



What Solo and Small Firms Need to Know about Malpractice Insurance





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Practice 360 - A Day for Lawyers & Law Firms

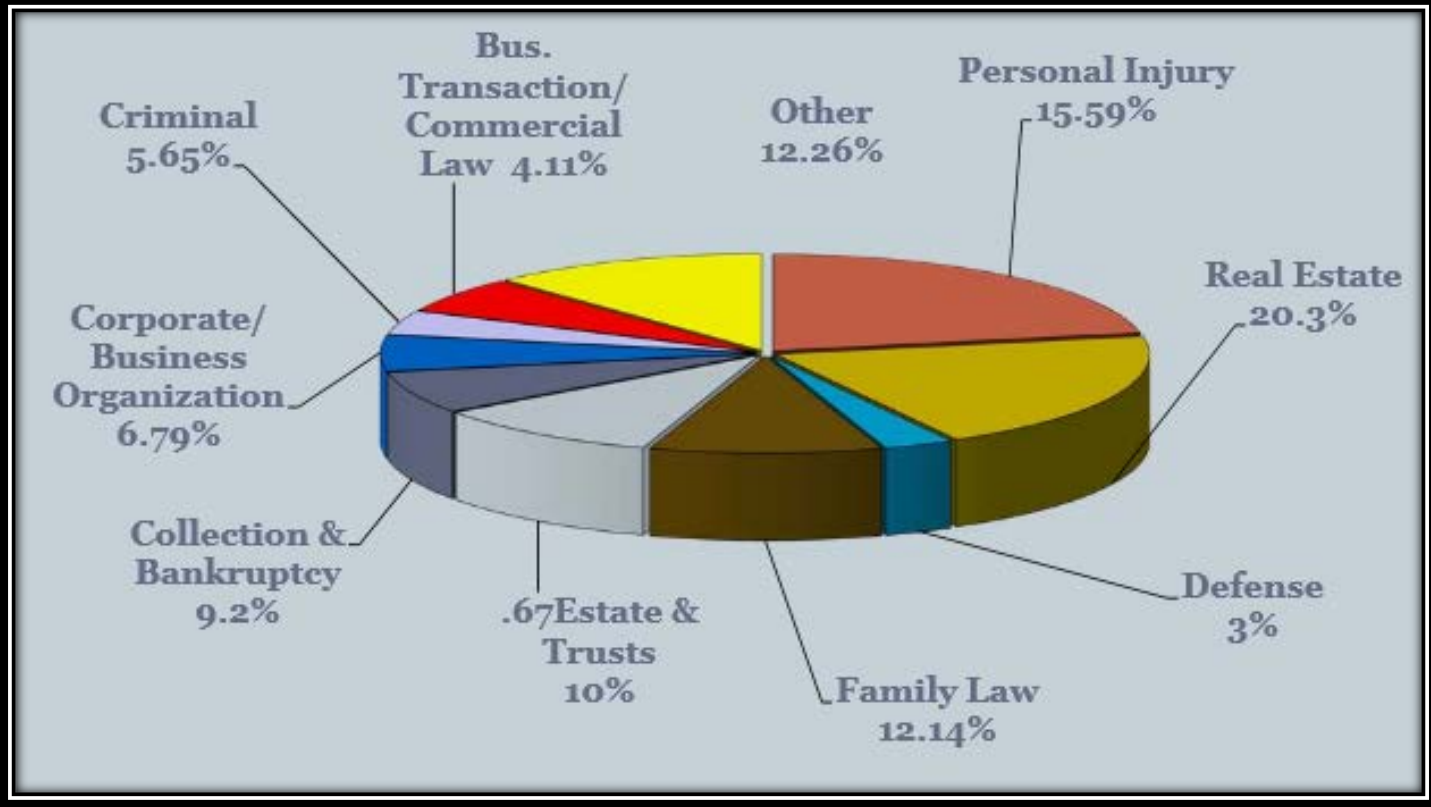
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Agenda

