

Expert opinion

Brownyard

Are you covered for monetary losses?

By John Culotta

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Standard liability insurance coverage protects pest management professionals (PMPs) in case their operations result in property damage or bodily injury to a third party. But with the emergence of bed bugs in recent years as an industry wide issue, many have found that this coverage may not be enough.

Why? We are seeing an increase in claims that arise when PMP customers seek monetary damages to compensate them for loss of income and other expenses caused by a PMP's negligence.

The hotel industry is a good example. Say you are contracted to treat a hotel where multiple rooms have a bed bug infestation. Your treatment proves to be ineffective because of your negligence, and bed bugs continue to infest these rooms. The hotel must close the rooms again for treatment, and is holding you responsible for the lost income and other expenses that may result from the rooms being unavailable for their guests.

This could easily happen on a cruise ship, at a summer camp, in a movie theater or restaurant, or practically any other business that can potentially lose income because of your negligence.

In fact, while bed bugs are the most common example of these types of claims-- and the pest that has fueled a sharp rise in the potential for them-- many kinds of infestation where treatment is not effective because of your negligence can also result in customers seeking monetary damages. They are not limited to bed bugs.

How do you protect yourself? You can select an insurance policy that specifically covers monetary damages. Keep in mind that because this is a new concern for PMPs, this coverage is not widely available. It is typically added as an Errors & Omissions (E&O) "endorsement." An endorsement is simply a change to your current insurance policy that adds or restricts your coverage. In this case, it adds coverage.

How much coverage do you need? We typically see limits between \$10,000 and \$100,000. Your insurance agent should be able to help you determine your level of risk and the amount of coverage you need.

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In the news

Fraternity purchases bed bug insurance

The *Omaha World-Herald* reports that the Sigma Phi Epsilon chapter at the University of Nebraska-Lincoln purchased the policy to protect its house, in light of news that bed bug infestations have been found in dorm rooms and common areas.

From the *PMP* archives

Lawsuit prevention: Listen, think before you speak

In this August 2006 Legal Ease column, attorney Andy Donaldson reports that a common complaint among plaintiffs is "no one at the pest management companies would listen and talk to them about their service problems."

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