

## Lawyers' Professional Liability

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The attorney-client relationship is unique, burdening a lawyer with a set of clear and inflexible, professional duties. Commercial General Liability Insurance carried by law offices for ownership, maintenance or use of their premises does not cover claims for professional errors and omissions. That "coverage hole" is addressed by Lawyers' Professional Liability Insurance.

Lawyers' Professional Liability Insurance is a fairly recent development; created in the latter half of the 20<sup>th</sup> Century. The market for this coverage consists of a small group of carriers that use their own policy forms. Such policies offer common features that are often modified to meet the needs of an individual firm.

Basically, such policies insure lawyers and their firms against claims and lawsuits alleging damages caused by an individual lawyer's (or firm's) actions regarding the providing of (or failing to provide) legal services. The coverage is also known as legal malpractice coverage because it addresses disputes about harm created by mistakes made by lawyers. Examples would include missing filing guidelines, erroneously constructing contracts and other actions that financially damage clients.

Coverage is on a claims-made basis, meaning that coverage depends upon when a potential loss is first reported to the insurer. A claim is subject to a specified deductible as well as to a specific limit per claim and an annual aggregate limit. Expenses related to handling a claim are included within the policy's limits of liability.

Coverage applies to the firm, a specified predecessor firm, and each past or current partner, principal, shareholder, salaried employee, and "of counsel" attorney. It applies to a wrongful act taking place anywhere in the world (though some policies require that a claim be made and suit brought in the United States, its territories or possessions, or Canada).

Lawyers' Professional Liability policies generally exclude coverage for various reasons, such as allegations of fraud, dishonesty or criminal acts, or acts that are committed for personal profit. There is no coverage for claims made (suffered) by an insured. In general, exposures for which other types of insurance are specifically designed are not covered.

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