

Professional Liability (Errors & Omissions) 101: Your Work, Your Safety Net

The gist: If your advice, service, or product causes a client financial harm—and they decide to sue—Professional Liability (E&O) steps in to defend you and cover damages.

What It Is

Professional Liability covers claims that you made a mistake, missed a deadline, or failed to deliver professional services as promised. Unlike General Liability, it's about *economic loss*, not bodily injury or property damage.

What It Covers

Coverage Type	What It Protects
Negligence	Errors, omissions, or oversights in your work
Breach of Duty	Failing to meet industry or contractual standards
Misrepresentation	Giving incorrect or misleading advice
Defense Costs	Legal fees, even for groundless claims

 **Pro tip:** Contracts often *require* E&O before you can start work.

What's Changing

- **Tech & AI-driven claims** – Software errors, AI decision-making, and algorithmic bias are new hot spots.
 - **Contractual risk transfer** – Clients pushing more liability onto vendors via contracts.
 - **Blended policies** – Combining E&O with cyber liability for tech and service firms.
-

Buying Tips

1. **Match limits to risk appetite (but at minimum contract risk)** – Don't underinsure just because premiums are lower.
 2. **Check retroactive dates** – They determine how far back coverage applies.
 3. **Understand your policy trigger** – Claims-made vs. occurrence.
-

Bottom Line

E&O protects your reputation, your contracts, and your balance sheet when your work is challenged.