

Why E&O insurance is so important for insurance professionals?

Purchasing proper E&O insurance coverage is crucial to safeguard an agent's or agency's valuable assets. Like any other business, if you make a mistake as you perform your professional duties, it could result in costly litigation expenses – which could affect your ability to stay afloat.

Even if the insurance agent or broker never technically makes a mistake, a client may allege that while providing their professional service, they made an error which harmed them in some way. The insurance agent or broker might be found to have done nothing wrong, but the costs of defending their business may outweigh the value of their brokerage.

If an agent or broker does not have insurance to pay an E&O claim, he/she can be sued and his/her personal assets will be at risk.

Some of the most common allegations against insurance agents and brokers are:

- Failure to advise clients about coinsurance penalties
- Negligent misrepresentation of coverage
- Failure to procure appropriate coverage or adequate limits
- Failure to advise of policy exclusions
- Failure to handle claims properly causing carrier denial