Why does my client need E&O cover?

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cfc

Does your client provide professional advice in exchange for a fee?

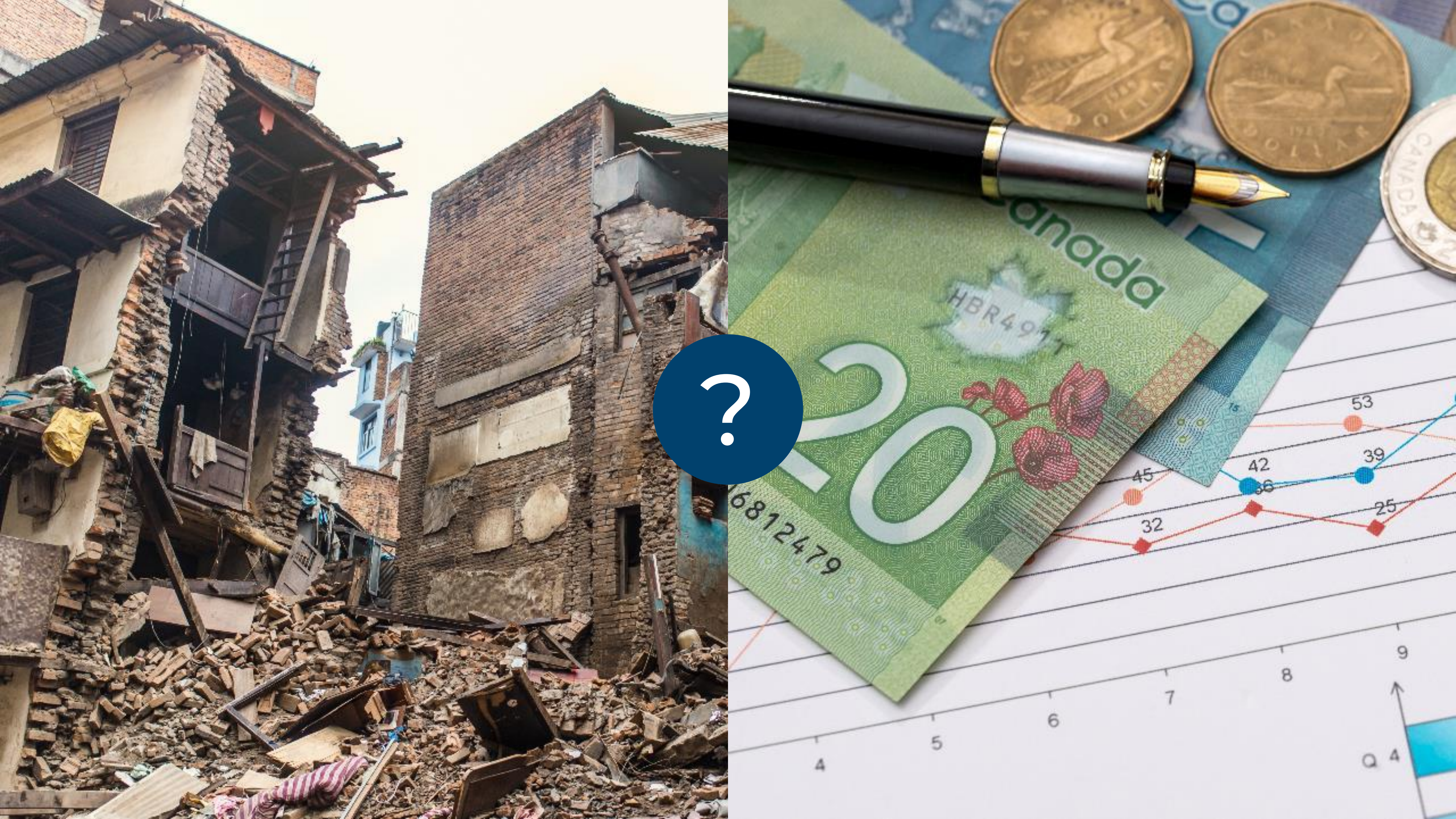
The biggest misconception

The current situation:

- Canada operates as a GL led market. Contracts will dictate GL coverage is contractually required.
- Unless mandated by a regulated body, E&O is rarely contractually required as many believe GL will be sufficient for purpose.

Why is this incorrect:

- E&O is designed to cover an insured for the provision of any professional advice or service for a fee.
- E&O covers not just physical losses that the client can experience as a result of incorrect professional advice, it will also cover financial losses.



