

Ask Yourself Some E&O Questions

Adequate errors and omissions (E&O) insurance is essential for firms providing professional services that could result in financial detriment to a customer or client. No two E&O policies are the same; therefore, it is important to understand the coverage provided by your policy.

Where should you begin? Start by asking yourself a few questions. Then look to see if the answers are clearly indicated in your policy.

Important questions may include:

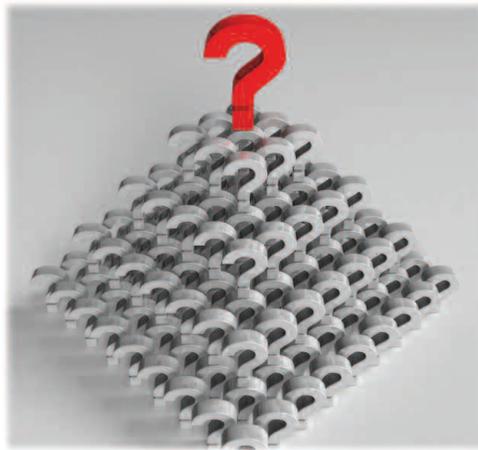
- Are all services performed by my firm covered?
- Are activities of members of my firm who

serve as directors and officers covered?

- Are claims expenses included within the limit of liability, or are they paid separately?
- Are all current employees covered? Are former employees covered?
- Does coverage extend to independent contractors?
- Are “prior acts” covered?
- Who selects defense counsel?

The answers to these questions will help you begin to discover the breadth of your firm’s E&O

coverage. For assistance in determining the answers to these questions and in identifying additional exposures and options, give us a call. ■



An IT Professional Error Can Be Costly

Do you provide information technology services to others for a fee? Do you provide products that your clients can use to manage their networks?

If you are a provider of IT services, there is a good chance you will need a professional liability insurance policy to cover your actions as a consultant, technician or programmer.

Even small “mom and pop” companies are spending thousands of dollars on IT systems to keep up with today’s technology-dependent marketplace.

IT firms are in high demand and provide services essential to the modern business transaction. Unfortunately, mistakes can be made by information technology consultants, costing business owners more than frustration.

A professional liability policy can protect your firm if a client makes a claim of negligence, errors, omissions or wrongful acts against you.

Want to learn more about safeguarding your firm from financial disaster? Call our service team today. ■

Cover Employment Liability Defense Costs



The average award in employment practices cases is \$200,000, according to the Equal Employment Opportunity Commission. Even firms acquitted by courts of any wrongdoing often acquire legal fees in excess of \$100,000 in single-plaintiff claims.

The EEOC predicts the number of claims alleging wrongful termination, sexual harassment or other forms of discrimination will skyrocket with rising unemployment. Still, only 1.2% of small commercial businesses have employment practices liability insurance (EPLI), according to Connecticut-based MarketScout. Only 30.7% of middle-market firms have the coverage.

Of the 6.7 million small commercial businesses in the U.S., only 80,000 are covered for employment practices liability, and only 73,800 of the 240,000 middle-market firms have coverage.

With unemployment likely to reach or even eclipse 10% in 2010, an EPLI policy may be what saves your firm if it becomes the subject of an employment-related lawsuit. For more information, call our service team today. ■

Professional Liability Stipulations

What factors should you consider to ensure your insurance will cover claims of negligence, breach of contract or another professional liability violation against your firm?

First, read the policy to determine when the insurance company should be put on notice of a claim. Look for specific information on what the policy considers a "claim." Is it a lawsuit? Is it merely the threat of a lawsuit or another written demand? It's critical to know the answers to avoid violating a condition of your policy.

Additionally, make certain you know who selects legal counsel. Does your insurance allow you any

control over defense? If so, be sure to understand under what terms this is allowed.

Further, what happens if you disagree with the insurance company's interpretation of the claim? You need to know what the policy says about arbitration of a coverage dispute between your firm and the insurance company.

There are other items to consider when interpreting the language in your firm's professional liability insurance policy. For assistance in understanding this important insurance and options that may provide the best available coverage for your firm, call our service team today. ■

Electronic Media Risks

Electronic media liability is a growing exposure.