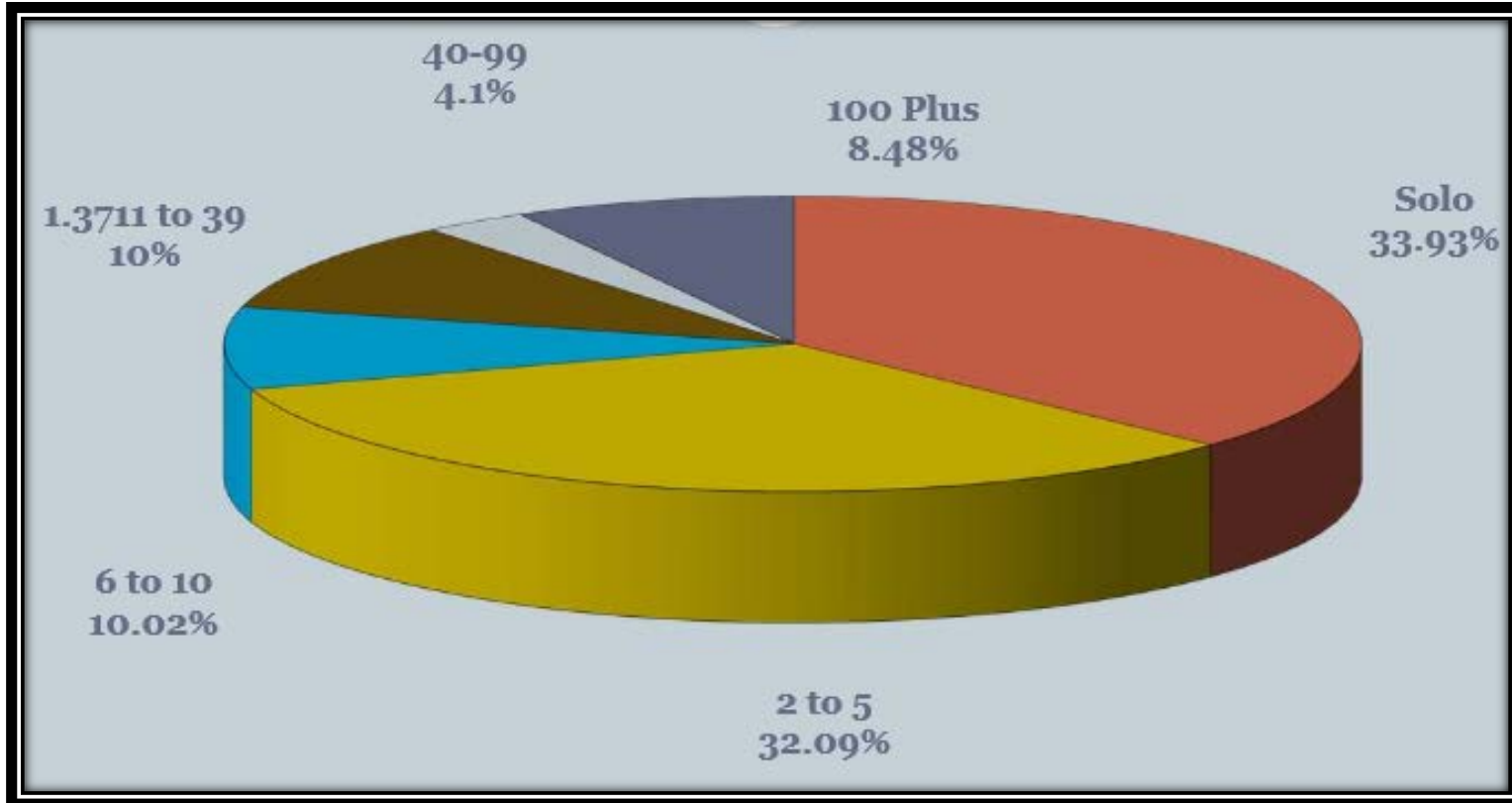


- Where do Claims come from?
- The Policy
- Purchasing the appropriate coverage
- The insurance application
- Selecting a Carrier
- Selecting a Policy
- Selecting a Broker
- Other Insurance Considerations

