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THE INSURANCE GUIDE

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Insurance Issues for Modern Pest Management Professionals

By **JOHN CULOTTA**

Is it time to update your insurance?

Some pest management professionals (PMPs) will have a ready answer to that question. Some will have to dig up their insurance policies. But no matter your response, your insurance coverage may need updating.

Recently, I had an opportunity to contribute information to [PMP magazine](#) on insurance coverage for PMPs. The editors asked us to make predictions about the future of the pest control insurance market. The truth is we cannot foresee all the risks that will require insurance. Yet it is also true that the future is now.



Certain coverages have been standard for some time now: liability, property, auto. Most PMPs have these coverages in some capacity. However, standard coverages may not cover them for all of their needs. For example, general liability policies often cover basic damages to customers' property but don't cover damages when the PMP has "care, custody and control" over the property. Excluding this option greatly increases a PMP's potential risk exposure. Note that this policy should not only cover the PMP's work, but also any work done by subcontractors hired by them and should include spot check work.

Another common coverage omission in pest management insurance plans is a thorough pollution policy. Solely relying on the pesticide herbicide endorsement may be commonplace, however that does not make it the correct line of action. This endorsement tends to be fairly limited, leaving PMPs open to a variety of heavily damaging claims. Thorough pollution coverage, including jobsite pollution coverage, sudden and accidental coverage and auto hazard pollution liability coverage, greatly limits risk for pest operators. These claims cover a variety of issues, such as site clean-up costs, chemical spills in vehicles and much more.

One of the most frequent claims I see are inspection coverage claims. First, pest control firms often overlook the importance of having coverage for both real estate and annual contract inspections. Second, they tend to neglect the "sub-limits" of their policy. Some insurance providers will offer extremely low "sub-limits," meaning that despite the occurrence limit value displayed on the declaration page, you may not actually be covered for each claim at that level. The occurrence limit value may say you have a \$1

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million policy, when in reality your limit is only \$100,000, leaving your business heavily underinsured.

A core element of any pest control insurance plan is an excess policy. This policy provides a broader range of protection over individual coverages in case the company exceeds its coverage limits. It's especially important that PMPs ensure their excess plans cover care, custody and control and pollution endorsements, so they are completely prepared in case of emergency.

Auto insurance also remains an incredibly important component of the pest control business. [Distracted driving](#) incidents continue to loom large, with nearly nine people dying per day and over 1,000 injured in distracted driving accidents. As a result, commercial auto policies have become absolutely crucial for PMPs of all sizes; small and large businesses risk losing significant amounts of revenue and potentially shutting down if they don't have adequate auto insurance plans.

Another risk that has emerged in recent years is cyber security, which has made cyber liability insurance a necessity. Pest control companies that store customer and company information online or on company devices leave themselves at risk without a comprehensive cyber policy. Even in the simple case of an employee misplacing their phone or laptop and having that data stolen can lead to millions of dollars lost for any business.

Consider this example. Cybercriminals sent out an email, masked as an email from the company CEO, requesting access to employee W-2 forms for review. Because the email was so well disguised, many employees did not question it and sent over the requested information. This type of mistake can not only cost a company significant sums of money but damage their reputation.

Whether you are facing emerging issues or a change to your operations, it's essential to consider the risks and coverage your company needs.

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