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# Why You Need E&O Insurance

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Today's world has changed greatly from that of even five years ago. One of the most significant changes is a public that is quick to assign blame and initiate lawsuits. Larger and more frequent damage awards have created an environment where professionals\* must take measures to protect themselves, their businesses and their reputations from allegations of negligent acts. Errors and Omissions (E&O) insurance is the kind of protection that is recommended for these allegations or threats, whether or not they have merit.

Why have public attitudes changed so dramatically towards professionals? Part of the reason is that the public is more informed of its legal and contractual rights. And, rightly or wrongly, many now believe that legal action should be initiated from any turn of event, particularly those that did not result as expected.

In addition, the media continues to sensationalize these lawsuits. Furthermore, lawyers have also become more aggressive in seeking extensive settlements. The traditional, trusting relationship between client and professional has changed as well, and expectations of professionals have increased. Public awareness has also been heightened as a result of recent corporate wrongdoings, where actions by top level executives have adversely affected their companies' bottom lines.

## **What is E&O insurance?**

E&O insurance is an excellent form of protection for both the professional and their clients. This highly specialized coverage considers the potential risks of a given profession, situation or activity. It defends the insured person or company against any frivolous allegations of negligence or wrongdoing thereby protecting the assets of the individual or company. In the case of a client who has suffered damages, it ensures that there are adequate funds for compensation.

Professionals from every industry spend years attaining expert status and reputation. E&O insurance is an integral part of protecting that reputation, enabling them to continue to provide skilled services, expertise and specialized advice to their clients.

For more information on this, and other products and services offered by ENCON, please contact your insurance broker.

\* For the purposes of this article, the term "professional" denotes anyone who is paid for their occupational activities, service or advice.