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ERRORS & OMISSIONS (E&O) INSURANCE PROFESSIONAL LIABILITY

Common Questions & Answers

What is Errors & Omissions (E&O) Insurance?

Insurance for professional service providers that protects an individual and/or a company from claims alleging failure and/or error in the quality of services that result in financial damages to your clients.

Who are Insured under an E&O insurance policy?

The policy will protect a company, its employees, management team and owners against claims alleging errors and/or omissions in the provision of services to paying clients.

How do I determine if E&O insurance is necessary?

When your client could suffer financial damages as a result of their failure or error in the delivery of services, your client could be the target of an E&O claim. The client can be protected from the potentially devastating financial damages associated with this type of claim by securing E&O insurance coverage.

Why isn't E&O liability covered under a general liability policy?

General Liability policies traditionally cover bodily injury or property damage as a result of the insured's activities, including product liability. Typically, a general liability policy does not cover consequential financial loss, and most exclude claims arising out of professional services. Business Risk Partners recommends consulting with your insurance agent or broker for assistance with the delineation of coverage between professional liability and general liability.

What is the difference between Directors and Officers (D&O) and Errors and Omissions (E&O) coverage?

D&O provides protection for the directors and officers of an organization in the event there are allegations of wrongful acts in their capacities as directors and officers. D&O typically covers allegations of mismanagement, misrepresentation or breach of fiduciary duty against the individual directors and officers. Often, the organization itself is not protected in the event of these types of claims. Shareholders of the company typically bring the claim. On the other hand, E&O protects the organization, its management, and employees in the event of an allegation of an error or failure in the provision of the company's professional services. Clients of the company typically bring the claim.