

Miscellaneous Professional Liability

Quick Reference Guide: *Internal Use Only*



Desktop Access:

<https://www.brainshark.com/hsb/vu?pi=zHoz3g7uGzpJeoZ0>

What is MPL?

Miscellaneous Professional Liability coverage (MPL) Coverage responds to any actual or alleged negligent act, error or omission, misstatement or misleading statement, that may occur by the performance of professional services. Small business owners are exposed to claims or lawsuits by unsatisfied customers even if the allegations lack merit.

Why do businesses need this coverage?

- Small business owners who provide professional services are susceptible to their customers claiming negligence, misrepresentation, error or omission in the rendering of those services.
- Many customers require businesses to carry professional liability insurance. Without this coverage, service providers may lose business to competitors that have MPL policies
- Most businesses lack in-house risk management and legal teams to independently manage these exposures.
- Simply defending a MPL claim can be a financial hardship for employers that do not have MPL coverage
- Standard general liability coverage forms do not provide protection for these exposures.
- As competition amongst service providers increases, clients expectations are more demanding. Consequently, the possibility of facing allegations of negligence are more frequent when a professional's service is perceived to be unsatisfactory

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What coverages are included?

Insuring Agreement:	Coverage for damages the insured is legally obligated to pay resulting from a claim for their wrongful act from their defined professional services to others for a fee
Duty to Defend:	Right and duty to defend any claim or suit brought against an insured for an alleged wrongful act to which this insurance applies
Full Prior Acts:	Coverage for any liability arising out of any wrongful act which occurred prior to the retroactive date
Supplemental Reporting Period:	Provides the insured the option to purchase an extended reporting period following cancellation or non-renewal to give notice of claims that occurred during the coverage period
Automatic Extended Reporting Period:	Provides the insured with protection for a period of sixty days after the effective date of cancellation or nonrenewal, at no additional premium, to give notice of claims first made against the insured during the coverage period
Worldwide Coverage:	Coverage for wrongful acts committed any where in the world, provided that any claim must be brought in the U.S., its territories and possessions, or Canada

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Claims Examples

Paid Loss after Deductible total may include multiple coverages

Marketing Consultant

An online retailer with declining sales hires a Sales and Marketing Consultant to offer guidance and recommendations on how to grow revenue. After presenting a detailed plan that the Consultant developed, the retailer agrees to implement the plan. After just a couple months, revenues plummet and the retailer is now forced into closing the business altogether. They file a lawsuit against the Consultant alleging negligence because the data provided was grossly inaccurate and resulted in the company's significant decline in revenue.

Settlement: \$5,000 & Defense Expense: \$7,200

Photographer

A commercial photographer is hired by an industry trade association to capture photos for the duration of a large convention. The association has plans to use the photos in marketing brochures to recruit new members to join. The photographer arrives late on the first day of the convention. In addition, the photographer accidentally loses the camera and all the backup memory cards. It was never found and no photos were retrieved from the entire event. The trade association claims the photographer was negligent and demands full reimbursement for the defense costs and fees paid to the photographer.

Settlement: \$12,000 & Defense Expense: \$1,700

Travel Agent

A family decides to engage the services of a travel agent to plan their family reunion trip in the Bahamas. The travel agent books the cruise for the family as they wanted. However, the agent mistakenly booked each of the family member's flight to get to the cruise port city on the wrong day. This resulted in rebooking flights as well as paying additional fees with the cruise company to accommodate late arrival. The family immediately demands reimbursement from the travel agent for all the additional costs associated with this error.

Settlement: \$10,310 & Defense Expense: \$3,000

Employment Agency

An employment recruiting firm is hired by a start-up technology company to find qualified candidates to fill open positions. After several months, the firm refers only three candidates. The company decides to hire one of the candidates and moves quickly to have the candidate start as soon as possible. While performing the criminal background check, they discover the candidate has two felony assault convictions and active restraining orders. The technology company brings a lawsuit against the employment recruiting firm alleging negligence in performing the contracted services.

Settlement: \$5,000 & Defense Expense: \$2,300

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