



Limitation of Liability Schemes for Accountants – 5 steps you can take today to ensure you're protected

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It is important to the public's perception of the accounting profession that there is recourse for deficient advice or services. Equally, it is important to be able to defend yourself against claims which may be unsubstantiated.

For these reasons, the three professional accounting bodies in Australia; [Chartered Accountants Australia and New Zealand \(CA ANZ\)](#), [CPA Australia \(CPA\)](#) and the [Institute of Public Accountants \(IPA\)](#), have developed professional standards schemes to limit the civil liability of their members for specific public accounting services. The schemes work in conjunction with an eligible participant's professional indemnity insurance (PII) to ensure they can satisfy claims against them if they arise.

If you are a member of (at least) one of these accounting bodies, and you meet the eligibility requirements of its respective scheme, you will automatically be subject to the scheme. However, you will only be protected by the scheme if you fulfil all obligations it imposes on its participants.

To ensure you are covered, there are five simple steps you can take today:

1. Assess (and regularly review) whether you are eligible to participate in your professional association's scheme. [Click here](#) to ascertain the eligibility requirements of your scheme.
2. Check you are up-to-date with the payment of your participating scheme's **annual levy pursuant to the professional standards legislation.**
3. **Ensure your PII covers and is maintained at least at the minimum prescribed level of your scheme. PII will fund damages and legal costs on your behalf up to your scheme 'cap'. [Click here](#) to ascertain the liability caps of your scheme.**
4. **In compliance with professional standards legislation, ensure all business documents given to a client or prospective client include a disclaimer^[1] to notify them of your participation in the scheme (excluding business cards, advertisements or social media).**
A failure to display the disclaimer could mean you are personally liable for the amount of a claim your insurance won't cover. It is also an offence under the legislation and could result in a fine.
5. **Visit the website of your participating professional association for more information on the limitation of liability scheme that applies, including details of participant obligations specific to your scheme.**

If you are concerned a claim or potential claim will be made against you, or if you're seeking advice about your Professional Indemnity Insurance policy wording and/or whether limited liability applies in a specific situation, please contact the McInnes Wilson Lawyers Professional Indemnity Insurance team for a no cost consultation today.

^[1] Visit your professional association's website for further details on the recommended or, in some states, prescribed form of the disclaimer.

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