

# Professional Liability

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Professionals, such as doctors, lawyers and accountants, along with a growing number of other occupations, work in fields that need special protection. Pharmacists, architects, engineers, opticians, beauticians, insurance agents, and various types of consultants are frequently sued due to the high standard of accountability under which they operate.

In most instances, a type of coverage called a general or commercial general liability policy will protect a business against the damage or injury their actions may cause to others. However, this type policy is designed to handle loss associated with fairly generic and low-risk activities. Examples are customers who cut their hands on a sharp edge of an office's reception desk or a customer who is hurt when she collides with a clerk who is stocking a shelf. Much more is at stake with professional activities. Consider several aspects that make professional liability tougher to insure:

**Professional Advice** - persons who need professional liability coverage are those whom the general public depend upon as experts. They provide assistance with special issues such as personal health, expensive business transactions, or personal crises. Many of these situations also involve a high-level of emotion. When something goes wrong, it is much more likely that a client will pursue "justice" through the courts.

**Professional Reputation** - Any claim a client makes against a professional involves that individual's reputation. In many instances, paying a claim bears the stigma of admitting to a mistake. The professional may suffer from a lowered status and could face sanctions from related professional associations or regulatory authorities. Further, many professionals are proud of their standing and their abilities; admitting being wrong is usually fiercely resisted.

**Higher Defense Costs** - Defending against claims of professional error or incompetence is usually very expensive and time-consuming. Trials will usually involve expert testimony and technical arguments and the likelihood of resolving issues quickly (particularly via a settlement) is extremely low.

**Identifying A Loss** – The timing between when a loss occurs and when a claim or suit is filed can be a mystery. A professional may find out she's being sued today for something that happened ten years ago. The potential for a huge time gap before a loss arises makes professional liability a very difficult type of business to underwrite and to price.

You have invested a lot in your business and your profession. It is important to be sure that you take the steps to deal with the special as well as the routine sources of loss. As usual, it is always a good idea to discuss your questions and needs with an insurance professional.

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