

## Financial Institutions Insurance



# Errors and Omissions Liability Insurance Overview



### Coverage Definition:

The typical errors & omissions insurance policy (also known as E&O insurance or professional liability insurance) protects advisors against losses due to an actual or alleged negligent act, error or omission committed in the scope of their duties as investment counselors/advisors.

### Claims covered by E&O insurance can include:

- Suitability of investments
- Negligence
- Failure to adhere to contract provisions
- Change in circumstances (client got sick and needed to be in more conservative investments)
- Custodial miscommunication (large deposit comes in and is not invested)
- Wrong order placed at a trading desk (stock gets away from being insured)
- Bad moved triggering a tax situation
- Failure to make contributions to a retirement plan due to an oversight
- Change in objectives (client wanted more risk and advisor failed to act)

### Who We Are:

Started in 1958, The Uhl Agency is an independent insurance agency located in Dayton, Ohio. We specialize in writing executive liability lines of insurance for registered investment advisors, broker dealers, mutual funds complexes, private equity, and hedge funds.

The Uhl Agency recognizes every business is unique and that a proper business insurance program takes into account the individual needs of each business. We will work with you to develop a program that addresses your exposures while not breaking the bank during the process.

### Sample Claim:

An investor placed over \$100,000 of assets with an investment advisory firm. The advisor purchased a certain distressed stock. The investor questioned the investment, but the advisor assured him that this stock always "bounced" back and produced positive return for his clients.

The investor lost over \$50,000 in the investment and sued alleging that the adviser was negligent, that the investments were not suitable, misrepresentation, breach of fiduciary duty, violation of state and federal securities laws, violation of NASD Rules of Fair Practice, breach of contract, and breach of implied covenant of good faith and fair dealing.

The claim settled for nearly \$50,000.