

Errors and Omissions Insurance

Not Just for Your Doctor or Attorney Any More...

Today errors and omissions (E & O) insurance (otherwise referred to as professional liability insurance) isn't just for the traditional doctor, lawyer and accountant. It is for all occupations that require extensive training and possess special skills, experience and knowledge. More and more service-oriented businesses are considered professionals and, therefore, are expected to meet a higher standard of performance or conduct. When their professional performance falls below the customer's expectations, allegations, claims, and lawsuits may follow.

What is E & O insurance?

E & O insurance is a type of professional liability insurance designed specifically for a broad range of non-traditional professionals and their liability exposures not covered by commercial general liability insurance.

Commercial general liability insurance provides coverage for business operations, such as bodily injury to a customer from a slip and fall or property damage to a building as a result of negligence in installing an alarm system. E & O insurance provides coverage for additional liabilities or costs incurred as a result of the rendering or failure to render professional services.

Do alarm dealer/integration companies have exposure?

Yes, companies can be held liable for the actions of their personnel, especially since employees can be considered trained "experts" in their field.

Most lawsuits allege that the alarm company was negligent, or grossly negligent, in the installation, monitoring, maintenance and/or repair of the security or fire alarm system, and as a result of such negligence, severe losses from fire or theft were caused to the customer's home or business.



Do alarm monitoring stations have exposure?

Yes, once again, the human and equipment elements can "malfunction" and a burglary or fire could result in high losses to the customer, who can bring a claim against the alarm monitoring station and the alarm dealer/installer for negligence.

Here are a few typical examples:

- Misinterpretation of data received by monitoring operators
- Untimely response by the central station to an alarm
- Wrong information given to the police or fire department in response to an alarm
- Employees collaborating with burglars
- Incomplete phone records

Because of the potential for these, and other kinds of lawsuits, it is important for security industry

companies to be protected by E & O insurance. All occupations that require extensive training and special skills, experience and knowledge are particularly vulnerable, so it is critical that the security company maintain sufficient E & O coverage and have agreements with their customers that limit their liability to the greatest extent allowed by law.

Want to learn more?

This valuable information is an excerpt from an NBFAA member-only resource guide on E & O insurance. The new updated guide was recently

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posted to the *Members Only* section of the association's Web site (www.alarm.org). Included in the guide is additional information about E & O insurance, loss prevention tips, contract tips, examples of claims, and tips to defend against claims.

For information on Security America Risk Retention Group, an NBFAA member benefit that offers general liability and E & O insurance program, please call (866) 315-3838.

Editor's Note: The NBFAA guide to understanding E & O insurance was produced to emphasize the importance of this coverage to your business. It is intended solely as an educational resource for the benefit of NBFAA members and potential members and is not intended in any way to constitute legal advice to the reader. Please consult with a Security America customer service representative if you have additional questions after reading this material. □