



## Code Enforcement Risk Management-

### **Professional Liability:**

This coverage is also known as Errors and Omissions (E&O) or malpractice insurance. This policy provides coverage to defend and indemnify the professional against claims alleging negligent acts, errors or omissions in the performance of professional services (wrongful acts). Wrongful Acts are not limited to defects in plans and specifications. The policy will pay on behalf of the professional – those damages that the professional is legally obligated to pay as a result of a wrongful act.

This policy is written on a ‘claims-made’ basis meaning that the policy will respond when the claim is first made (back to the retroactive date as shown on the policy) - *NOT* when the project was performed or accident occurred. If the policy is cancelled, or non-renewed all coverage ceases- that is, if a claim is reported after the policy cancel date, NO coverage will be afforded by the policy for services performed

- **Deductible** applies to each claim (deductible options are usually available)
- **Limit of Liability** includes defense costs, meaning that the limit is eroded and can be exhausted by legal fees and other defense costs and thereby less indemnity amount left if damages are awarded
- **Exclusions** – examples on all policies- must refer to policy for all exclusions that may apply
  - Express warranties or guarantees (this typically falls to a general contractor/contractor)
  - Work Comp claims
  - Costs to repair/replace faulty workmanship on construction
  - Job site safety

### **General Liability:**

This coverage is liability (3<sup>rd</sup> party) which is designed to pay on behalf of the insured, all sums for which the insured becomes legally obligated to pay as *damages* because of bodily injury or property damage caused by an ‘occurrence’ (accident including continuous or repeated exposure to substantially the same general harmful conditions). The policy includes ‘personal injury’ (libel and slander).

Typically this coverage will be found on a Business Owners Policy (BOP) which provides the following coverages on one package (similar to a personal homeowners policy):

- **General Liability**
- **Additional Insureds** may be added (for example a project owner, municipality, etc) to the policy
- **Hired, Non-owned Auto** (for vehicles that you do not own- for example an employee who uses their vehicle on behalf of your company)
- **Property Coverage** – business personal property such as desks, computers and field equipment
- **Exclusion** – Liability coverage is excluded for professional services performed – this coverage is found on a professional liability policy as shown above.