

# Knowing the Policy Helps Brokers Provide Top-Notch Service

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As an insurance professional, it's vital to have a good understanding of professional liability insurance policies. It's especially important to know what the policy covers and how it responds to various incidents that may occur. Whether your client works in real estate services, insurance services or other service industries, you can provide better assistance if you are well-versed in the nuances of professional liability insurance policies. To

prepare yourself for any questions your client may have, it's important to know who qualifies as an insured, what professional services are covered, what endorsements are needed and what exclusions are in the policy.

## Who is an Insured?

For Berkley Service Professionals' Professional Liability policies, an insured typically is the Insured Organization, which means any named insured designated on the policy declaration, and any subsidiary, which is generally defined as an entity in which the named Insured owns more than 50% interest.

In addition, an independent contractor and an employee are both considered insureds, but only for services performed on behalf of the organization. Other individuals who may qualify as insureds include a partner, principal, officer, director, shareholder, managers, and members, but only for services performed on behalf of the organization.

Finally, named insureds and additional insureds may be added via endorsements to the policy. If you have any questions, always refer to the policy for specific and complete definitions and speak with an underwriter for additional clarification.

## What Professionals Services Are Covered?

First, let's talk about what a professional service is. Professional services can be any number of different services that are provided to a third party. It is important to understand what professional services are offered and that those are reported on the insurance application.

To ensure that all professional services are covered under the policy, check that all professional services reported on the application are accurately reflected on the Declarations page.

### **Are all professional services covered?**

Not all Professional Services are automatically covered - only those professional services that the insurance provider has approved for coverage would be covered. It's also crucial to note that to avoid any potential gaps in coverage, your client should contemplate all Professional Services offered and ensure they are accurately reported and covered on the policy.

It's essential to check the Declarations Page and verify that the professional services reported on the application and approved are listed on it.

### **What is an endorsement?**

An endorsement is an amendment to a contract of insurance that overrides the terms of the contract. The endorsement overrides anything it needs to in the standard policy wording to provide the desired level of coverage, which includes:

- Adding or excluding covered perils. Enforcing different deductibles and changing policy details.
- Insurers can add mandatory endorsements to policies that the insured must accept before buying the policy.

An endorsement can change a deductible, provide an additional limit of liability or add or delete a named insured. Endorsements can enhance the policy in many ways. Always check with your underwriter and verify what endorsements are required and what are optional.

### **What is an exclusion?**

An exclusion is a provision within an insurance policy that eliminates coverage for certain acts, errors and omissions. In generic terms, it is an item of risk specifically not covered by the insurance policy. Even if a loss would normally be covered, it may be excluded if it was due to an intentional or fraudulent act.

While there are many reasons for exclusions, the ultimate goal is to keep premiums low for the policyholder. Offering coverage for too many high-risk or easily avoidable losses would be inefficient and costly for the client.

Exclusions and endorsements are just some of the tools insurers have to ensure they are providing the best coverage and pricing for your clients.

Knowing the ins and outs of a professional liability insurance policy is a great way to help your clients ensure they are getting the coverage they need and taking advantage of all the services that Berkley Service Professionals has to offer. For more information, check out our video series on these topics, ["Into the Coverage Zone."](#)

## About the Author



Tom joined Berkley Service Professionals in 2020. He has more than 25 years of experience, predominantly in specialty professional liability insurance. Tom has created successful Miscellaneous Professional Liability products and teams from the ground up. He has also held various positions ranging from product head to product/portfolio manager in addition to senior underwriter and underwriter. Tom has worked in large and small insurance company environments, as well as for Managing General Agents specializing in both admitted and non-admitted professional liability insurance.

Tom is a licensed insurance agent and surplus lines broker in the state of Connecticut. He holds a Bachelor of Business Administration from Western Connecticut State University. Tom is based in Glastonbury, Connecticut, and can be reached at [trea@berkleysp.com](mailto:trea@berkleysp.com).

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