



Insurance

Professional Liability Insurance for Consultants

Professional liability insurance for consultants offers protection in lawsuits over the professional services they provide. Policies cover third-party claims that your business made costly errors or omissions by paying for your legal defense. Annual premiums for a professional liability policy can range from \$500 to \$1,400, depending largely on industry and coverage amount.

[The Hartford](#) is a well-established company that offers professional liability insurance specifically designed to meet the needs of consultants and small business owners. If you want a policy that insures you against professional liability claims, consider The Hartford. Fill out the online application and get a quote in just minutes.

[Visit The Hartford](#)

What Is Professional Liability Insurance for Consultants?

[Professional liability insurance](#) is a type of errors and omissions (E&O) coverage designed to protect consulting professionals when clients accuse them of negligence. A professional liability policy typically pays for lawyers, court costs, and settlements or judgments. Most consultants can find coverage for under \$1,500 per year.

Consultants provide expertise, guidance, and advice in numerous areas to help clients improve their business operations. There are risks associated with offering professional advice, such as making a mistake that costs a business money. If a client loses profits due to negligence—perceived or real—they might bring a lawsuit against you. Professional liability insurance can help mitigate those risks.

Top Professional Liability Insurance Providers for Consultants

Provider	Best For
The Hartford	Management consultants looking for business insurance in a bundled policy
CoverWallet	Consulting businesses seeking fast quotes from multiple carriers
TechInsurance	IT consultants looking for a broker with technology industry expertise
Allstate	Sole-proprietors who want personalized help from agents who are small business owners
Hiscox	Safety consultants needing immediate coverage from a top-rated insurer

[The Hartford](#)

Management consultants can benefit not only from excellent professional liability coverage, but also management liability insurance with The Hartford. The Hartford offers Private Choice Premier, a product with five comprehensive coverage areas for management consultants, including [directors & officers insurance \(D&O\)](#), [employment practices liability insurance \(EPLI\)](#), fiduciary liability, crime, and kidnap and extortion coverage.

If you want to make the process of buying professional liability insurance as easy as possible, and have the option to bundle it with general liability, The Hartford delivers. The Hartford asks a few simple questions in plain language to help you find the right types of [business insurance](#) for your firm. There are endorsements suggested for your industry, and you can get covered without hours of research.

[CoverWallet](#)

CoverWallet, an online [business insurance broker](#), is the best choice for consultants to shop professional liability quotes among different carriers without filling out multiple applications. Its simple application takes less than five minutes to complete and delivers quotes from top-rated carriers straight to your inbox. That way, you know your consulting business is getting great coverage at an affordable price.

After quotes come in, an agent with experience guides you through the purchase of a policy from a carrier that's right for your business. CoverWallet is ideal for small business owners who want to get the best policy for the best price. Added bonus: CoverWallet provides some policy cost information for certain types of consultants, including marketing, management, and human resources.

TechInsurance

Like CoverWallet, TechInsurance is an online broker that delivers quotes from multiple top-rated carriers after you complete one application. TechInsurance specializes in offering [IT insurance](#). IT consultants can work with a team of experts who know the industry, so they understand your risks, including professional liabilities.

Because of its technology expertise, TechInsurance offers a robust library of resources for IT professionals. You can access its risk management blog, insurance cost information, and other free resources to help your business grow.

[Allstate](#)

Consultants, especially sole proprietors, can benefit from working with Allstate because its agents are also small business owners. Because Allstate agents own their own companies, they have insider knowledge into professional liability coverage needs. Allstate agents can provide a unique perspective, and they offer comprehensive guidance for consultants uncertain about the policies they require.

Consultants who work with Allstate can have peace of mind knowing they're working with a national, top-rated [business insurance company](#). Allstate's strong financial stability means you know they'll pay out promptly in the event of a professional liability claim, and your clients can rest easy knowing you're backed by a reputable company.

Hiscox

Hiscox is a top choice for consultants of all types, including safety consultants, seeking immediate professional liability coverage. Another well-known, reputable carrier in the business insurance space, Hiscox offers consultants flexible payment options, worldwide coverage for losses, and claims responsiveness.

Due to the precarious nature of safety recommendations, safety consultants might face heightened risks if a client is injured in an accident after implementing your workplace safety tips. Hiscox's team understands these risks and provides protection for accusations of negligence. Getting coverage with Hiscox is easy: You can speak with an agent or get a quote online to obtain coverage immediately.

What Professional Liability Insurance for Consultants Covers

Consultants, no matter the industry, face the risk of being sued because of the services they provide. As a consultant, you present yourself as an expert to clients who may sue if they think you failed to meet their expectations. Professional liability insurance covers errors and omissions, whether actual or perceived, if a claim arises against your consulting business.

Most professional liability insurance policies include coverage for:

- **Mistakes or oversights:** Missing a deadline, providing incomplete work, or offering incorrect advice that results in lost profits or other costs for a client.
- **Negligence:** Accidentally omitting information or mismanaging a project.
- **Misrepresentation:** Not delivering products or services as promised.
- **Violation of good faith:** Any act of noncooperation with a client, such as withholding knowledge or sharing private client information.

