What Is Miscellaneous Professional Liability Insurance?
And Why Your Company May Need It

Does your company:

• Provide service(s) to others for a fee?
• Sign service contracts requiring it to carry professional liability insurance?
• Have clients that incorporate your services or content into the products or services they provide to others?
• Have access to confidential client data or intellectual property?

If your answer to any of these questions is yes, your company may face significant professional liability exposure.

What is miscellaneous professional liability?

Miscellaneous professional liability—sometimes called errors and omissions (E&O) liability—results from errors or omissions in the performance of professional services. Companies that perform professional services for others can make mistakes—overlook a critical piece of information, misstate a fact, be misunderstood, forget to do something, misplace something, etc.—and be sued by their clients over allegations such as:

• Error, omission, or misrepresentation in providing a service.
• Failure to provide a service in a timely fashion, or at all.
• Failure to keep client information confidential.

It doesn’t help that professional service firms today offer their services in a business climate that features:

• A lawsuit-conscious public fueled by media publicity, an overabundance of lawyers, a belief that everyone deserves to be compensated, and the idea that there is always a “deep pocket” with the ability to pay.
• A continuing escalation of court settlements into the millions of dollars.
• Punitive damages that in some states can be doubled or tripled.

Why your company may need Miscellaneous Professional Liability Insurance

Consider the impact of a $100,000 lawsuit on your company... or a multimillion-dollar lawsuit. Most companies can’t absorb that kind of loss without feeling dramatic, possibly devastating effects. Yet such costs are only part of the financial pain—it’s difficult to place a value on the hassle, lost time, and damaged reputation that may result from a professional liability lawsuit.

A professional liability lawsuit can be triggered by almost anyone who is “touched” by the professional service. For example, the recommendations a human resources consultant makes to an organization can affect thousands of people; therefore, a human resources consultant has an extremely broad professional liability exposure. The broader the exposure, the greater the need for insurance protection.
Another important thing to remember is that your company doesn’t have to do anything wrong to be sued. In fact, a large proportion of lawsuits are meritless. Even so, such lawsuits must be defended, and that can be costly. Professional liability insurance provides coverage for these legal defense costs.

Oftentimes, the service provider is contractually required to carry E&O liability insurance. Yet, according to a Chubb study, nearly half of firms that are required to purchase this insurance don’t actually do so, perhaps under the mistaken belief they already have coverage. These companies may be exposing themselves to greater liability, not to mention a possible breach of contract claim. You don’t want your company to fall into this potentially costly position.

What types of companies purchase **Miscellaneous Professional Liability Insurance**?

Chubb offers Miscellaneous Professional Liability Insurance to more than 60 types of service providers, as well as to hundreds of unique service firms. Among the most common classes of service providers are:

- Consultants.
- Outsourced business process administrators (e.g., payroll processors, benefit plan administrators).
- Travel agents and other event planners.
- Property and construction managers.
- Applied arts professionals (e.g., interior designers, graphic designers).

If you are unsure whether your company should purchase Miscellaneous Professional Liability Insurance, consider whether your company’s decision not to purchase this insurance would put your company at a competitive disadvantage, especially if your prospective customer requires its service providers to carry E&O liability insurance.

The Chubb advantage

Chubb has earned its leadership position in professional liability insurance as a result of our:

- **Financial stability**—Chubb receives consistently high ratings for financial strength from A.M. Best, Moody’s, and Standard & Poor’s, the leading independent analysts for the insurance industry.
- **Reputation for paying claims and superior service**—Our reputation for expert, fair claims handling is renowned in the industry.
- **Broad coverage**—Our Miscellaneous Professional Liability Insurance policy offers some of the broadest coverage available in the marketplace. We provide this coverage through a monoline policy form or as part of a suite of specialty liability coverages. And if your company’s insurance needs include cyber liability, media liability or employed lawyers liability, we can integrate these additional coverages into your company’s Miscellaneous Professional Liability Insurance policy.
- **Flexible appetite**—We combine a standardized policy approach to more than 60 classes of professional service providers with a flexible approach to unique service firms that fall outside these classes.

To learn more

Please contact your insurance agent or broker, or visit us online at www.chubb.com.