

# Miscellaneous Professional Liability Insurance for Staffing Agencies



Your clients expect qualified personnel to meet their temporary, contract or direct hire staffing needs. If placed personnel engage in inappropriate or illegal behavior in the workplace or fail to meet client performance expectations, your staffing agency may be held accountable. Defending your agency can be costly, even when your firm met all selection obligations and performed all requested screenings.

Even if no one in your company is at fault, defense and settlement costs can quickly add up. Fortunately, Chubb offers Miscellaneous Professional Liability (MPL) insurance to a variety of service providers, including staffing agencies. Chubb's MPL coverage can be tailored to the specific set of services your company provides, including:

- Temporary and contract staffing
- Permanent placement and executive recruiting
- Career counseling
- Human resource consulting
- Employee leasing and co-employment

## **Claims Scenarios**

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A financial institution hired an executive search firm to identify and pre-qualify candidates to replace a retiring compliance director. The financial institution interviewed and hired one of the candidates presented by the search firm. After the candidate started work, it became apparent that he did not have the skills and insight of someone with his reputed background and experience. An investigation revealed numerous untruths on the candidate's resume. The financial institution sued the search firm, seeking compensation for the cost of the investigation and expenses incurred in terminating the candidate, as well as additional damages for the alleged errors the candidate made while employed by the financial institution.

A manufacturer needed several additional workers for a six-week period to fill a large production order and a local staffing firm provided temporary workers to meet the manufacturer's needs. During the six-week period, inventory audits showed a significant increase in missing goods. A shift supervisor eventually caught one of the temporary workers stealing inventory.

The criminal investigation revealed that the worker had a criminal record that included theft and embezzlement. The manufacturer sued the staffing firm for misrepresenting the background of the worker and demanded reimbursement for the stolen goods.

A staffing firm was hired to provide a client with temporary personnel experienced in data entry. Over the course of several days, the firm sent personnel with the requested experience and the client dismissed almost all of the individuals, contending that they lacked sufficient skills and processing speed. The client terminated the contract early and demanded compensation from the staffing firm for lost revenues, alleging that the failure to provide personnel with the requested qualifications caused the client to miss an important deadline and forfeit a performance bonus.

### Coverage Features

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The following MPL insurance features are available for staffing agencies:

- Broad definition of Wrongful Act, including Personal Injury and a customized definition of Professional Services
- Defense Costs are fully covered if a Claim includes at least one covered allegation and Insured
- Coverage for the acts of placed personnel are available, subject to underwriting

### The Chubb Advantage

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Chubb has earned its leadership position in professional liability insurance as a result of our:

- **Financial stability:** Chubb receives consistently high ratings for financial strength from A.M. Best, Moody's and Standard & Poor's, the leading independent analysts for the insurance industry.
- **Reputation for paying claims and superior service:** Our reputation for expert, fair claims handling is renowned in the industry.
- **Broad coverage:** Our MPL insurance products offer some of the broadest coverage available in the marketplace. We provide this coverage on a monoline policy form or as part of a suite of specialty liability coverages.

### In the News: Allegations against Staffing Agencies

- Local investigative journalists reported that the staffing firm hired to fully staff a residential care facility was not meeting contractual minimum staffing standards. Auditors subsequently determined the care service provided by the staffing firm personnel was insufficient.
- A staffing firm is alleged to have failed to conduct a background check prior to placement. The individual placed by the firm allegedly stole funds from client customers and was subsequently found to have a criminal record including prior thefts.

### Contact Us

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For more information on MPL Insurance for Staffing Agencies, contact your local agent or visit [www.chubb.com/us/professionalliability](http://www.chubb.com/us/professionalliability).

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The claim scenarios described here are hypothetical and are offered solely to illustrate the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim. The precise coverage afforded by any insurer is subject to the terms and conditions of the policies as issued. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law.

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