



Errors and Omissions Insurance

Brought to you by: ISU Dixon Risk Solutions

E&O policies cover large legal defense costs incurred when trying to prove liability or innocence. They also ultimately cover the final judgment if the business owner does not win the lawsuit.

Lawsuits, once a measure of last resort, are now commonplace in settling disputes. The good news is that you can protect yourself, and your business and reputation, by investing in professional liability coverage, also known as errors and omissions (E&O) insurance.

E&O insurance is supplementary liability insurance that enhances any business owner's policy by safeguarding against catastrophic loss in the event of a lawsuit due to a negligent act, error or omission by the professional. In addition to claims of error, omission, or negligence, it can also protect against slander, libel and breach of contract.

Who Needs E&O Coverage?

It is appropriate coverage for anyone who gives advice, makes educated recommendations, designs solutions or represents the needs of others. Service professionals such as accountants, computer consultants, software developers, planners, architects, real estate agents, contractors, etc., are prime candidates for carrying E&O insurance.

E&O Policy Overview

E&O coverage kicks in when your commercial general liability policy does not provide coverage, such as for service errors, contract performance disputes or any other professional liability issues. These policies also include defense costs,

which can be quite substantial even if liability is not found. Policies typically do not provide coverage for non-financial losses or for intentional or dishonest acts.

E&O policies generally have both a claim limit and an annual limit, which is based on the insured's exposure. The claim limit is the maximum amount paid for any single event, and the annual limit is the maximum paid in any one year. Typical limits range from \$250,000/\$500,000 to \$2 million/\$4 million and differ depending on the type of business.

Count on the Experts

There are many different forms of professional liability insurance and multiple factors to consider when purchasing E&O coverage for your business. Because there isn't a standard policy, an experienced agent who understands your needs is invaluable. Call us today at 701-281-8200 to learn how E&O insurance can be used as part of your total risk management program.

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