

The Professional Line - December 2011 Edition

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Assessing the Liability Risks of Review Engagements

By: [Edward F. Donohue, III](#)

Overview

In a review engagement, no external verification of the client's financial information is normally required. A review engagement is distinguished from an audit engagement in that the accountant provides a "negative opinion." The accountant verifies only that the financial statement has been prepared in accordance with accepted accounting standards and that no known material changes need to be made. The resulting unaudited financial statement is considered the representation of management. The accountant expresses no affirmative opinion as to whether the underlying financial information has withstood testing pursuant to audit standards.

Recent Court Rulings—Case Summaries & Conclusions

Insurance Agents: "Special Relationship" Between Insurance Agent and Insured Required to State Cause of Action for Failure to Procure Adequate Coverage

"Special Relationship" Between Insurance Agent and Insured Required to State Cause of Action for Failure to Procure Adequate Coverage.

The Court of Appeals of Washington recently held that an insurance agent owes no duty to advise an insured as to adequate coverage. The court further held that in order to state a cause of action against an insurance agent for failure to procure adequate coverage, an insured must establish a "special relationship."

For more information, please contact your regular [Hinshaw attorney](#).

Architects & Engineers: Texas Court Clarifies Certificate of Merit Requirements in Cases Against Professionals

Texas Court Clarifies Certificate of Merit Requirements in Cases Against Professionals

A Texas appellate court affirmed the denial of an engineer defendant's motion to dismiss, finding that the trial court did not abuse its discretion in finding that the plaintiff met the statutory exception for the certificate of merit requirements of Section 150.002.

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Related People



Marissa I. Delinks

Partner

📞 617-213-7011



Edward F. Donohue, III

Partner

📞 415-263-8158



Bradley M. Zamczyk

Partner

📞 415-393-0137

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