An errors and omission policy covers legal defense costs if a claim is brought against your consulting business. Even if a claim is baseless, you'll incur court costs and lawyer fees. Your professional liability coverage pays for these expenses, as well as any settlements or judgments.

Some insurers offer endorsements that you can add to your professional liability policy, dependent on your niche industry. For example, if you're consulting on business mergers or acquisitions, there is a special endorsement for this coverage. Consult with your insurance agent to discuss your unique industry's needs to find appropriate options.

Claims-made vs Occurrence Professional Liability Insurance for Consultants

Professional liability insurance can be written as a claims-made or an occurrence policy. Claims-made policies need to be in effect both when the event occurs and the claim is filed for the carrier to pay. If your policy expires or is canceled, and then you're sued, your [professional liability insurance provider](#) won't cover it. Occurrence policies cover claims whenever they're filed as long as the triggering event occurs when the policy is in effect.

Typically, professional liability written as claims-made policies are more common and less expensive than occurrence policies because they offer less coverage. Consultants can increase their professional liability protection by adding prior acts and tail coverage. Prior acts extends your coverage to a retroactive date so your insurer pays claims made prior to the policy's start date. Tail coverage allows you to file a claim even after your policy ends.

Who Needs Professional Liability Insurance for Consultants

The [people who need professional liability insurance](#) are usually business owners who make a living by providing advice or expertise to clients. This includes consultants who claim to be experts and share professional knowledge with others seeking to modify or change their business operations.

Types of consultants who should consider obtaining professional liability coverage include:

- Agricultural consultants
- Career coaches
- Education consultants
- Environmental consultants
- Financial advisors
- Human Resource (HR) consultants
- IT consultants
- Management consultants
- Market research analysts
- Marketing consultants
- Procurement consultants
- Project management consultants
- Research consultants
- Risk management and insurance consultants
- Safety consultants
- Security consultants
- Strategic planners
- Telecommunications consultants

This isn't an exhaustive list, as consultants exist in nearly every industry. If your advice or services have the potential to result in an oversight or mistake that can cause financial setbacks or reputational damage to your clients, you should consider obtaining professional liability insurance for consultants.

Professional Liability Insurance for Consultants Example

For example, say a human resources consultant suggests a new software program to help a business

For example, say a human resources consultant suggests a new software program to help a business streamline its hiring practices. The program has known bugs and causes an error in the business' system, wiping out all of its current and prospective employee records. The business has to pay to fix it, and then files a lawsuit against the consultant for negligence.

In another example, a project management consultant is helping a construction company meet building deadlines and manage several worksites. The inspection dates are changed without notice, which is beyond the consultant's control, and it sets multiple projects back and causes debilitating delays. The lost time upsets the construction company's clients and results in fines for going past work permit allowances, resulting in a lawsuit against the consultant.

In both cases, professional liability insurance covers the consultants for their mistakes or situations beyond their control, and helps pay for legal expenses.

Professional Liability Insurance Costs for Consultants

[Professional liability insurance costs](#) vary widely for consultants depending on the industry you work in and the amount of revenue you generate. Insurers may also prefer writing coverage for certain types of consultants and often price policies for those businesses more competitively. A typical consultant can expect to pay anywhere from \$500 to \$1,400 in annual premiums for professional liability coverage.

Professional Liability Insurance Costs for Consultants

Coverage Amount	Annual Premium Range	Deductible
\$500,000 per occurrence/ \$500,000 aggregate	\$500 - \$700	\$0 to 10% of the limit of insurance you carry
\$1 million per occurrence/ \$1 million aggregate	\$650 - \$900	\$0 to 10% of the limit of insurance you carry
\$1 million per occurrence/ \$2 million aggregate	\$875 - \$1,200	\$0 to 10% of the limit of insurance you carry
\$2 million per occurrence/ \$2 million aggregate	\$900 - \$1,400	\$0 to 10% of the limit of insurance you carry

Primary factors affecting the cost of professional liability insurance may include:

- **Industry:** Your risk of lawsuits increases if there's more risk in your industry, such as accidents for safety consultants. A higher lawsuit risk increases your premium.
- **Size of business:** A consulting firm with high revenue and a large number of employees increases its risk for liability claims and pays higher premiums than a sole proprietor.
- **Location:** The frequency and expense of lawsuits tend to be higher in some locations than others.
- **Claims history:** Previous claims on professional liability insurance often increase rates in subsequent years.
- **Procedures and quality control:** Clear communication protocol and carefully written client contracts can help set expectations for all parties. With a lower risk of claims, insurance carriers may offer premium reductions.

- **Experience:** Professionals with a long and distinguished track record free from allegations of wrongdoing will have lower premium costs than a consultant who's new to the business.

Consultants face more professional liability claims in certain industries, including the legal and financial industries. A consultant in an industry with a high risk of malpractice allegations faces higher premium costs for consultant's professional liability insurance than a consultant specializing in providing software training, where the risk of loss is lower.

Other Types of Insurance for Consultants

Aside from professional liability insurance, consultants also need other business insurance policies to ensure they're protected from other types of liability and damages.

