

Errors & Omissions Liability Comparison Chart

This type of insurance is usually written as a separate policy from General Liability. There is no standard coverage form in use today, so coverage varies between carriers. Common exclusions include intentional acts, acts of known fraud, or those which began before you had insurance. This chart identifies the most important areas for comparing terms between carriers.

Terms to review	Company A	Company B
<u>Claims Made vs. Occurrence:</u> Claims-made policies are triggered when a claim (a lawsuit) is brought during the policy term. Under “occurrence” form, the policy is triggered by when the negligent act actually occurred. Occurrence policies have a long tail, since many lawsuits are brought long after the insurance policy has expired. Under a claims made policy, the insurance company has no further obligation to defend (unless “tail” coverage is purchased) after the policy term expires.	Claims Made	Claims Made
<u>Definition of Professional Services:</u> Depending on your profession, the definition of professional services can be narrowly defined or broadly defined. When narrowly defined, the definition is usually taken from the application you completed describing what you do, so it’s worth checking.		
<u>Retro Date:</u> In a claims-made policy, only acts occurring after this date (usually the date insurance was first purchased) are covered, claims still need to be initiated during the policy term (see above on claims made vs occurrence).	inception	inception
<u>Hammer Clause:</u> if your insurance company reaches a settlement with the party who is suing you, this option allows you to agree or disagree with the offer. In these cases, the insurance company then allows you to continue on your own, but will pay only up to a specified limit (a percentage of their offer).	125%	100%
<u>Defense “within limits” or “outside limits”:</u> Defense costs can be more expensive than actual judgments. Defense within limits means these defense costs are part of your overall insurance. A \$300,000 defense under a \$1,000,000 policy leaves \$700,000 for a judgment. Defense outside limits means the amount of insurance you buy is all for judgments... defense costs don’t count against your limit.	Within limits	Within limits
<u>Extended Reporting Period (Tail coverage):</u> the period AFTER the policy’s expiration, for a tort that had occurred during the policy term, but not reported, may still be filed and honored. Most policies provide 30 or 60 day mini tail automatically, additional periods may be purchased for a pre-agreed amount (usually a proportion of the policy’s annual premium)	12 mo 100%	6 mo 100%
<u>Loss Prevention Services:</u> Whom can you call for guidance on potential losses? Service BEFORE the claim or lawsuit is filed.		
<u>Retention:</u> The amount you pay before the insurance company begins to pay. Similar to deductibles. Higher retentions lower your cost.	5000	5000
<u>Duty to Defend, or reimbursement:</u> When the insurance company has a “duty to defend” they must defend you when a “Wrongful Act” is alleged. Reimbursement requires that you make payments to defense team, and are subsequently reimbursed for acceptable expenses.	reimburse	reimburse
<u>Annual Cost:</u>		

Note: the chart above is intended as a tool for comparing different Errors & Omissions Liability policies and is not complete. Always engage a knowledgeable professional for this non-standardized kind of insurance. Consult competent legal counsel for all legal matters.



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