

AI Can Assist. You're Still Responsible.

Understanding Negligent Advice, E&O Coverage and Human Oversight

E&O COVERAGE AT A GLANCE



E&O insurance may respond to covered claims alleging a Wrongful Act in rendering or failing to render Professional Services.



Coverage depends on policy language, exclusions, reporting requirements and claim-specific facts.



Most policies are written on a claims-made and reported basis.

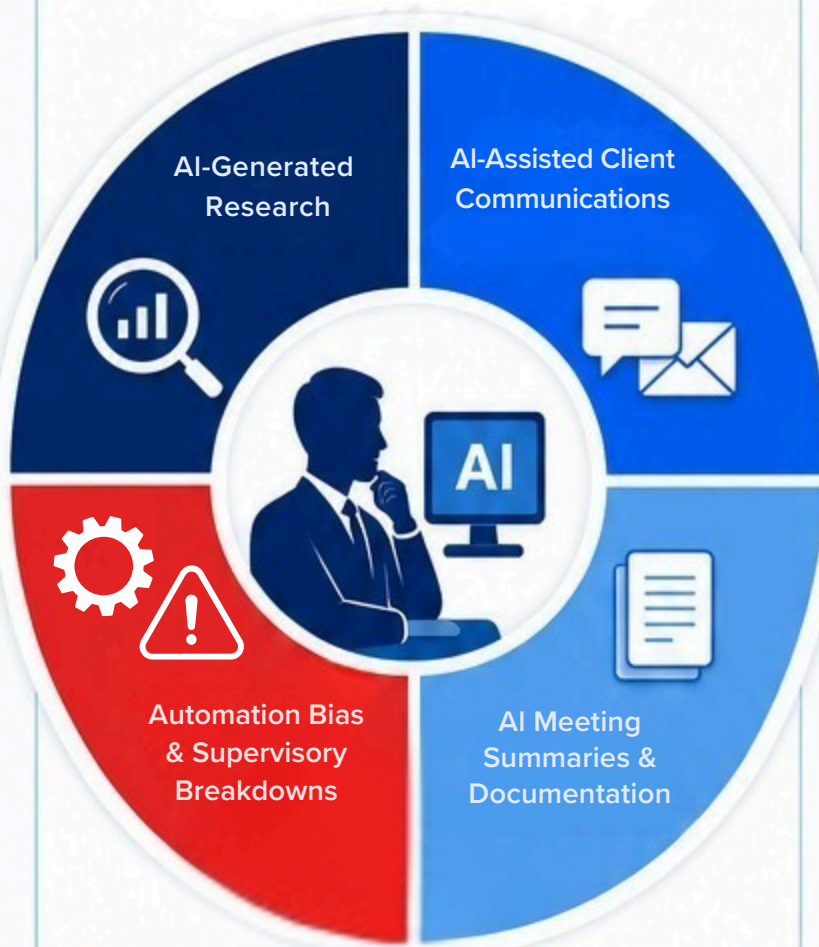


AI does not replace **fiduciary responsibility** or supervisory obligations.



Professional judgment remains essential, even when AI supports the advisory process.

WHERE AI-ASSISTED PROFESSIONAL RISKS CAN ARISE



AI-generated output should be reviewed before it influences advice, recommendations or client-facing decisions.

THE BOTTOM LINE

AI can improve efficiency, but errors can scale faster **when oversight is missing.**



Human oversight helps advisors validate **AI-assisted recommendations.**



E&O coverage analysis depends on the facts of the claim, policy terms, exclusions and eligibility.

WHY HUMAN OVERSIGHT MATTERS

Inaccurate Inputs



AI tools can rely on outdated or incomplete data.

Amplified Errors



One mistake can spread across multiple clients.

Documentation Gaps



AI summaries may omit nuance or key context.

Oversimplified Communications



AI drafts may oversimplify risks or overstate clarity.

Advisor Liability



The advisor remains responsible for professional advice.

AI OVERSIGHT PRACTICES THAT MAY HELP REDUCE OPERATIONAL RISK



Review AI Outputs

Review AI-assisted materials before use in client communication.



Document Judgment

Record your independent analysis and reasoning.



Verify Assumptions

Confirm data accuracy, sources and planning inputs.



Maintain Supervisory Procedures Update WSPs to review standards and approvals.



Protect Information

Don't enter client/regulated data into AI systems.



Evaluate AI Vendors

Assess security, data retention and compliance controls.



Foster a Culture of Oversight

Build habits of validation and professional judgment.

Questions about E&O, cyber liability or other professional risk considerations?

Schedule a free, no-pressure consultation with a NAPA Premier specialist to discuss your firm's needs and current coverage.

