus on your business.

It's that time of year again. Your clients wait until the last minute...and expect you to meet the IRS deadline. There aren't enough hours in the day. And when the pressure's on, it's easy to make mistakes. That's why thousands of tax preparers are insured by CNA Surety.

Legal action against tax preparers is becoming increasingly common.

You can do everything by the book and still face legal action. Even in an unjustified case, the legal fees incurred simply to defend oneself can be staggering.

Could any of these common scenarios happen to you?

- A tax preparer mistakenly omitted From-1099 interest income when preparing a tax return for a client. Because they were insured by CNA Surety, the claim was paid under terms of the policy for reimbursement of applicable IRS penalty of \$2,015 assessed to the taxpayer.
- A tax preparer was responsible for a client's quarterly sales tax return being filed late, causing the state to assess the client a penalty of over \$3,500. Thankfully, the claim was paid under terms of the insured's policy through CNA Surety.
- A tax preparer with our optional bookkeeping coverage made a bookkeeping error in calculating the beginning accounts receivable balance, which resulted in an understatement of gross receipts, which was incidentally carried through to the tax return. The IRS assessed a penalty. Under the terms of their policy with optional bookkeeping coverage, the claim was settled for over \$2,500.

Note: In cases where interest assessments are paid, the payment may represent a compromise due to the taxpayer having the use of the underpaid tax until the error is discovered.

You can prepare the taxes. We'll prepare you for your most common risks.

- Cover claims against you and your clients up to the policy limit.
- Protect you against errors and omissions.
- Cover defense costs (subject to policy limitations)
- Cover both full-time and part-time employees, even if they only work during the tax season.
- Include one year complimentary retroactive coverage with the option to buy a second year of retroactive coverage.
- Offer the option for bookkeeping coverage to protect more than tax work.

This brochure contains only a brief summary of coverage and policy provisions. All statements herein are subject to the provisions, exclusions and conditions of the applicable policy. Coverages afforded are only those for which an application is made and for which a premium charge is paid as indicated in the Declarations of the policy.

One or more of the CNA companies provide the products and/or services described. The information is intended to present a general overview for illustrative purposes only. It is not intended to constitute a binding contract. Please remember that only the relevant insurance policy can provide the actual terms, coverages, amounts, conditions and exclusions for an insured. All products and services may not be available in all states and may be subject to change without notice. CNA is a registered trademark of CNA Financial Corporation. Copyright © 2012 CNA. All rights reserved. SURETAX BR 011012

Tax Preparers' Professional Liability Insurance Standard Rates

This is a claims-made policy with a one-year term and is subject to a \$250 single loss/\$500 annual aggregate deductible.

# Employees	\$10,000/\$20,000	\$25,000/\$50,000	\$50,000/\$100,000	\$100,000/\$200,000
1-3	\$182.00	\$363.00	\$556.00	\$737.00
4	\$226.00	\$451.00	\$686.00	\$909.00
5	\$270.00	\$539.00	\$817.00	\$1,086.00
6	\$314.00	\$627.00	\$947.00	\$1,260.00
7	\$358.00	\$715.00	\$1,078.00	\$1,434.00
8	\$402.00	\$803.00	\$1,209.00	\$1,608.00
Each Employee Over 8	\$44.00	\$88.00	\$131.00	\$174.00

Associations and Enrolled Agents – Members of tax preparer professional associations and enrolled agents represent a preferred risk class. Multiply the policy premium by the discount factor listed below.

*Not available in Tennessee

Enrolled Agent	0.90
Association	0.90
Enrolled Agent & Association	0.85

The following coverage options are available for additional premium.

Retroactive Coverage

Retroactive	\$10,000/\$20,000	\$25,000/\$50,000	\$50,000/\$100,000	\$100,000/\$200,000
1 Year	Included	Included	Included	Included
2 Year	\$125.00	\$250.00	\$375.00	\$500.00

Bookkeeping Option – Subject to underwriting approval, a bookkeeping services endorsement may be purchased. Based on the percentage of the insured's business classified as bookkeeping, multiply the policy premium by the factor listed below.

