

What does professional liability insurance cover?

There are a couple of different coverage types of professional liability insurance, based on what you do and provide to customers or clients.

- **Malpractice insurance** is coverage that's specifically designed for medical professionals such as psychiatrists, podiatrists, and gynecologists. It protects against lawsuits that allege negligence or mistakes. If you work in the healthcare industry, malpractice insurance should be the first policy you obtain.
- **Errors and omissions liability insurance** is also known as E&O insurance is coverage that's designed for those who provide advice or services such as lawyers, consultants, insurance agents, and architects. It protects against lawsuits that claim a financial loss occurred based on bad information or negligent advice.

A lawsuit in the professional industry is not unheard of and in fact very common. There are two kinds of professional liability policy coverage types:

- A **claims-made policy** must be in effect both when the lawsuit is filed and when the incident in the suit took place. This type of policy is the most common, and is usually less expensive.
- An **occurrence policy** covers any incident that takes place during the coverage period, even if the actual lawsuit is filed after the policy expiration. This type of policy provides more comprehensive coverage and is higher priced.

What is errors & omissions insurance?

Also known as professional liability insurance, E&O covers lawsuits that arise from rendering negligent professional services or failing to perform professional duties. This coverage is typically recommended for lawyers, accountants, architects, engineers, IT companies, or any company where individuals provide a service to clients for a fee.

There are a variety of professional liability policies (E&O), each covering a different profession and the risks that they entail.

The policy itself will protect you financially from legal claims and lawsuits up to your selected policy limits in the event you make a mistake and advise or treat someone incorrectly.