



## **Coverage implications for the new beneficial ownership information (“BOI”) reporting under the Corporate Transparency Act (“CTA”)**

**Great American provides this document as general guidance only in order to address coverage inquiries related to the new beneficial ownership information (“BOI”) reporting under the Corporate Transparency Act (“CTA”). Nothing contained herein should be considered a guarantee or extension of coverage. Any claim resulting from these services will be individually evaluated based on the facts presented, compliance with all terms and conditions of the policy and the legal determinations of the jurisdiction in which the claim is brought.**

Your Great American Accountants Professional Liability Insurance Policy contains a broad definition of “Professional Services” to provide comprehensive coverage for a wide variety of accounting services. The use of a broad definition also means that your policy does not necessarily need to be amended as the opportunity to provide new accounting services to your clients arise. In addition, there is no exclusion specific to services associated with the Corporate Transparency Act (CTA), such as the new beneficial ownership information reporting requirement, included in your policy. As such, your Great American policy will generally cover “Professional Services” performed by an “Insured” that are related to the CTA, subject to all other applicable policy terms, conditions, and exclusions.

It is important to point out, however, that initial reaction from certain state boards of accountancy seem to be leaning toward treating the accounting professionals’ insertion in the BOI reporting process as potentially being the “unauthorized practice of law.” Given the newness of these services, how the law will ultimately interpret them is only speculative at this time; however, in many jurisdictions practicing law without a license is considered a criminal offense and insurance providers are barred from insuring criminal acts. Moreover, as specified in the Corporate Transparency Act, “a person who willfully violates the BOI reporting requirements may be subject to civil penalties of up to \$500 for each day that the violation continues. That person may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. Potential violations include willfully failing to file a beneficial ownership information report, willfully filing false beneficial ownership information, or willfully failing to correct or update previously reported beneficial ownership information.” (source: FinCEN FAQ K.2.)

Most professional liability policies, including your Great American Accountants Professional Liability Insurance Policy, have an exclusion for any claim “based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the Insured”. As a result, coverage may be limited or unavailable based on how the laws in your State or jurisdiction eventually classify these services and if one of these issues is alleged in a claim.

Given the lack of certainty currently surrounding BOI reporting, it is a good practice to consult with legal counsel when and if providing such services to clients. Additionally, accounting professionals should exercise thoughtfulness and restraint when receiving questions and inquiries regarding any interpretation of the CTA and the BOI reporting requirements. In such instances, accounting professionals should advise clients to consult with legal counsel and confirm the guidance in writing.

**If you need assistance with questions regarding accounting practices and procedures, document review or other professional liability issues, please contact the Great American Professional Liability Risk Management Hotline\* at 855-424-2468 or 855-GAIC-HOT**

\*The Hotline is a resource offered to Great American policyholders for discussing risk management issues or questions that can arise during the normal course of business. Should you become aware of a claim, lawsuit, or circumstances that may result in a claim being filed, you should immediately report it to Great American at [pldclaims@gaig.com](mailto:pldclaims@gaig.com). If you have questions concerning a claim or potential claim that you have already reported, please contact Landy Insurance at 800-336-5422 or [www.landy.com](http://www.landy.com).

The information presented in this publication is intended to provide guidance and is not intended as a legal interpretation of any federal, state or local laws, rules or regulations applicable to your business. The loss prevention information provided is intended only to assist policyholders in the management of potential loss producing conditions involving their operations based on generally accepted safe practices. In providing such information, Great American does not warrant that all potential hazards or conditions have been evaluated or can be controlled. It is not intended as an offer to write insurance for such conditions or exposures. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. The liability of Great American Insurance Company and its affiliated insurers is limited to the terms, limits and conditions of the insurance policies underwritten by any of them. © 2024 Great American Insurance Company, 301 E. Fourth St., Cincinnati, OH 45202. All rights reserved.