In a recent survey, businessinsurance.com found that more than 60% of the largest firms in the U.S. believe intellectual property is the firm's most valuable asset. Often, intellectual property violations occur in cyberspace in the form of copyright, domain name, trademark or trade secret violation. As firms take to the Web to compete with each other, such violations may seem unavoidable. Add to the list the countless number of employees sharing information on company intranets, blogs, chat rooms, social networking sites like Facebook and other outlets, and the concern becomes even greater.

Violation of intellectual property is very serious, even if the violation was unintentional. Traditional general lia-



bility insurance does not normally defend the cost of a claim alleging a violation. Covering such claims requires an insurance program designed specifically to address your firm's electronic media liability exposure.

We can help. Our service team works closely with several of the industry's most innovative insurance companies that are constantly creating and improving products to cover this new and growing exposure. For more information, call today. ■

Learn State Data-Breach Requirements

Recently, the largest known data breach in history occurred: the theft of over 130 million credit card numbers in the U.S. This incident sends a profound message to business owners not yet convinced of the seriousness of personal data security.

Many insurance companies have developed products to help businesses deal with the expense involved in the notification and remedial process of data theft. Our service team works with insurance companies that provide coverage designed to cover the logistical

costs stemming from the breach, as well as other services to assist business owners with notification and security.

Statutes on data breaches vary by state. Take a close look at what's required where you operate.

Statutes concerning data breaches vary by state, so your firm should take a close look at what's required

where you operate. Beazley Group, an international insurance organization based in London, created a valuable resource for concerned business owners hoping to learn about data breach statutes in individual states. Their "data breach map" can be found at www.beazley.com/databreachmap. Refer to this to find definitions, notification requirements and other key legal provisions.

For more information on covering the cost associated with a breach of your firm's secure data, call our service team today. ■

Don't Discriminate for Wellness' Sake

A federal judge recently dismissed a lawsuit filed in 2006 alleging discrimination against a prospective employee who was not hired when a urine test showed nicotine in his system. The employer rescinded an employment offer based on a company policy that bars employees from smoking.

At a glance, this case would appear to be a victory for firms hoping to reduce healthcare costs by installing wellness programs that contain punitive elements for behaviors such as smoking. But, as some experts point out, the threat these programs pose to employers as potential privacy violations remains very real.

"I don't think employers can take any comfort in this case," said Anne Waidmann, director, human resource services at

PricewaterhouseCoopers, based in Washington, D.C. "The case was very narrow and was pursued under ERISA. But ERISA does not protect people who aren't yet employees."

She believes employers have a



greater reason for concern. She cited a case in which an employer, as a condition of participating in its health benefit plan, required employees to complete a health risk appraisal consisting of a health-related question-

naire, a blood pressure test and a blood panel screening. The Equal Employment Opportunity Commission says that requiring an employee to complete a health risk assessment as a condition of eligibility for health-care coverage violates the Americans with Disabilities Act.

"I think employers still need to be cautious about wellness programs. You could end up discriminating against people with disabilities," she said.

If your firm participates in or is considering starting a wellness program, consult with legal counsel to prevent installing a discriminatory program. For information on insurance that will help your firm with defense costs should litigation result from your actions, call our service team today. ■

**Thank you for
your referrals.**

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Management Liability Packages

Traditional general liability insurance is designed to cover bodily injury and property damage. For this reason, significant gaps exist for those firms that need coverage to protect against claims arising out of professional services, such as negligent advisory boards, errors and omissions, and employment decisions.

Many insurance companies have identified the needs common to small and medium-sized professional firms and created "management liability" insurance programs. Management liability insurance describes a package policy that includes liability coverage for a number of exposures. Such policies often include errors and omissions, directors and officers, fiduciary, and employment practices liability insurance. The policy can be designed with single or divided limits and deductibles. Some policies may also provide defense costs in addition to policy limits and other important features designed to fill holes in traditional general liability insurance.

Is a management liability policy right for your firm? To learn more, call our service team today. ■
