Institute of Certified Public Accountants of Uganda (ICPAU)

Professional Liability - The Risk, Loss Prevention & Insurance

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Insurance Package for ICPAU

- Individual Accountants & Auditors
- Partnerships – Accounting, Advisory, Audit
- Corporate Firms – Accounting, Advisory, Audit

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Who is a Professional?

- Special skills
- Skilled advice and / or service
- Established discipline

Professional Liability Insurance

- Scope of Cover – Wrongful Act
    - Professional civil (legal) liability
    - Defence costs

Why Professional Liability Cover?

- Skill and care
- Fiduciary duties
- Statutory provisions
- Errors & mistakes
- Direct financial loss
- Peace of mind

Professional Services by ICPAU Members

- General bookkeeping;
- Taxation advice;
- Audit services;
- Mergers & acquisition advice;
- Insolvency work;
- Management consulting;
- Directorship/trusteeship positions;
- Company secretarial work;
- IT advice with respect to accounting systems;
- Investment/insurance advice;
- and more…

Examples of Professional Exposures

- Errors & omissions in record keeping e.g., bookkeeping
- Missing deadlines e.g., tax return filings
- Negligent advice e.g., incorrect tax advice re M&A
- Audit: failing to pick up fraud within a company
- Audit: client goes into bankruptcy
- Public offerings: misleading prospectuses
- Insolvencies: claims by creditors/shareholders
- Wrongful acts in capacity of a Director/Trustee
- Poor investment advice e.g., inappropriate product
- Breach of trust, authority or warranty

Risk Profiling

Risk by Type of Work	
High	Audit of PLC's & FI's
	Mergers & Acquisitions
	Investment Advice
Medium	Directorship/Trusteeship positions
	Audit of Unquoted companies
	Taxation
	Insolvency
Low	Management Consulting (ex M&A)
	General Bookkeeping
	Company Secretarial
	IT Accounting systems
	Audit of SME's, charities
	Insurance commissions

Risk Management & Loss Prevention…

- Contractual limitation – detailed engagement scope letters
- Deadlines - centralised diary system with back up
- Fraud & dishonesty - written references for all employees
- Documented risk management policies
- Appropriate partner to staff ratio
- File review system? e.g., peer review, partner sign-off
- Review of conflicts of interest
- Promotion of continuing professional development
- Vetting of clients before taking them on

10 Reasons to Invest in PI Cover…

1. Responsibility
2. It is a mark of respect for your profession
3. To err is human
4. Clients deserve and demand protection
5. Protection of personal and family assets
6. Requirement in International and local contracts
7. East African Community
8. Requirement for ICPAU membership?
9. Defense costs for unsuccessful suits
10. Other liability covers exclude Professional Liability

Specific Risks covered...

- Acts of negligence, errors and omissions
- Defense against substantiated and unsubstantiated claims for damages
- Fraudulent and criminal actions of employees
- Loss of documents (incl. electronic data)
- Compensation for court appearances
- Libel & slader

What is not covered...

- Deductible or excess
- Investment advice
- Directors and officers liability
- Staff retirement benefits scheme’s trustees liability
- Criminal acts of partners and directors
- Bodily injury, sickness or disease
- Physical damage to property
- Harassment or discrimination

Top 10 Loss Prevention Tips…

Tip # 1 – Don’t Get Caught in the “Time Trap”

Tip # 2 – Avoid Conflicts of Interest

Tip # 3 – Properly Screen Potential Clients

Tip # 4 – Clear Lines of Communication With Clients

Tip # 5 – Know the Law and Apply it Properly

Tip # 6 – Document, Document, Document

Tip # 7 – Focus on the Workplace

Tip # 8 – Don’t Ignore Risk Third Parties Pose

Tip # 9 – Avoid Needless Fee Disputes

Tip # 10 – Don’t Assume You Won’t Get Sued

Questions & Answers…

Thank You & End…