

Cover a wide range of Errors & Omissions risk with Miscellaneous Professional Liability



We can show you more.®

PROFESSIONAL SERVICES

CNA's Miscellaneous Professional Liability (MPL) 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.
- Additional coverage parts available with MPL: Media, Tech Errors & Omissions and Network Security & Privacy.

CNA covers many different professional service providers:

- Advertising Agents
- Arbitrators/Mediators
- Background Screening Services
- Billing Services
- Bookkeepers
- Business Brokers
- Call Center Services
- Claims Adjusters
- Courier Services
- Court Reporters
- Custom House Brokers
- Direct Mail Companies
- Document Destruction
- Document Storage
- Educational Testing
- Employment Screening Services
- Executive Coaches
- Executive Search Firms
- Expert Witnesses
- Franchisors
- Freight Forwarders
- Fulfillment Services
- Hotel Managers
- HR Consultants
- Lease Brokers
- Litigation Support
- Management Consultants
- Mapping Services
- Marketing Consultants
- Market Research Firms
- Meeting Planners
- Notaries
- Payroll Processing
- Permanent Placement Firms
- Printers (non-financial)
- Public Relation Firms
- Telemarketing Firms
- Temporary Staffing Firms
- Translation and Interpretation Services
- Travel Agents
- Trustees
- **We will consider more**

MPL coverage highlights:

- Definition of claim includes a) personal injury; 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 Bodily Injury/Property Damage for qualified insureds
- Capped Defense Costs outside the limit available by endorsement for qualified insureds
- 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 Insured
- Blank Vicarious Liability 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
- Pre-claims assistance for investigation costs related to reported circumstances
- Cost of corrections coverage available for qualified Insureds
- Predetermined Extending Reporting Period – 75% for one year, 125% for two years and 150% for three years
- Automatic coverage for newly acquired or newly formed subsidiaries
- Claims made form with a 90-day post-policy reporting window (Media Liability is available on a claims made or occurrence basis)
- Mediation Provision, which would reduce the retention by 50 percent or \$10,000, whichever is less
- Worldwide coverage – claims can be brought anywhere in the world
- Media coverage can be purchased on an occurrence or claims made basis
- Media perils (if purchase) include defamation, invasion of privacy, false arrest, infringement of copyright and plagiarism

Coverage scenarios:

Management Consultant

The Facts — A manufacturer retained a management consultant to evaluate operational efficiencies and provide recommendations to streamline production and reduce staffing costs. The consultant recommended a restructuring plan, which introduced a new staffing model and supply chain management process. After the plan was drafted, the capabilities of several of the manufacturer's key suppliers changed. The consultant provided revised recommendations to the client, which the client ignored, causing delays. It took 18 months to fully implement the plan, during which several key employees resigned due to frustration. The client sued the consultant, alleging that the consultant had not fully investigated the supply chain issues and had used unrealistic assumptions in the plan. This led to \$150,000 in additional costs to arrange new suppliers and \$350,000 in lost profits due to failure to meet customer demands during the transition. An investigation revealed that the revised recommendations provided to the client were not communicated in writing, and written reporting during the implementation phase was insufficient to fully defend the consultant in this matter. The business owner and founder would likely have been viewed sympathetically at trial.

The Bottom Line — The matter was resolved prior to trial with a settlement totaling approximately \$135,000. This represented defense costs as well as a significant portion of the additional costs the plaintiff incurred to secure new suppliers.

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.

To learn more about CNA's Miscellaneous Professional Liability offerings, contact your local branch underwriter or visit www.cna.com.

