

# INfact

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## Frequently Asked Questions about Professional Liability Insurance

### 1. What is Professional Liability Insurance?

Professional Liability Insurance, also known as Errors & Omissions Insurance or E&O, insures a person or company against claims made by third parties (clients, patients, customers) alleging negligence in the rendering of, for failure to render, professional services.

### 2. Why do I need it?

At any time and in any given situation, a dissatisfied individual can bring a complaint against you. When people sue, they usually name everyone they perceive as having had anything to do with the situation – you, your business, or those with whom you share office space. Regardless of who was negligent, it can take years for litigation to be dismissed. While you may be exonerated from liability, your attorney's fees can be staggering. Professional Liability Insurance helps relieve you from the financial burden of defending yourself in a malpractice lawsuit. If you are providing a professional service or rendering a professional opinion, this coverage is highly recommended. In fact, many professions require you to have Professional Liability coverage before allowing you to practice. It is critical that professionals recognize their exposures to financial losses, and adopt effective ways to deal with them.

### 3. What exactly does Professional Liability cover?

Generally, Professional Liability policies provide coverage for actual or alleged errors, omissions, breach of duty, misleading statements, and similar claims resulting from the negligent performance or non-performance of professional services. Most policies cover both the defense costs and settlements or judgments.

### 4. What is and why should I carry Commercial General Liability Insurance?

Commercial General Liability Insurance provides coverage for legal liability arising out of your negligence for third party bodily injury and property damage. It is a prudent business practice and often a contractual requirement to carry this coverage. For example, a client comes to your place of business and trips on an extension cord that you failed to properly secure. They suffer a broken arm and break their laptop while trying to break their fall. Such a situation would be covered under a Commercial General Liability policy.

**5. I have home insurance that includes liability coverage. I do not need Professional Liability or Commercial General Liability Insurance for my business too...or do I?**

While it is true that your home insurance includes liability coverage, it is limited to cover acts arising out of your personal activities only. In other words, the personal liability insurance provided as part of your home insurance package is intended to only cover your activities as an individual. Your home insurance policy will exclude coverage for any loss or damage arising from any commercial or business activities, and any losses related to your profession or occupation.

The only exception to this would be if your home insurance has been endorsed to include liability for a specific home-based business. A word of caution when it comes to adding liability for your business to your home insurance...you will want to ensure that the liability will extend to cover your business activities off-premises, otherwise the coverage is restricted to your premises only. Professional Liability coverage, however, is excluded from home-based business endorsements. It is important to discuss these issues with your home insurance broker.

For those operating a home-based business, you should be aware that home insurance usually provides low limits of coverage on any business, books, tools, computers and other business-related property. The minimal coverage that may apply will only be while such property is actually in your home; once the property leaves the premises (for example, a laptop computer), coverage no longer applies.

For more information about Professional Liability, Commercial General Liability and Business Insurance, and Home or Personal Insurance, please contact:

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# PREMIER MARINE

Premier Marine Insurance Managers Group (WEST) Inc.  
Premier Marine Insurance Managers Group (London) Inc.

## ASSOCIATION BUSINESS INFORMATION LIST

Brokerage Name: \_\_\_\_\_  
Broker Phone # : \_\_\_\_\_ Fax #: \_\_\_\_\_  
Producer E-mail: \_\_\_\_\_  
Producer Name: \_\_\_\_\_  
Name of Association: \_\_\_\_\_  
Association web site: \_\_\_\_\_  
Province of Association: \_\_\_\_\_

- 1 Are you the broker on record for this association? YES NO
- 2 Is this a National Association (we exclude operations in Quebec)? YES NO
- 3 Number of years the Association has been active? \_\_\_\_\_
- 4 Any claims reported within the past 5 years? If so please list YES NO
- 5 Total number of present members. \_\_\_\_\_
- 6 Total number of anticipated members within the next year. \_\_\_\_\_
- 7 Present Carrier? \_\_\_\_\_
- 8 Does their present policy included CGL/ Professional coverage? YES NO
- 9 Is the Professional coverage presently on a claim made wording? YES NO
- 10 Does their present policy have participant exclusion? YES NO
- 11 Present Premium per member? \_\_\_\_\_
- 12 Does any service offer Diagnostics? YES NO
- 13 Does any service include any Mixing or Blending of products? YES NO  
a. If Yes, please advise full details below:

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40 University Ave, Suite 201, Toronto ON M5J 1T1  
140 Fullerton St. Suite 1904, London, ON N6A 5P2  
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