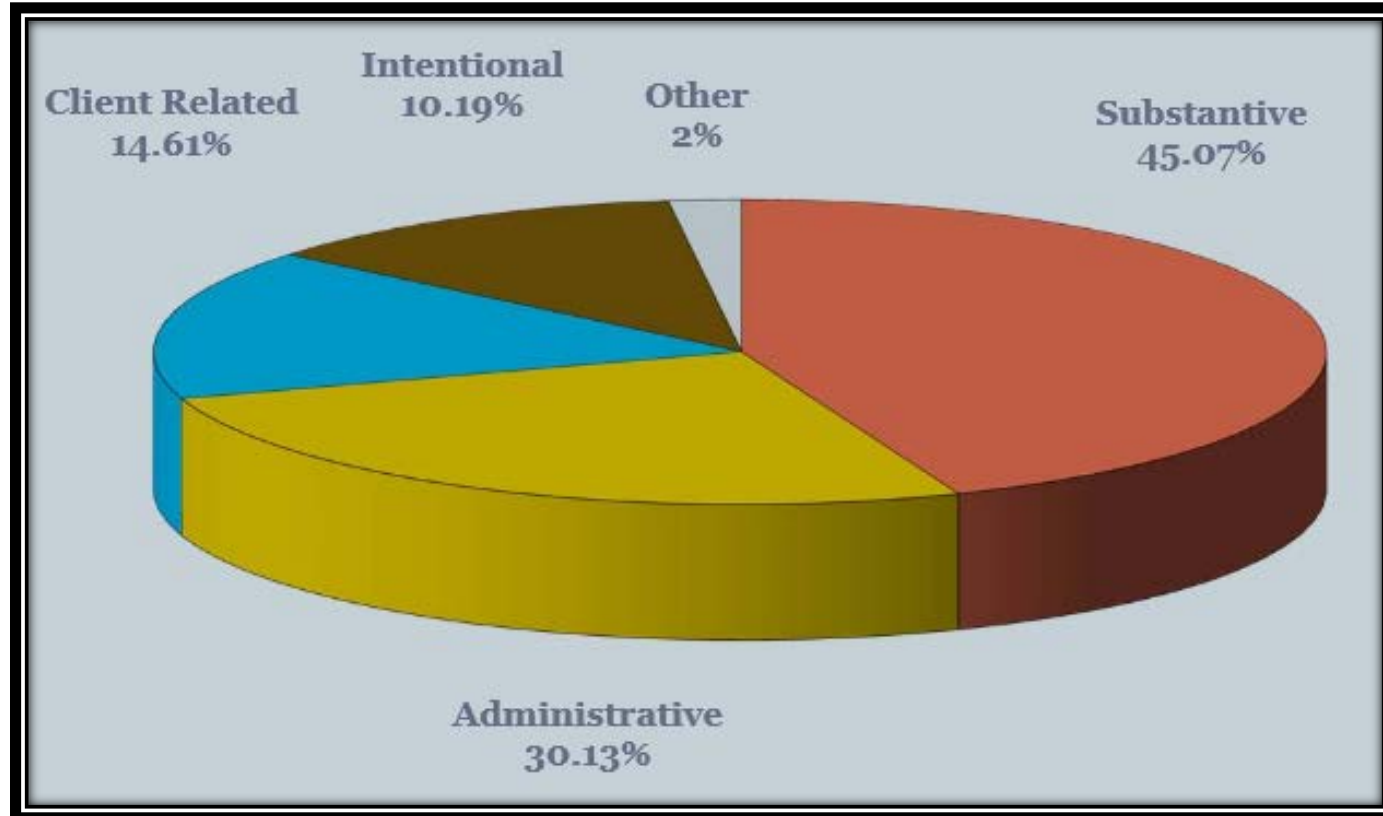
Claims by Areas of Practice



Percentage of Claim by Size of Firm



Percentage of Claim by Type of Error



Claims Made vs. Occurrence Policy



- An LPL policy generally provides coverage for demands made upon the policyholder for damages brought forth during the policy period resulting from an error or omission within the firms covered prior acts date.
- An “occurrence” policy (such as a homeowner’s policy) normally insures an unexpected event within the policy period that result in bodily injury or property damage.

What is Covered?



- **Professional Services**
 - Title Agent
 - Notary Public
 - Activities as an Officer or Director
 - Author or Presenter
 - Investment Advice

- **Supplementary Coverages**
 - Disciplinary Proceedings
 - Subpoena
 - Loss of Earning
 - Public Relations Expense*
 - Breach Notification Expense*

Who is Insured?



