



Professional services companies need errors & omissions cover

Errors and omissions (E&O) insurance, also referred to as professional liability insurance, is designed to protect businesses from claims of negligence or professional errors.

As a broker, it's your responsibility to ensure your professional clients have the most appropriate cover for their businesses. E&O insurance provides critical cover for businesses who provide advice or services for a fee and works alongside a company's general liability policy. You should offer your professional clients E&O cover, because:

Commercial general liability doesn't cover the most common professional exposures

The most common exposures a professional firm will face center on the work they do for their clients, particularly the professional advice or services they provide for a fee.

If your client only carries general liability cover, a claim of poor performance or negligence won't be covered.

Professional services businesses are more likely to make a mistake at work than cause bodily injury

General liability policies were designed for businesses whose activities involve manual or hands-on services, which is why those policies focus solely on property damage and bodily injury.

E&O policies, on the other hand, were designed for professional businesses, where the likelihood of a client claiming inadequate service or negligent advice is much higher than an accident in the workplace. E&O cover provides affirmative cover for these exposures.

Does my client need E&O cover?

- They provide professional advice or services for a fee
- They could cause their customers financial harm by making a mistake or providing incorrect advice
- If they don't perform on time or to their customer's satisfaction, they would be in breach of contract
- Their client could withhold fees if unhappy with their service
- They use a subcontractor to complete projects, and could be held responsible for the quality of their work

At a glance: general liability vs professional liability

	GL	PL
Bodily injury	✓	✓
Property damage	✓	✓
Breach of contract		✓
Professional errors or negligence		✓
Vicarious liability of subcontractors		✓
Withheld fees		✓

CFC can look at over 400 professions – most small and medium-sized professional businesses. For more information, visit our [website](#) or email professions@cfcunderwriting.com