

## What is Errors and Omissions (E&O) Liability Insurance?

Errors and Omissions liability insurance offers protection for you and your business from bearing the full cost of defending a lawsuit against you for either providing or failing to provide a professional service. This essential insurance coverage helps protect businesses against allegations of “negligence” in providing your professional service.

## Why do I need Errors and Omissions Liability Insurance?

In today’s economy, businesses are at risk from many sources. E&O claims happen more often in a down economy, when business professionals and their resources are stretched. If you provide any type of professional service to others, you could potentially face errors and omissions exposure. Anyone in your company could make a mistake, overlook or misplace critical information, forget a crucial step, or be misinterpreted.



## What does an E&O insurance policy cover?

E&O policies provide coverage for claims relating to negligence for either providing or failure to provide professional services. This type of policy covers damages and legal fees for negligence claims which may arise from professional services. This type of coverage can also be extended to include protection for independent contractors, part-time employees or even volunteers.

## Who Needs Errors and Omissions Insurance?

Professionals who provides services to clients for a fee are exposed to a variety of risks. E&O coverage is essential for protection against these risks.

Here are some professions that need this important coverage:

- Accounting Professionals
- Commercial Real Estate Professionals
- Lawyers/Legal Professionals
- Allied Health/Medical Professionals
- Consultants/TPAs
- Technology Professionals
- Architects & Engineers
- Insurance Agents & Brokers
- Title & Escrow Agents

## Why choose Axis Insurance Services?

Unlike most brokers, our professionals specialize in professional liability and are nationally recognized. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize insurance solutions to meet the needs of our clients. Call us for a quick review of your current policy to ensure you and your business are properly protected.

## Claim Scenarios:

### Real Estate

A real estate agent sold a building and, as part of the negotiations, they were asked if the building was ADA compliant. The leasing agent said yes and forwarded a copy of a report from the building manager attesting to its compliance. The building was a residential apartment complex and sold for \$25 million. Later it came to light that it was an old report and, in fact, the building needed significant upgrades to become ADA compliant (\$3.5M in upgrades). The owner, selling agent and consultant were all sued. The lawsuit was eventually settled for \$3 million.

### Technology Professional

A software developer sold timekeeping software to a company. After removing all previous timekeeping clocks and installing software, the customer finds out the it does not function properly. It failed to correctly apply the hourly and overtime rate of pay resulting in over and underpaid employees and the need to replace the original time clocks. The company sues the provider of the software for damages and expenses resulting in \$550,000.

### Insurance Broker

An insurance broker contacted a client and recommended an additional type of coverage to protect him against lawsuits by employees. The client told the broker he wasn't worried about employee-related suits and that he also didn't want to pay any additional premium. A loss occurred and a suit was filed by an employee. The insured claimed in court that the broker never mentioned any such coverage to him. The broker had no record in his files of any conversation, nor did he document the file by sending the insured a letter confirming the conversation. The client was awarded \$1,000,000.

### Accounting Firm

An accounting firm was hired to set up a client's investment properties. The accountant assigned to the project mistakenly set up the investment properties as a corporation instead of a partnership. The client sued the accountant alleging losses for tax liability. The accountant had to pay the client \$375,000.

### Architect

A company provided consulting services to architects and developers for large live entertainment venue halls. After the construction of a symphony hall, the owner sued the consulting company and others, alleging the sound quality in the hall was defective. Defending the case was expensive because of the potentially high exposure for the plaintiff's lost profits claim. The suit settled with the architect who had provided faulty specifications for the sound equipment paying the bulk of the settlement.