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I'm starting my own consulting practice – what forms of insurance should I consider?

There are three primary types of insurance you should consider when becoming a consultant. Each is unique and important, and will provide protection for you in a variety of situations.

The first form of insurance to consider is Professional Errors & Omissions Liability Insurance (E&O). Professional E&O Insurance protects you and the services you provide as a consultant in the event that you should be held liable for inadequate work or negligent actions resulting from your practice.

The second type of insurance to consider is Commercial General Liability (CGL), which is often required when entering a business contract. This is a much broader form of coverage compared to E&O, and protects your business from bodily injury or property damage claims made against you or your employees. This would cover you in the event that someone injured themselves at your place of business, if you injured your client or another third party while providing your consulting services, or if you damaged a client's property. A Commercial General Liability policy also includes Tenants' Legal Liability for those who rent or lease their workspace, or any other premises, even if it is on a short-term basis (i.e. hotel or conference room). Some of the additional extensions that may be included in your CGL policy include Employers' Bodily Injury Liability, Employee Benefit Plan Liability, Non-Owned Automobile Liability, Legal Liability for Damage to Hired Automobiles, Contractual Liability, and Third Party Forest Fire Fighting Expense. If you have specific questions about any of these additional extensions, feel free to contact us for further details.

The final form of insurance to consider is Commercial Property or Business Contents. This provides coverage to your own business property, such as furniture, stock, commercial property and equipment. Coverage also extends to property of others, such as clients, where it is under your care, custody and control. This can be covered under Contractors Equipment, a Property Floater, or both. Be aware that home insurance, while it may provide some limited coverage, would not cover your business property once it leaves the premises of your home.

As you can see, while each of these insurance options are unique, they all play a role in providing important coverage for your consulting practice. There may also be additional coverage requirements if your operations will go beyond consulting. For example, if you intend to provide contracting or implementation services (whether in-house or subcontracted to another party), you may need Environmental Impairment Liability or Pollution Liability coverage.

For more information about the Professional Liability insurance program which has been arranged by your Institute, please visit our website at www.hubprofessional.com. If you have questions about this or any other insurance matter, you may also contact:

Jordan Fellner
Account Manager

Phone: 604-899-3939
Toll Free: 1-800-606-9969
Fax: 604-293-1493
Email: jordan.fellner@hubinternational.com