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when it's time to renew their policies.

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When it's time for CPA firms to renew professional liability insurance policies, many assume everything is the same as last year. However, questions in the application often give a heads up to new risk exposures, according to [CPA Mutual](#), one of the leading US providers of professional liability insurance and risk management consulting to CPA firms in the country. In their experience, one in 10 firms can experience a claim each year.

“Policy renewal is a great time to discuss risk management issues or questions with

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Your firm may have acts, errors or omissions — and even unreported claims — that should be reported prior to your policy expiration. The person in charge of policy renewal may not be aware of all issues that can evolve into a claim later and if not properly reported could void coverage later. Schedule a meeting to go over the application questions and note any changes that apply to your firm.

## **2. Compare last year's application to this year's application.**

Over the course of a year, underwriters will revise applications based on new risk exposures. Similar to a tax planning form, questions in your insurance application can change to reflect new risk management issues. Although new questions may not apply to your firm right now, they can keep partners aware of emerging liability trends.

## **3. Review deductibles and size of policy limits.**

There may be changes in staff, billings or practice niches that impact coverage and rates. Discuss these changes with your provider to make sure you are getting sufficient coverage, but also the most favorable rate.

## **4. Report significant changes in your business model or structure.**

If your firm launched a new practice niche, acquired or merged with another firm, or aligned with another business entity (e.g. investment advisory firm, technology firm), discuss how this event should be addressed on your renewed insurance policy. There may be employee issues, new risk exposures and even unresolved claims to consider. In fact, if a significant change such as a merger or acquisition is pending in the coming year, plan ahead with your insurance carrier. Make sure all separate entities you wish to be covered are properly endorsed and added to the policy.

## 5. Being underinsured is not a good way to save money.

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### **Bonus: Don't skip the details.**

Claims can happen in the gap between policy expiration and policy renewal. Firms should send the required funds to bind coverage prior to policy or quote expiration to avoid gaps in coverage. By the same token, read the new policy (especially the declaration page), for premium charged, policy terms and exclusions to make sure the coverage you requested is in fact the coverage bound for the coming year.

"Accounting firm leaders have enough on their plates and shouldn't have to worry whether or not their liability coverage will be there for them if they need it," Thompson added. "Follow these tips prior to your policy renewal period and schedule time each year to discuss them with your insurance carrier."

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*William"Bill" Thompson, CPA, RPLU is President of CPA Mutual, which was established in 1986 to consistently provide professional liability insurance exclusively to CPA firms and consult on risk management regarding professional services, employees and data security.*  
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