

# FAST FACTS

THE HARTFORD: Your solution for  
**Accounting Services.**



## Size of Opportunity

U.S. Accounting Services	468,000 + offices*
Combined premium for workers' compensation, business liability, property and auto	Approximately \$400 million

## Appetite

- Property values of \$15 million per location and sales of \$15 million per account
- Monoline workers' compensation up to \$6 million in payroll; monoline auto up to 25 power units
- Larger workers' compensation and auto policies may be written in conjunction with a Spectrum® policy

### SIC      Type of Business

**8721      Accounting & Auditing Services, Bookkeepers,  
            Medical Billing Services**

Collection agencies or services are **not eligible**

**7291      Tax Preparation Services**

## Industry Outlook

Demand for accounting services is driven by new business formations, merger and acquisition activity, increasing regulation of business activities and higher personal income. Small business owners rely heavily on their accountants for general business advice. Major services performed include payroll, tax preparation, bookkeeping, tax consulting and preparation, general accounting and auditing.

*continued*

Software packages that allow businesses to perform “do-it-yourself” tax preparation and general accounting are a main source of competition for smaller accounting, bookkeeping and tax preparation firms.

The industry’s peak season lasts from December until May when accounting professionals scramble to help clients with tax issues and annual reports while keeping on top of regular work.

## Why Accounting Services Choose The Hartford

### Spectrum Business Owners Policy

- **Fast, powerful computers and specialized software programs are a business necessity.** Computer operating systems must be able to converse with diverse client systems and software. Software must be upgraded on a frequent basis to keep abreast of changing regulations and tax codes.

Spectrum includes Computers and Media as covered business personal property and protects our insured’s investment in computer technology by reimbursing them for physical loss or damage to computer hardware. Coverage is extended to loss of, or damage to, data or computer software on a more limited basis.

The optional Computers and Media coverage form provides built-in coverage for virus damage to computer equipment, software and data. Limits are available up to \$2 million. Stretch endorsements each also contain additional limits.

- **Firms store valuable documents for long periods of time.** Copies of clients’ notes, spreadsheets, tax returns, etc. are stored for a minimum of six years or for a reasonable time period as dictated by law. These documents can be used to rebut a claim should a suit be brought by a client.

Spectrum is designed to cover Valuable Papers up to a \$25,000 limit both on and off the premises. This limit may be increased up to \$2 million. Additional limits are provided by the blanket limit included on our Super Stretch endorsement for Business Services. We provide coverage for the cost to research and re-create copies of clients’ files, spreadsheets, tax returns, etc.

- **Accountants, bookkeepers and tax preparers sometimes work from a client’s original documents.** Although it is recommended that accountants, etc. work from duplicate copies, at times, original documents are used and occasionally may be removed from a client’s premises.

Personal Property of Others in the insured’s care, custody or control is provided as Business Personal Property. Additional limits are provided under many of our Stretch endorsements.

- **Client funds are, at times, held in accounts maintained by the accounting firm.** There have been instances when employees have embezzled funds or stolen files and documents to sell to other accounting firms or to a client’s competitors.

The optional Employee Dishonesty endorsement can be purchased. Limits from \$10,000 to \$250,000 are available. Additional limits are provided under many of our Stretch endorsements.

- **Receivables make up a large percentage of total assets.** Fixed-price contracts are common in the industry. Clients are billed periodically, especially for long engagements or on-going services such as payroll or billing.

Spectrum has a \$25,000 limit for Accounts Receivable coverage built into the form for both on and off premises exposures. This limit may be increased to \$2 million. Additional limits are provided by the blanket limit included in our Super Stretch endorsement for Business Services. This coverage responds to losses caused by the inability to collect outstanding balances as a result of lost or damaged records.

- **Clients are often entertained at events where liquor is served.** Holiday parties, golf outings and sporting events are common entertaining venues.

Host Liquor coverage is automatically included when business liability is in place and extends to the policy limit, or if there is an umbrella in place, to the umbrella limit.

- **Workplace discrimination charges have increased over the past few years.** Small business owners feel particularly vulnerable to employment charges because of a weak economy and the subsequent need to downsize.

Spectrum includes a \$10,000 EPLI\* limit which can be increased to \$500,000 in most states.

\*Not available in California

### Workers’ Compensation

- **Cash flow is uneven.** Revenue is seasonal, most is earned during the first quarter but expenses continue all year long.

The Hartford offers a convenient way to manage cash flow with XactPAY®, our patent pending payroll billing solution for Hartford workers’ compensation policyholders. Benefits to small business owners include: no large down payment, pay-as-you-go premium charges based on actual payroll and mitigation of audit surprises at the end of the policy period.

## Commercial Auto

- **Employees often use their own cars to travel to clients' offices.** A significant non-owned auto exposure exists. Travel to clients' offices also creates a workers' compensation exposure.

Our Broad Form endorsement is automatically added to most policies at no cost to the insured. Among its 17 provisions, we include:

**Employees as Insureds** – If an employee has an accident while driving his own car on company business, personal liability coverage is provided to the employee in excess of the employee's own personal auto insurance.

- **Many firms lease expensive vehicles for the partners.** Vehicles depreciate quickly and in the event of a total loss the outstanding value of the lease may exceed the actual cash value of the vehicle.

**Lease Gap Coverage** – In the event of a total loss to a covered leased auto for which the lessor has been added as an additional insured, we will pay the outstanding balance of the lease if it exceeds actual cash value.

## Accountants Professional Liability

Hartford Financial Products, an underwriting unit of The Hartford, offers an Accountant's Professional Liability\* product designed for small to medium size private accounting firms (1 to 50 professionals) including CPAs, public accountants, enrolled agents, tax preparers, bookkeepers and other accounting professionals. The program provides coverage which can be customized to the specific needs of each accounting firm.

The product is administered by Target Insurance Services, a countrywide program administrator-managing general underwriter with years of experience handling professional liability coverage. Firms are individually underwritten by a dedicated team of experienced professional liability underwriters.

\*Not available in California

**With The Hartford Behind You, Achieve What's Ahead of You.**

Don't forget to visit our small commercial site at: [sb.thehartford.com](http://sb.thehartford.com)

The information provided in this material is intended to be general and advisory in nature and should not be considered legal advice. Certain coverages, features and credits vary by state and may not be available to all insureds. All coverages are individually underwritten.

This document outlines in general terms the coverages that may be afforded under a Hartford policy. All policies must be examined carefully to determine suitability for your needs and to identify any exclusions, limitations or any other terms and conditions that may specifically affect coverage. In the event of a conflict, the terms and conditions of the policy prevail. All Hartford coverages described in this document may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Financial Services Group, Inc. All information herein is as of April 2010.