




Florida Department of Agriculture and Consumer Services  
CHARLES H. BRONSON, Commissioner  
The Capitol • Tallahassee, FL 32399-0800  
[www.doacs.state.fl.us](http://www.doacs.state.fl.us)

January 18, 2008

Please Respond to:  
Bureau of Entomology and Pest Control  
1203 Governors Square Blvd., Suite 300  
Tallahassee, Florida 32301-2961  
(850) 921-4177 (850) 410-0724 FAX  
[page@m.doacs.state.fl.us](mailto:page@m.doacs.state.fl.us)  
<http://www.floridatermitehelp.org>

MEMORANDUM NO. 819

TO: All Pest Control Licensees

FROM: Michael J. Page, Chief   
Bureau of Entomology and Pest Control

SUBJECT: Financial Responsibility Requirements for Performing Wood-Destroying Organism Inspections (DACS Form 13645)

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Recently, there have been several inquiries regarding financial responsibility requirements for performing Wood-Destroying Organism (WDO) Inspections within the State of Florida.

WDO Reports differ from the majority of pest control services in that they are "opinions" rendered by the licensee based on a visual inspection performed by an employee of the licensee. As a result, mandated coverage provides protection for both the industry and the Florida consumer.

Section 482.226(6), Florida Statutes, states: "*Any licensee that performs wood-destroying organism inspections in accordance with subsection (1) must meet minimum financial responsibility in the form of errors and omissions (professional liability) insurance coverage or bond in an amount no less than \$50,000 in the aggregate and \$25,000 per occurrence, or demonstrate that the licensee has equity or net worth of no less than \$100,000 as determined by generally accepted accounting principles substantiated by a certified public accountant's review or certified audit. The licensee must show proof of meeting this requirement at the time of license application or renewal thereof.*"

A number of licensees have attempted to renew their license by stating that error and omission coverage is no longer available; that WDO inspection coverage is a separate endorsement/rider incorporated into their general liability policies; and various other explanations as to why their financial responsibility paperwork does not reflect professional liability or error and omission coverage.

We have consulted with the insurance industry and have been advised that WDO inspections are NOT covered under the "work performed" clause within general liability



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policies which is designed to protect the licensee for physical damage caused to the structure or persons while you are performing the actual pest control services. For example, if during the performance of a WDO inspection a lamp was broken, the licensee would be covered by a general liability policy. However, a licensee would not be covered under the general liability policy if evidence of termites went unidentified because of a "mistake" made by an employee during the course of a WDO inspection.

This memorandum is being issued to inform the structural pest control industry that error and omission coverage is still readily available; although the cost of this coverage has increased over the past few years. This memorandum should also clarify the need for a separate endorsement/rider associated with the general liability policy; that is, the insurance company must specifically reflect WDO coverage (as stated below) in their certificate of liability insurance form provided to the Department.

The Department will only accept three document types for proof of complying with this requirement at time of license renewal:

- 1) DACS Form 13616 – Certificate of Insurance with error and omission coverage section marked "YES" executed by your insurance agent AND submitted with an ACORD™ Certificate of Liability Insurance Form.
- 2) An ACORD™ Certificate of Liability Insurance Form issued by your insurance company reflecting the "Department of Agriculture and Consumer Services" in the Certificate holder section and showing your licensed business name and address in the "Insured" section; reflecting your general liability policy amounts AND showing an endorsement in the "Other" section that states "Professional liability", "WDO Inspection coverage" or "Error and Omission" coverage in the required amounts.
- 3) Lastly, a certified audit performed by a certified public accountant that demonstrates equity or net worth of no less than \$100,000.

It is the pest control business licensee's duty to obtain and provide proof of minimum financial responsibility with their business license issuance or renewal application, NOT the Department's.

Insufficient proof of financial responsibility can delay processing of your business license, result in additional late fees, or cause the expiration of your business license for non-renewal. Please give this matter the attention it deserves.

MJP/bk