

# Commercial E&O Policy Guide for Agents and Brokers

## Errors & Omissions (E&O), Professional Liability, or Professional Malpractice Insurance

### What is MPL?

Miscellaneous Professional Liability results from errors or omissions in the performance of professional services. Companies that perform professional services for others can make mistakes (i.e., overlooking a critical piece of information, misstating facts, being misunderstood, or forgetting an essential step, etc.) and be subject to allegations such as:

- Errors or omissions in providing a service
- Failure to provide a service in a timely fashion or at all
- Misrepresenting the service to be performed

Why should a company consider MPL?

- ✓ Satisfy contractual obligations
- ✓ Maintain contract certainty with insurance portfolio
- ✓ Balance Sheet protection - duty to defend form

### Questions to ask your clients to assess their MPL exposure

#### Does your company...

- Provide services or opinions to others for a fee?
- Sign service contracts requiring it to carry professional liability insurance?
- Support clients in an administrative function as part of your service offering?
- Support a specific industry supply chain?
- Have deadlines or project timelines to deliver services they provide to others?
- Have clients that incorporate your services into the products or services they provide to others?
- Hire and oversee subcontractors to perform certain services for your clients on your behalf?
- Sign service agreements with clients requiring confidentiality of proprietary business information?
- Provide specialized knowledge or expertise in an area of business?

### Superior Claims Service

**Chubb was rated #1 in Professional Liability Claims service by risk managers, and insurance buyers and brokers in Advisen’s 2020 Claims Satisfaction Survey.**

The Value of Duty to Defend: It’s important to remember that a company doesn’t have to do anything wrong to be sued and a large proportion of lawsuits are meritless. Even so, these lawsuits must be defended and Chubb’s MPL insurance solutions provide coverage for legal defense costs to defend a covered MPL claim. It doesn’t help that professional service firms today offer their services in a business climate that features increasing defense rates, social inflation and rising defense spend per claim.

According to a 2019 Chubb study of MPL claims data from 2009-2015, the average total loss for an MPL claim reported to Chubb was \$227,000, with an average payment amount of \$164,000 for loss paid by Chubb in excess of the Insured’s self-insured retention.

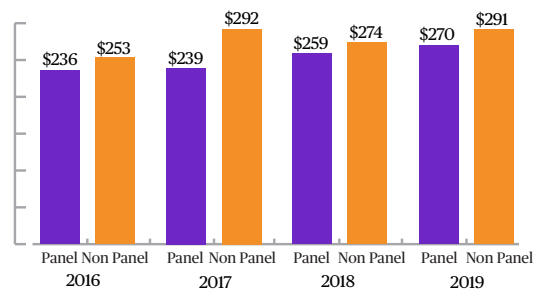


chart with panel v. non-panel for average partner rates

### How Chubb’s Pro ERM<sup>SM</sup> Policy Can Help...

Chubb has over 20 years of experience in the E&O space with a team of dedicated underwriters and claims adjusters specialized in this coverage.

We offer broad coverage with a custom professional services definition tailored to address specific exposures within an organization, including any ancillary technology services.

Pro ERM<sup>SM</sup> is an expansion of Chubb’s comprehensive Cyber ERM policy that gives organizations of all sizes an enterprise risk management solution to address professional, media, and cyber exposures. As a Chubb cyber policyholder, you have access to Chubb’s cyber loss mitigation and incident response services.

## Chubb offers MPL insurance to more than 60 types of service providers.

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### Consider the following exposures on these targeted classes:

- **Consultants** - Your research was inadequate when developing a management strategy for your client and the client demands reimbursement for their expenses from implementing your proposed strategy.
- **Marketing & PR Firms** - Your company's proposed communication plan doesn't work as well as expected and your client sues for misrepresentation.
- **Staffing Firms** - Failure to conduct a thorough background check results in negligent placement of an unqualified candidate at a client's firm.
- **Trustees** - Mismanagement or non-management of trust assets, or improper distributions.
- **Printers and Document Management Firms** - Your company is unable to meet a deadline for the client, and the client alleges your company is in breach of their contract due to the delay.
- **Business Process Administrators** - Errors or misrepresentations in data by geographical region increased internal sales costs for your client, forcing them to adjust inventory and staffing needs.

Learn more about our appetite at [www.chubb.com/us/professionalliability](http://www.chubb.com/us/professionalliability).

## General Terms & Conditions

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- Reporting provision for claims is "as soon as practicable" after knowledge of a control group member
- 100% defense costs allocation available for covered claims worldwide
- Non-cancelable by Chubb, except for nonpayment of premium
- Non-rescindable Policy with respect to any insured
- Defense and Settlement section provides for an 80/20 hammer clause in the Insured's favor

## Definitions

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- Broadened definition of Professional Services expressly includes Professional Technology Services
- Broadened definition of Insured includes independent contractors - natural persons or single person entities - when performing their duties on behalf of an insured organization
- Automatic coverage for newly created and acquired subsidiaries without a policy reporting requirement
- Claim includes Professional Disciplinary Proceedings for natural person Insureds alleged to have violated the applicable professional code of conduct
- With regard to Professional Incidents, the definition of Damages does not exclude taxes, fines, penalties or sanctions unless imposed directly against an Insured
- Dedicated control group for Professional Services (Senior technology and security officers are not Control Group Members for purposes of a Professional Incident)
- Broadened definition of Insured includes Additional Insured status for professional service clients on a primary and non-contributory basis when required by contract
- Ability to include media services and extend coverage for defamation, copyright infringement, trademark infringement, and additional media liability perils to include media service content. This is available to professional service firms creating media content for clients as part of their professional service offering.

For complete Cyber First-Party and Third-Party Liability coverage items included on Pro ERM, visit [www.chubb.com/cyber](http://www.chubb.com/cyber) to download our Commercial Cyber Policy Guide for Agents and Brokers, as well as Chubb's Cyber Risk Management Guide.

## Does your client have an in-house attorney?

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Check out [Why Consider a Standalone Employed Lawyers Policy](#).

Chubb. Insured.<sup>SM</sup>