Coverage highlights

At a glance: general liability vs professional liability

	GL	PL
Professional errors or negligence		✓
Bodily Injury (third party)	✓	✓
Property Damage (third party)	✓	✓
Breach of Contract		✓
Vicarious liability of subcontractors		✓
Withheld Fees		✓

Claims made vs. loss occurrence

Claims made

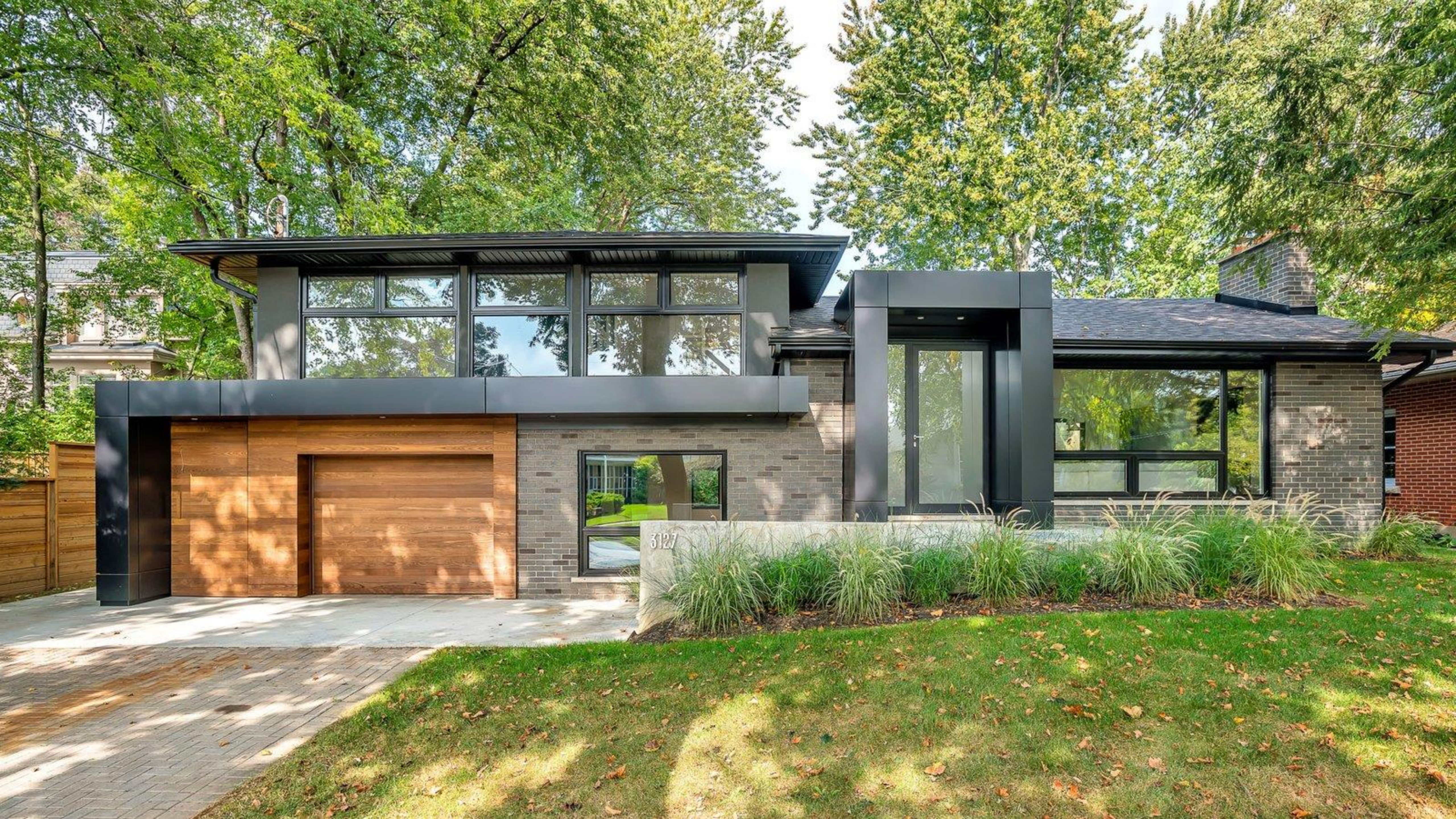
- Most E&O forms operate on a Claims Made basis
- Covers prior acts back to the retroactive date
- The insured only has coverage if a live policy in place when a claim is made against them, not necessarily when the original mistake was made
- Coverage only applies up to the limit the insured has at the time of the claim being made

Loss occurrence

- Most GL policies operate on a Loss Occurrence basis
- Covers acts carried out during the period of the policy
- Provides cover for when the loss occurs, regardless of when the actual claim is made

Who needs E&O?

- Project managers
- Engineers
- Management consultant
- Inspection services
- Property management
- Training companies
- Geologists
- Government consultants
- Freight forwarders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Takeaways

Professional advice for a fee = E&O coverage required

Contractual requirements may not highlight all coverages required

A financial loss can be far more costly than a physical loss

Any questions?

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