

Effective risk management strategies for professionals

Because clients rely on their expertise, advice and service, professionals have special risk management needs.

As a provider of professional services, you face risks that other business owners don't have to take into account. This report outlines some key risks that are specific to professionals, as well as solutions to consider. On the back of this page, you'll find a short questionnaire designed to reveal areas in which your practice may be exposed.

When you provide advice, mistakes can be costly

Providing specialized advice or services to your clients is the cornerstone of your success, but even the smallest mistake, oversight or miscommunication could have very costly consequences. That's why professional associations of engineers, lawyers and accountants typically require members to have a minimum level of errors and omissions insurance.

If you don't have coverage through a professional association, it's vital to purchase it independently, in order to help protect your business if one of your clients thinks there is a problem with the advice they have received from you — a problem

they think can hurt them financially. Even if you do have coverage through an association, you may want to consider additional insurance to provide more extensive coverage for settlements and legal defense costs.

Protect the contributions made by key talent

Many professional firms owe much of their success to their founder or founders. The temporary or permanent absence of such a key contributor could disrupt operations and cause serious financial damage.

You may already have key person insurance to help protect against this risk. Key person insurance can provide the money you need to keep your business operating should you, your partner or key employees suffer an illness, accident or death.

Be careful, however, not to overlook the contributions of others in your firm, such as the marketing specialist who brings in a high percentage of business, or a new employee who has important connections to growth opportunities. Make sure all of your key people are covered, not just those at the top.



Protect your business from online risks

Professionals have been among the first to leverage the Internet economy to full effect, with blogs, electronic newsletters and social networking. But what if the content of these communications is inaccurate or misunderstood? You could be liable for damages.

Liability coverage can extend your existing protection to the cyber risks associated with your online presence. If

you have an electronic presence through a social networking site or prepare a regular blog, you should speak to an insurance advisor to make sure you have appropriate coverage in place to protect you against any legal actions for online errors or accusations of libel.

Use benefits to attract and retain talent

As a business owner, you can rely on your firm's culture, fairness and flexibility to help attract and retain good people. But

talent is always at a premium, and you may be able to make your firm even more attractive with traditional enhancements such as benefits coverage.

Group insurance may be just the competitive edge you need. By reimbursing certain health-related expenses and providing financial protection in the event of illness, disability and death, you can provide your employees with valuable security and peace of mind in an often uncertain world.

Are you at risk?

Take this quick self-assessment to find out whether your professional practice is adequately protected from the unexpected.

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| <p>1. Do you provide consulting or professional advice to clients that they rely on to make decisions or take actions?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>4. Are you planning to expand your firm's reach through new media channels?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| <p>2. Are there dollar limits to the errors and omissions insurance coverage that you have through a professional association?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>5. Is there a competitive market for top talent in your firm's area of expertise?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| <p>3. Do you have a website for your firm, publish articles online, maintain a blog or communicate with clients by email?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>6. Does the success of your business rest largely on the knowledge and expertise of one or two people?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> |

If you answered yes to any of these questions, your business may be at risk. Ask your RBC Royal Bank® business account manager for general insurance advice, as well as a complimentary copy of the *Managing Risk for Business* guide. This guide discusses nine key risks that are common to many operations, and is a great place to begin the risk assessment process.

Keep in mind that the list above is not exhaustive. There may be other risks specific to your situation. In addition, new risks can arise over time — that's why it's a good idea to include a risk assessment as part of your annual business financial review.



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