

6 RISK MANAGEMENT MISTAKES CPAs MAKE

6 STEPS TO AVOID THE MISTAKES

Not discussing the insurance application with your underwriter or agent.



Call or email your underwriter or agent and review your application to eliminate mistakes and avoid problems.

Not having appropriate policy limits for your firm profile.



Excessively high limits can make your firm a target; however, you need to carry enough limits to protect against a severe claim. A specialized underwriter or agent experienced in CPA firms will work with you to address specific risk areas and appropriate limits.

Admitting liability, assuming damages, making any payments, or incurring claims expenses.



These are all actions a CPA firm must avoid without the prior written consent of the insurance company, or risk a possible denial of coverage. Policyholders should talk with a risk adviser with their insurer before taking action.

Not reporting a potential claim as early as possible.



The sooner potential claims or claims are reported, the more effective an insurer can be at achieving an early resolution. Early reporting will also help assure coverage and may reduce your deductible. Pay attention to potential issues and report them to your carrier as soon as possible.

Not utilizing the insurance program's advisory, loss prevention, and risk management services.



The best way to avoid a claim is to manage the risks that lead to claims. A good insurance program will provide risk management tools to help CPA firms avoid or minimize problems and control premiums.

"Dabbling" in high-risk work without doing enough to stay proficient at it.



Claims data show high losses for services that comprise less than 15 percent of a firm's work. By the same token, losses are low for services that comprise 65 percent or more of the work. A good client screening process will help the firm make sure its work fits its expertise.



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