

Crime Pack®

Directors and
Officers LiabilityEmployment
Practices LiabilityEpackSMEpack EZSM

Fiduciary Liability

Media Liability

**Miscellaneous
Professional Liability**

Technology E&O

Odds are, if you are a professional, one day you could be sued.

- As client expectations of performance increase, lawsuits against professionals are becoming more common. Defense costs alone can quickly erode a company's bottom line. A professional organization can experience a significant financial set back if not adequately covered in the event of a professional liability claim or lawsuit.
- Not only can a company be sued by its clients, it can be sued by any third-party that suffers economic damages as a result of acts, errors or omissions in its performance of professional services.
- Miscellaneous Professional Liability insurance provides protection that is generally not included under a General Liability policy. In many cases, the standard General Liability policy does not cover claims stemming from professional services leaving a potential gap in coverage for the service provider.
- Regardless of the size of their company, professionals have potential exposure to miscellaneous professional liability claims.

CNA's Miscellaneous Professional Liability Insurance provides:

- Coverage for companies and individuals against economic loss that may result from errors or omissions in their performance of professional services.
- Coverage for professionals against claims alleging negligence, inaccurate advice, misleading statements and breach of duty in the performance of professional services.

CNA covers many different professional service providers:

Answering Services	Document Storage	Management Consultants
Arbitrators/Mediators	Educational Testing	Mapping Services
Bookkeepers	Executive Coaches	Marketing Consultants
Business Brokers	Expert Witnesses	Meeting Planners
Call Center Services	Foreclosure Agents	Notaries
Claims Adjusters	Franchisors	Payroll Processing
Collection Agents	Freight Forwarders	Permanent Placement Firms
Courier Services	Fulfillment Services	Printers (non-financial)
Court Reporters	Hotel Managers	Telemarketing Firms
Custom House Brokers	HR Consultants	Temporary Staffing Firms
Direct Mail Companies	Lease Brokers	Travel Agents
Document Destruction	Litigation Support	Trustees

*....we will consider many more***MPL Coverage Highlights:**

- Broad definition of Professional Services which automatically includes Computer Services
- Definition of Claim includes a) personal injury including discrimination; b) proprietary rights injury including copyright and trademark; c) a written demand for both monetary and non-monetary relief
- Definition of Loss includes punitive, exemplary and multiple damages (where insurable will not challenge the determination of insurability)
- Contingent BI/PD coverage for qualified risks
- Capped Defense Costs outside the Limit available by endorsement for qualified insured
- Provide defense for claims involving allegations of fraud and/or personal profit until wrongdoing has been determined, acts of one insured will not be imputed to any other insured
- Coverage for Independent Contractors for professional services performed on behalf of the Named Company
- Additional insured language included when required by a contract
- \$250 a day per person subject to a maximum of \$2,500 per claim for attending trials, hearings, arbitrations or mediation
- Risk Mitigation Credit
- Dedicated Claims Hotline

CNAManagement and
Professional Liability**800-852-0393****www.cnapro.com**

Coverage Scenarios

Business Consultant

The Facts: A foreign company wanted to establish a manufacturing facility in the United States. Having no experience in this country, the company's board of directors retained a business consulting firm. The company requested that the firm provide recommendations concerning all aspects of the proposed facility, including plant locations, suppliers and employees. The firm provided its recommendations, which were followed by the company. The facility began to experience problems shortly after it opened. The facility was located in an area which lacked a skilled labor force. Costs associated with labor also exceeded the consultant's projections. In addition, many suppliers identified by the consultant could not fulfill the company's needs. The company retained counsel and demanded that the consultant pay compensation for its allegedly inaccurate advice. The consultant responded by blaming the company for providing inaccurate information concerning its proposed facility. Litigation was thereafter commenced in which the company alleged that the consultant had made numerous misrepresentations and was negligent in its provision of recommendations.

The Bottom Line: After incurring \$60,000 in defense costs, settlement was reached shortly before trial in the amount of \$475,000 which represented a portion of the financial losses the plaintiff suffered as a result of the consultant's recommendations.

Executive Search Firm

The Facts: The CEO of a corporation retired. The corporation retained an executive search firm to assist with finding a replacement. The firm was provided with a list of qualifications for the new CEO. The corporation insisted that all candidates for the position have knowledge about its type of business, which was the manufacture of component parts for aviation communication equipment. The firm began to seek candidates. Thereafter, the firm supplied the corporation with a list of candidates. The corporation eventually hired one of the candidates from the firm's list. The candidate stated that he had experience with the corporation's line of business. After he was hired, the corporation learned that the CEO knew nothing about aviation communications. The new CEO was terminated and litigation ensued. The corporation alleged that the firm was negligent in providing candidates for the CEO position and did not check their backgrounds. The firm asserted that, based on the information supplied to them, each candidate, including the one eventually hired, was qualified for the position. Discovery revealed that the firm had checked the candidate's background and that they had found he was on the board of a company which manufactured aviation equipment.

The Bottom Line: The case was resolved at a court ordered settlement conference for \$50,000 which represented the amount likely to be further expended in defending the case as well as a portion of the damages the plaintiff suffered in having to search for and retain a new CEO. Defense costs incurred by the firm totaled \$40,000.

Collection Agency

The Facts: A collection agent was retained by a client to collect outstanding debts on their behalf. The collection agent contacted a debtor in an effort to collect an outstanding debt of \$6,500. Through the course of providing their professional services, the collection agent contacted the debtor several times at home and even at work. The debtor felt that they were being harassed by the collection agent and filed suit alleging that the collection agent had violated the Fair Debt Collection Practices Act.

The Bottom Line: The case settled for \$2,500 with defense costs totaling \$10,000 for a total of \$12,500.

CNA can add Network Security and Privacy Coverage to MPL Policies.

To learn more about CNA's Management and Professional Liability offerings, contact your agent or broker.