1-10%	1.15
11-25%	1.25
26-75%	1.33
Over 75%	not available

Extended Reporting Period- Subject to Underwriting approval, an extended reporting period endorsement may be purchased to take effect subsequent to the date of the policy's termination. The premium is 50% of the last annual premium of the policy for each year of extended reporting purchased to a maximum of three years or 150%.

Factor per year – up to 3 years 0.50

*For OK and MD, please contact CNA Surety for additional terms and conditions regarding an extended reporting period.



TAX PREPARERS' PROFESSIONAL LIABILITY APPLICATION

PLEASE NOTE: THIS IS A CLAIMS MADE POLICY

\$250.00 Single Loss, \$500.00 Annual Aggregate Deductible Applies

Name of Business (Exact Name)			
Address (include any branch location addresses)			
(Street and Number)	(City)	(State)	(Zip)
Telephone Number	Fax Number	Email Address	
Check all that apply: <input type="checkbox"/> CPA <input type="checkbox"/> Enrolled Agent (*discount applies) <input type="checkbox"/> Financial Planner <input type="checkbox"/> Attorney <input type="checkbox"/> Accountant <input type="checkbox"/> Independent Practitioner		Total Number of Owners and Employees (Include part-time):	Number of Offices:
		Amount of Coverage Requested:	<input type="checkbox"/> \$10,000/\$20,000 <input type="checkbox"/> \$25,000/\$50,000 <input type="checkbox"/> \$50,000/\$100,000 <input type="checkbox"/> \$100,000/\$200,000
Are you a member of a tax preparer's association? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please specify which one. _____			
Do you want optional bookkeeping coverage? <input type="checkbox"/> Yes <input type="checkbox"/> No What percentage of your business is bookkeeping? _____ %			
Policy includes one year complimentary retroactive coverage. Do you want to purchase a second year? <input type="checkbox"/> Yes <input type="checkbox"/> No			

*Discounts Not Available in Hawaii or Tennessee

1. Have you sustained any prior losses? Yes No Do you currently carry errors and omissions insurance? Yes No
Please provide the amount, details, and insurance claim status of any prior losses. (Use a separate sheet of paper if necessary.)

2. Number of years of experience preparing tax returns? _____
3. What types of returns does your firm prepare? Personal Commercial
4. Have you and your other supervisors attended a continuing education course in the last year? Yes No
5. Does your firm subscribe to a tax reporter service or similar publication? Yes No
If so, are they required reading for all preparers? Yes No
6. Does your firm regularly check the accuracy of your computer software? Yes No
7. a. Does your firm utilize an outside tax preparation service? Yes No
b. If yes, does the service hold you harmless for liability that may be incurred as a result of their performance? Yes No
8. Is there a review of all tax preparation by a supervisor who is not involved in that preparation prior to releasing the return? Yes No
9. Have you or any member of your firm been subject to a tax preparer's fine(s) or penalty levied by the Internal Revenue Service, or to disciplinary action by any state board of accountancy, AICPA, or state society? Yes No
If yes, please list the dates, dollar amounts, and other specifics. _____
10. a. Has your firm had a peer review under the sponsorship of the AICPA, a state society, or any other professional association, in the last three (3) years? Yes No
b. If yes, were any deficiencies found regarding tax preparation? Yes No
c. If so, what steps have been taken to prevent recurrence? _____
11. The applicant hereby warrants that, to the best of his/her/its knowledge, no facts currently exist which could reasonably give rise to a claim against this policy.

Applicant's Signature _____ Date: _____

Applicant: please print or type your name here _____

Check here if this has been previously faxed to us.

Your CNA Surety Agent is:			
Address _____			
Street			

City	State	Zip	
Agent's Code _____			

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.



P.O. Box 5077 Sioux Falls, South Dakota 57117-5077
 1-800-331-6053 FAX 1-605-335-0357
 www.cnasurety.com

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