- The Named Insured
- Is coverage provided to:
 - Shareholders or partners?
 - Employees?
 - Former employees?
 - “Of Counsel” lawyers?
 - Independent contractors?
 - The estate/heirs/executors/administrators of an insured?

Common Exclusions



- **Intentional Acts**
 - Dishonesty
 - Fraudulent or Criminal Acts
- **Bodily Injury / Property Damage**
- **Insured vs. Insured**
 - Unless Attorney Client relationship exists and professional services are being rendered.
- **Owned Equity**
 - Normally greater than 10%-15%

Prior Acts Coverage



- “Retroactive Date”
- The date continuous coverage was first obtained
- Claims triggered before this date are not covered
- Changing Carriers

Proper and timely notice



- Report incidents or situations to your carrier immediately
- Provide written notice of claim
- These circumstances may be considered a claim:
 - A demand is received for money or services
 - Service of suit
 - Institution of alternative dispute resolution or arbitration proceedings
 - Disciplinary action is threatened or filed
 - Notice received by any insured that is the intention of a person or entity to hold the insured responsible for the consequences of an alleged wrongful act
 - Any request to waive a statute of limitations

Extended reporting periods



- “ECRP or Tail Coverage”
- Available for attorneys who retire from the practice of law
- Provides coverage for claims arising from conduct within the policy period which would otherwise be covered by the policy but the claim is first made during the extended reporting period.
- Claim must have occurred while policy was in force.

Are all insurance policies the same?



- Deductible Options (Per Claim vs. Aggregate)
- Expense Allowances (Inside Limits vs. Outside Limits)
- Definition of Professional Services
- Exclusions
- Supplementary Coverages

What is appropriate coverage?



- The dollar value of transactions or cases you work on
- The cost of defending a claim
- The value of assets you want to protect
- Potential billable hours lost

What can cause premiums to be high?



- Step Rating
- Area of Practice
- Dabbling
- Geographic Location
- Attorney to Staff Ratios
- Retainer Agreements
 - Engagement Letters
 - Disengagement Letters
 - No engagement Letters
- Docket Systems
- Fee Suits

The insurance application



The parts of an application:

- About the Firm
- Firm Coverage Information
- Attorney Information
- Areas of Practice
- Firm Operations & Management
- Claim/ Incident / Disciplinary Information
- Requested Coverage

Common Mistakes on an Application



- Area of Practice Grid
- Website Information
- Attorney Information
- Missing Supplements
- Letterhead

What features should I look for when selecting a Liability Carrier?



- Experience
- AM Best Rating
- Claims Handling
- Panel Counsel
- Distribution
- Risk Management Services
 - Website
 - Claims Hotline
 - CLE
 - Newsletter & Email Alerts

What Policy features should I look for on my Liability Policy?



■ Policy Features

- Consent to settle Provision
- Liberalization Clause
- Extending Reporting Period Options
- Broad definition of legal services
- Limited Exclusions

■ Supplementary Coverages

- Disciplinary Proceedings
- Subpoena
- Loss of Earnings
- Network Risk Coverage
 - 1st Party
 - 3rd Party

What features should I look for when selecting a broker?



- Experience with Lawyers
 - Benchmarking
 - Claims knowledge
 - Advocacy
- Endorsements
- Client Base
- Distribution
- Customer Service
- Full Service



Cyber Liability

D.C. Code § 28- 3852

“Any person or entity who conducts business in the District of Columbia, and who, in the course of such business, owns or licenses computerized or other electronic data that includes personal information, and who discovers a breach of the security of the system, shall promptly notify any District of Columbia resident whose personal information was included in the breach. The notification shall be made in the most expedient time possible and without unreasonable delay...”

- Failure to maintain someone’s Personally Identifiable Information (PII)
 - What is PII?
 - A person’s name in combination with their social security number, driver’s license number, financial account number, credit/debit card or other payment card number, information related to their employment or individually identifiable health information pursuant to HIPAA.
- Coverage Considerations
 - 1st Party
 - 3rd Party

Questions.....





Thank you!

