



18. UNDERSTANDING ERRORS & OMISSIONS INSURANCE

This Course Provides:

5 CE Credit Life

5 CE Credits A&S

5 CE Credit General (P&C) (Saskatchewan receives 5 CE Credits Travel, 5 CE Credits General)

What will the Financial Services Advisor learn by taking this course?

Professional Liability Insurance of E&O insurance coverage is for anyone who gives advice, makes educated recommendations, designs solutions, or represents the needs of others. Simply put, you need E&O insurance coverage.

In the financial industry, lawsuits happen, regardless of how baseless the claims may be. Clients sometimes sue an advisor or broker after an investment or insurance policy goes sour, even if the risks were well-known and within the guidelines established by the client.

In these cases, even if a court or arbitration panel finds in favor of a broker or investment advisor, the legal fees can be very high, and E&O insurance is vital in these situations. A person or company that has had numerous litigation problems has a higher underwriting risk and is likely to find E&O insurance more expensive or less favorable in its terms as a result.

As a financial professional giving out life insurance, investment or general insurance recommendations, professional liability insurance is an important part of the financial advisors' back end resource suite. This product can be compared to your homeowner's insurance, you may never need it, but if you do, you'll be very happy that you have it.

So, let's assume you've decided this is an important coverage to obtain; here's what you need to know about professional liability insurance:

- Purpose of the coverage
- Who is covered
- What services are covered
- What is excluded from coverage

- How to practice in accord with the professional liability policy

This course has been designed with the Life, Accident & Sickness & General licensed advisors, brokers or agents in mind.

This course will also cover:

- Liability Dangers & Public Awareness for Advisor and Client alike.
- The E & O Liability policy - what is it?
- Proper Standards of Care that should be followed.
- What can a financial advisor/planner do to try to avoid a malpractice suit?
- Torts & the basis for liability claims.
- Insurance advisors and broker's Negligence in Tort Liability.
- General liability of all advisors and brokers.
- Insurance advisors and brokers Presumed Negligence & Contributory Negligence.
- Express Authority & Ostensible Authority - What do these terms mean?
- Insurance advisors and broker's civil & criminal violations.
- Insurance agent and broker's breach of contract.
- The Investment Advisor's liabilities - what are they, and how can we protect ourselves from legal action. We will look at the various risk classifications for the Insurance
- Professional Ethics & E&O- Life and General.
- Full Disclosures, Due Diligence, and what your Fiduciary Duties are, will be discussed in detail.
- The course looks at some preventative measures as we review the liability of Financial Planning in the real world.
- Sample Code of Ethics are looked at.