

Miscellaneous Professional Liability

Management Liability

Directors and Officers

Employment Practices

Fiduciary

Professional Liability

Media

Miscellaneous

Network Security and Privacy Injury

Technology and Telecommunications

Crime

Management and Professional Liability

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 coverage 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.
- 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 claims alleging an act, error, omission, neglect, breach of duty or personal/proprietary injury in the performance of professional services.

CNA's appetite covers many different professional service providers:

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

MPL Coverage Highlights:

- Broad definition of Professional Services
- Definition of Claim includes (a) a written demand for monetary or non-monetary relief, (b) a written request to toll or waive a statute of limitations, and (c) a civil proceeding or any alternative dispute resolution proceeding, any administrative or regulatory proceeding or investigation.
- Definition of Wrongful Act includes personal/proprietary injury committed in the conduct of professional services including copyright or trademark infringement, libel, slander and misappropriation of ideas, including advertising ideas.
- Definition of Loss includes punitive and exemplary damages, and the multiplied portion of multiplied awards (where insurable by law that most favors coverage).
- Capped Defense Costs outside the limit available by endorsement for qualified insureds.
- Defense for claims involving allegations of fraud or intentional wrongdoing, including the misappropriation of trade secrets until final adjudication. Acts of an insured person will not be imputed to any other insured person
- Owned entity exclusion applies only if owned corporation is 50% or more owned (if privately held) or 10% or more owned (if publicly traded).
- Definition of Insured Person includes seasonal, temporary, leased or loaned employees and independent contractors.
- Additional insured language included when required by

Broad coverage for Miscellaneous Professional Liability is provided as one part of the Epac Extra[®] policy. Epac Extra[®] allows insureds to package multiple coverages on one policy form.



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 manufacturer 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 he was 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.

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