Business Owner's Policy

Two of the most important types of business coverage available are grouped in a [business owner's policy \(BOP\)](#) for convenience and cost efficiency. These policies include coverage in case a consultant is accused of causing harm through some means other than professional negligence.

Coverage included in a BOP:

- [General liability insurance](#) covers lawsuits over third-party injury or property damage, such as a client suing after they slip on your office stairs; policies also pay for the injured party's medical bills or property repairs.
- [Commercial property insurance](#) pays for damage to a consultant's own property, such as a break-in at the office that results in the loss of computers.

Cyber Liability Insurance

[Cyber liability insurance](#) provides coverage in the event of a data breach or cyberattack. Smaller businesses have higher data breach costs relative to their size than larger companies because they don't have as many resources, which can hamper their ability to recover financially from an incident. A cyber insurance policy covers crisis response costs and lawsuits after a computer hack reveals confidential client information. It also covers costs to restore networks and data after a breach.

Inland Marine Insurance

[Inland marine insurance](#) ensures equipment is protected by covering property losses that occur off-site or while in transit. This coverage is necessary for consultants who have expensive equipment, such as high-tech computers or other specialty items, that they travel with as they serve different clients. Commercial property insurance often limits coverage to the address listed in the policy.

Tips on Getting Professional Liability Insurance for Consultants

Consultants need to know the nuances of professional liability insurance to ensure they're fully covered. It's also important to start shopping for coverage before opening your doors and to read policy language

It's also important to start shopping for coverage before opening your doors and to read policy language carefully to ensure comprehensive coverage. These tips can help consultants to obtain the professional liability insurance they need.

1. Request Coverage for Full Prior Acts When Buying Your First Policy

If you have not had professional liability coverage in the past but have already performed consulting work, it's important your policy covers past actions that could make you vulnerable to a lawsuit.



“If securing coverage for the first time, requesting coverage for full prior acts will allow coverage to apply for errors or issues that aren’t known and that may have occurred prior to obtaining the policy,” advises Michael J. Perry, vice president, CBIZ Inc.

2. Provide References Attesting to Your Professional Expertise

Insurers want to know the risks of a claim against you, so evidence you provide to demonstrate the breadth of your credentials and scope of your knowledge can keep professional liability policy costs down.

“Experience, character, and capacity to do the work” matter when shopping for affordable coverage, according to Perry. He recommends providing detailed resumes and references to put an insurer’s mind at ease about your competence.

3. Obtain Coverage, Even If You Don’t Think You Need It

Walt Capell, President, Workers’ Compensation Shop, stresses the importance of a professional liability policy. “A professional liability policy can cover legal costs and time spent defending your business in the event you’re sued for your actions or the actions of your business.”

The median cost of defending a professional malpractice lawsuit is \$122,000, according to a report from the [National Center for State Courts](#). Comprehensive professional liability protection is imperative to ensure you’re not paying out of pocket for an expensive lawsuit.

Professional Liability Coverage for Consultants Frequently Asked Questions (FAQ)

For consultants, getting the right coverage can be a daunting prospect. Here are a few frequently asked questions about professional liability coverage for consultants:

Do I need to be licensed to purchase professional liability insurance for consultants?

You don't need to be licensed to purchase professional liability coverage. However, whether licensed or not, as a professional who provides a service to clients for a fee you should consider purchasing professional liability insurance to protect your business. Consultants are in the business of giving advice, and interpretation of this advice can go any direction.

What does professional liability insurance for consultants cover if you're sued?

If you're sued, a professional liability policy covers defense costs, including investigations into allegations. The policy pays out compensation to the plaintiff in the event the court awards damages or provides funds to settle out of court. Many policies also provide coverage for disputes resolved in other ways, such as arbitration.

Does professional liability insurance cover other types of liability for consultants?

Professional liability coverage for consultants only protects against claims of errors, omissions, and negligence during the course of your work. There are some special endorsements that can be added to your policy, depending on your industry and availability from your carrier. Endorsements for professional liability don't add triggering events but rather extend your coverage.

Bottom Line

Consultants are in the business of providing knowledgeable expertise. When they fall short of a client's expectations, they may be sued for negligence. Professional liability insurance covers these lawsuits by paying your defense costs and any judgments or settlements. It doesn't matter if the lawsuit is meritless; policies cover your costs and protect your business.

If you want the right amount of professional liability insurance for an affordable price, [The Hartford](#) is a great option. The Hartford offers professional liability coverage that is ideal for consultants of all types. Using The Hartford, business owners can also bundle policies and combine coverage to meet their specific needs.

[Visit The Hartford](#)

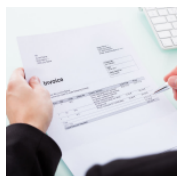
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Jaclyn Moriarty is a writer with our finance team focusing on insurance. Prior to joining Fit Small Business, Jaclyn worked in content marketing for financial services. She holds a Bachelor of Arts degree in journalism and English from Bradley University and has written for a number of finance and insurance companies, including Insureon and Amica.

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