



The Odds of Having an Insurance Claim

We at Security America often hear the comment:

“I have never been sued, never had an insurance claim and I have very solid contracts. Why should I get general liability/errors and omissions insurance?”

The answer lies in statistics and the fact that having a solid contract and exercising security industry best installation and monitoring practices doesn't always stop someone from starting a lawsuit:



- 1) One in 10 Security America policyholders has reported a claim in the last three years.
- 2) The average legal expense to respond to a claim where no damages are eventually paid is over \$15,000.
- 3) The average legal expense to respond to a claim where damages are paid is almost 2X the damages amount.

4) According to a 2010 Fulbright & Jaworski survey, 93% of attorneys surveyed predicted an increase in lawsuits against corporations. Historically this survey has accurately predicted lawsuit trends, up and down, since 2006.

In addition to assessing the history of actual security industry claims, one also needs to assess the current economic climate to determine risk of a lawsuit or claim. When economic times are tough, revenues are down, the chances of an insurance

claim rise. This is commonly understood and is an expected phenomenon in workers' compensation, but it is also a trend present in general liability/errors and omissions.

Increased general liability/errors and omissions claims and can come from two directions:

- 1) A security company cutting corners in order to save dollars or a customer insisting on an inferior or inadequate system due to budget restraints.
- 2) Or perhaps more common, a failure by a customer to maintain and test their security system, or a lack of general housekeeping, perhaps due to stretched or inadequate staff.

To protect against these claims, we recommend that businesses purchase general liability/errors and omissions insurance to protect against these unexpected expenses and losses. Although you may not have had a claim in the past, the chances are good that you will have one in the future, and that claim could potentially be quite severe if uninsured.

Security America RRG provides broad errors and omissions protection in conjunction with a tailored general liability insurance program to members of the ESA. The program is quite competitive and we encourage you to obtain a quote. For additional information or to request a quote, please visit our website at www.securityamericarrg.org or call 1-866-315-3838 to speak with a representative.



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