



ERRORS AND OMISSIONS

Why the need for Errors & Omissions coverage?

In Canada, the value of Court settlements has risen sharply in recent years. Increasingly, people are showing a willingness to turn to the courts when they believe that the goods or services they received were substandard. The fact is, even if you are not at fault, defending yourself in court is a costly and can threaten your financial security.

Will your existing insurance policy protect you?

Most liability policies do not respond to suits involving professional services or offer coverage for any legal disputes involving pure financial losses. Errors & Omissions insurance complements your Commercial General Liability coverage by filling in these dangerous gaps.

When do you require E&O coverage?

Lawsuits can affect any profession. A simple error or omission can result in a significant claims regarding:

- Your Professional qualifications.
- Is the work you do skilled and specialized?
- Do your professional duties involve providing advice or services?
- Do your customers expect a high degree of service?
- Does your profession demand a high degree of moral principles and standards?
- Improper appraisal
- Improper treatment
- Inaccurate advice
- Inaccurate information provided
- Typographical errors

There is certainly no shortage of events that can trigger litigation with respect to the administration of “professional services” but what exactly is a “professional service”. The following test can be employed to determine if an activity is a professional service; is your service one which embraces “both mental or intellectual exercise within a recognized discipline and the application of special skill, knowledge and training to the particular function in question.”?

Lawyers, doctors, dentists, opticians, nurses, physiotherapists, chiropractors, veterinarians, dieticians, occupational therapists, kinesiologists, and dental hygienists all fall under the umbrella of "Professional." Numerous other occupations also meet the necessary criteria.

Issues arising from Professional Liability, or MALPRACTICE, are of great concern to both you as a professional, and your client or patient. Historically, a client would never have even considered bringing an action against you even in instances of simple negligence or obvious errors. Times have changed and as our society becomes more litigious you are a target for lawsuits.

Today, the public and our legal system have higher expectations and are much more inclined to initiate a lawsuit. When adjudicating cases, the courts now base their judgment on an elevated standard of care and responsibility. The increasing levels of education, training, and experience of professionals have led the courts and your clients to expect service which is provided without errors.

The higher level of accountability can be overwhelming and even frightening for many professionals. To think that you are responsible for everything which you do or fail to do, or allegedly did or failed to do, and that any error however innocent, could bring severe negative consequences, is quite unnerving.

Why have public attitudes changed toward the professional? There are a number of contributing factors. Part of the answer is that the public has become more informed of its legal and contractual rights. Furthermore, the media has focused public attention towards the litigious nature of our modern society. Many legal actions have been sensationalized by the press. Lawyers have become much more aggressive in their demands for compensation, seeking ever larger and more extensive settlements.

Another reason why public attitudes are changing towards the professional is because the relationships professionals have with their clients are evolving. Traditionally, the connection between the professional and the client was much more personalized than it is today. In the past a client's trust and confidence with in a professional was absolute. Our changing society, and financial constraints felt by many clients, have heightened client awareness and increased the necessary level of accountability to a client.

Your professional liability or malpractice insurance is a form of protection for you and your clients. Coverage will shield your personal assets and will help maintain your good reputation through the defense of allegations or wrongdoing which might be frivolous or false. For the client who has suffered some damages through your actions, liability insurance will ensure that there are adequate funds available to make amends for the wrong that has been done.

A professional liability policy or malpractice insurance policy will cover errors, omissions, and negligent acts which may arise from your normal duties. The protection also covers allegations whether factual or not as well as your legal costs to defend a civil suit.

When a professional is an employee of a clinic or company, the firm as the employer, is generally responsible for the actions of an employee. However, a court of law may find you personally responsible for an incident that occurred due to an error, omission or negligent act committed by you as a professional individual. A professional liability policy offers you peace of mind by insuring that you have comprehensive, independent coverage.