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Important Components of a Professional Liability Insurance Policy

- **Covered and excluded services-** Ensure that your policy contains no limitation to fees, areas of practice and or persons covered. You want to ensure coverage for a broad variety of professional services and persons that work for you. Coverage must be full tort (not restricted to negligence).
- **Claims coverage** – Make sure that this covers verbal and written claims, does not exclude fee disputes, or if permitted by law, fines and penalties.
- **Hammer Clause-** Your policy should not include a “hammer” clause. A hammer clause gives the insurance company the right to control claims settlement.
- **Coverage Extensions** – A policy should contain additional enhancements- this might include the cost to respond to a subpoena; regulatory complaints; cyber liability protection; outside directorships; and other valuable coverage extensions.
- **Defense** – The cost of an attorney to defend any claim can be included the limit of liability or in addition. Additionally, the deductible can apply to all costs, or just the settlement.
- **ERP (Extended Reporting Period)** – This extends the policy for a defined period to cover claims arising from past services. You should ensure that the policy offers a variety of extension periods at reasonable costs (ideally with an unlimited option) and a free period of 60 days.
- **Cancellation** – Can be mandated by State insurance law; however, ideally the policy should not be cancellable by the insurer.

- **Cyber Coverage**— Ensure that your policy provides legal liability protection for

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This Month's Top Firm Management Social Media Posts:

Key Issues for Partner Agreements – Marc Rosenberg: <http://bit.ly/2qO7WK0>

Mentoring Lessons from a 4 Year-Old – Liz Taishoff Sweigart from LinkedIn: <http://bit.ly/2qNWsXf>

Why Effective Leaders Must Manage Up, Down, and Sideways – McKinsey Quarterly: <http://bit.ly/2oOEgrm>

11 Things You Need to Know About Your Millennial Coworkers – AICPA Blog: <http://bit.ly/2qVV01o>

Positive Comments Help Move the Firm Forward – Gary Adamson: <http://bit.ly/2prydJy>

Latest Firm Management News:

7 Website Tips to Drive Real Accounting Firm Growth. If you're really committed to growing your firm, you need to turn your website into a marketing machine. Invest

the time and money to do this right up front.

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Firm Management

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