

## What is Insurance Agents and Brokers E&O Insurance?

E&O insurance for insurance agents and brokers offers protection for your agency from bearing the full cost of a lawsuit brought against you for negligence in providing or failing to provide, your professional services.

## Who Needs Insurance Agents and Brokers E&O?

Every agency placing coverage, servicing policies and advising clients on insurance matters faces a myriad of exposures every day— from clients, but also from third parties, such as lenders and loss payees, certificate holders and additional insureds. An E&O policy is an essential component of protecting your agency against these exposures.

## What does an E&O Policy Cover?

**Defense** – your insurer will provide a legal team to advocate for you in a court of law.

**Indemnity** – your insurer will settle a covered claim or pay a judgment on your behalf.

**Disciplinary Defense** – your insurer will provide an attorney to represent you with the department of insurance.

**Subpoena Defense** – your insurer will provide an attorney to assist you in complying with a subpoena for your records.

**Defendant's Reimbursement** - when agency personnel must appear at a deposition, hearing, mediation or trial, your insurer will reimburse the agency a set daily amount for the time away from the office.

**Breach of Privacy and Breach of Security** – your insurer will defend and indemnify your agency if you are sued for violations of an individual's right to privacy.

## Aren't All E&O Policies Basically the Same?

Purchasing E&O insurance is not at all like purchasing a CGL or Commercial Property policy. Less than 1% of E&O policies utilize ISO professional liability forms and endorsements. The other 99% use a manuscript form and endorsements. This can make doing an "apples-to-apples" comparison of your options very difficult - and time consuming.

## Why Choose Axis Insurance Services, LLC?

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 an E&O policy specifically for your agency. We can also assist you in comparing your E&O options and making an informed decision on the right E&O policy for your agency. Call us for a quick review of your current policy to ensure your agency is properly protected.

Contact our experts today to find out how you can protect your business.

## Claim Scenarios:

### Certificates of Insurance

An agency's account manager issued an Acord Certificate of Insurance and designated the building owner as an additional insured. A lawsuit was filed naming both the contractor and the building owner. The insurer denied a defense to the building owner because the policy did not show him as an additional insured. The agency was sued and the building owner was awarded \$40,000 for the defense expenses he incurred defending the lawsuit.

### Failure to Place Coverage/Commercial Property

An agency replaced an existing commercial property policy at renewal, at the behest of an insured who wanted to reduce his premiums. The new policy failed to list one of the previously insured locations. Later this location suffered a severe fire. Coverage was denied because the building was not included on the new policy. The building owner sued the agency for over \$750,000.

### Failure to Place Coverage/Commercial General Liability

An agency account executive replaced an existing commercial general liability policy written on a claims made form, with a policy written on an occurrence form, because the new policy offered a lower deductible and a lower premium. Four months after renewal, the client was sued for injuries to a wheelchair-bound customer. The injuries were sustained during the prior policy term. The claim was denied because no *Extended Reporting Period Endorsement* ("Tail") was purchased. The client sued the agency for not offering and for not clearly explaining, the need for a tail when replacing a claims-made policy with an occurrence policy. The claimant was awarded \$1,000,000.

### Error in Endorsing a Business Automobile Policy

An employee of an agency client called the agency to cancel the coverage on a company vehicle. The account manager prepared a standard form, and obtained the employee's signature to delete the coverage on the subject vehicle. When the vehicle was later involved in an accident which resulted in multiple fatalities, the claim was denied because the vehicle had been deleted several months earlier. The business owner sued the agency for deleting the vehicle without his express permission. A judgment of over \$3,000,000 was entered against the agency.

### Failure to Obtain an Endorsement

An agency placed an Employee Fidelity policy for a law firm client. The law firm was purchasing the policy to comply with a client's requirements. The insurer was notified when over \$80,000 in client funds were diverted. The claim was denied because the agency failed to obtain a third-party endorsement when placing the employee fidelity policy. The law firm sued the agency to recover the missing funds.

Contact our experts today to find out how you can protect your business.