Risk Services - Products & Services

Lawyers Professional Liability & Excess Lawyers Professional Liability

JRS has the following unparalleled resources to assist law firms in obtaining competitive proposals for lawyers professional liability coverage.

The JRS Team is experienced in working with over 3,000 law firm clients throughout the country including firms with 15 attorneys to over 2,000 attorneys. JRS and our affiliates’ offices located throughout the U.S. and London provide direct access to the U.S., European and Bermuda markets. In addition to major brokerage professional liability insurance markets, JRS has access to programs designed for firms in the following specialty areas:

- Intellectual Property Law Firms
- Personal Injury Law Firms
- Collection Law Firms
- ALA Member Law Firms
Lawyers’ malpractice claims by clients and other third parties represent one of the most significant exposures to the reputation and other assets of law firms. The September 2012 American Bar Association Standing Committee on Lawyers Professional Liability study of over 52,000 malpractice claims between 2008 and 2011 is one of many studies that evidence the following trends that make the importance of the lawyers professional liability coverage firms carry more important than ever before:

- Increasing number of allegations against lawyers
- Increasing complexity of issues raised in claims
- Increasing cost of investigating and defending claims
- Increasing underlying values at risk in disputes between lawyers, clients and third parties

JRS assists law firms in developing cost effective alternatives for lawyers professional liability coverage with following 5 step process:

1. **Underwriting Review** - In order to properly represent your firm, we work with you to fully understand the extent of the Firm’s current practice and any plans for future growth and diversification. In this way, we can quickly identify potential problem areas, which will impact on our marketing efforts on behalf of the Firm. Understanding the Firm’s structure from a management and practice standpoint, will also allow us to identify potential risk characteristics which would make the Firm a preferred, standard or sub-standard risk from an underwriter’s viewpoint. Similarly, understanding the Firm’s ability to tolerate risk – i.e. deductible size, co-insurance, self-insurance – will also have a significant impact on our recommendations for risk transfer solutions.

2. **Market Identification** - While ensuring that we provide the broadest access to underwriters is key, it is also critical to understand which insurers will actually be able to provide the underwriting, claims and coverage services the Firm will require. However, when you overlay the various underwriting requirements of the different insurers, the available market takes on a different shape. JRS’s understanding of numerous insurers appetite for risk and where they can be utilized to provide the optimum risk transfer
structure for the Firm is a key component of the service provided by Jamison Risk Services market review.

3. **Quotation Development** - Whenever possible, we recommend that clients meet with prospective insurers prior to obtaining quotations. The ability to gauge the underwriters’ experience in underwriting large, sophisticated law firms, their company’s track record in terms of longevity in the market, claims handling expertise, involvement in large claims, risk selection criteria – this is a critical component of insurer selection as the “Pool” of law firms you are involved with and the underwriting experience and appetite of the insurer will ultimately set the tone for the rates being charged for your firm. It is also important to develop a relationship with your insurer as, in the event you do have a claim which impacts the policy, you want to have an internal advocate ensuring your claim is being given the best possible attention. Once we have completed market selection and developed our underwriting submission, we will obtain actual proposals for the Firm from insurers.

4. **Quotation Presentation** - Once we have completed our marketing efforts on behalf of the Firm, we will prepare a report for the Firm outlining the various options available. We will then meet with the Firm to review the various options with a view to identifying the most effective program for the Firm. We will then instruct the market regarding the Firm’s decision and arrange for the appropriate binders prior to expiration of the current program.

5. **Post Placement Services** - Once the binders have been issued, we will then arrange for the formal policy to be issued and ensure that it comports with the coverage requested. All billing and procedural issues will also be handled by Jamison. We recommend that the Firm consider in-house seminars or webinars based upon the firm’s own practice profile / specialization or dealing with emerging trends in the profession. Remaining pro-active and ensuring that the Firm’s risk characteristics are controlled will
result in the firm being able to construct the most effective risk transfer program both from a coverage and pricing standpoint.

*Cyber Liability*

The more your practice relies upon technology to improve administrative procedures, risk management issues and to maintain confidential client data, the more exposed you become to new liabilities. Traditional insurance was not designed to respond to network and electronic information risks, and therefore your existing policies may not provide the protection your firm expects. We would like the opportunity to discuss with you a new insurance product specifically designed to address these new exposures. This policy offers four distinct coverages that protect the unique network security and information asset liability risks that law firms are facing.

By increasingly relying upon computer networks to conduct their business, law firms are subjecting themselves to potentially damaging malicious code hacker attacks. The December 2004 ABA Journal states that “hackers and viruses cost [law] firms millions of dollars per year, and the problem seems to be getting worse”. In addition, recent laws governing the management of network security regarding the protection of personal data underscore the importance and scrutiny law firms must place on network security.

In a brief conversation or meeting, we can outline the highlights of the exposures you face and the coverage afforded by this new insurance product. Please feel free to call your account representative. We also invite you to take advantage of a complimentary Security Risk Assessment Analysis. Just click on the “Security Assessment Profile” link in the Professional Liability Section, where you can complete and return to us a confidential security assessment profile that we will use to generate a confidential Security Risk Assessment Analysis.
Network and Information Technology Exposures of Law Firms

In an environment where most law firms have become heavily reliant upon technology within their practice, attention must be given to maintaining the proper insurance coverage in the event of a loss. Today, losses resulting from technology-based exposures are mounting. With coverage for these losses under traditional policies coming into question, new products are being developed. This bulletin outlines the cyber exposures covered by these new policies, which are designed specifically to provide coverage for these risks.

Exposure Highlights:

- Damage, Theft, or Disclosure of Electronic Data
- Extortion
- Privacy
- Attacks and Malicious Code
- Loss of income and extra expense

Coverage Highlights:

- **Network Business Interruption**: Coverage provided for business interruption losses as a result of the interruption or suspension of your computer network.
- **Information Asset Coverage**: Coverage for the expenses associated with restoration or recollection of electronic data as a result of network security failure due to computer attack. This includes litigation databases and recollection of lost electronic discovery.
- **Network Security Liability Coverage**: Third-party liability for insured’s network security breach
  - Coverage for liability arising from the theft of computer hardware or firmware controlled by the insured firm
  - Coverage for employee breach of insured law firm’s written security policies
  - Coverage for liability arising from identify theft as a result of insured firm’s failure of network security
- **Cyber Extortion**: Coverage for investigation and settlement of extortion threats against insured
• **Crisis Management**: Up to $50,000 (with no retention) toward the fees for crisis management to help restore confidence in insured firm's clients in the event of a covered claim.

This bulletin is a summary only. It does not include terms, conditions and exclusions of the policy described. For complete details please review the actual policy wording (available upon request).

*Management Liability*

This is a new form of insurance to protect law firms who have delegated management responsibility to dedicated officers or committees. This particular coverage insures the Management Committee and executive officers for claims for wrongful acts in connection with the conduct of a firm's business. Traditional Lawyers Professional Liability Insurance and Employment Practices Liability Insurance do not cover this exposure. The following are two examples of the types of claims that a law firm could be faced with:

**Example 1**: A firm's new Management Committee decided to implement a plan to significantly reduce the compensation of a certain group of partners in order to induce them to leave the firm, enabling the remaining partners to increase their own compensation. The "ousted" partners, noting that the firm's partnership agreement had no provision for partner termination, brought a claim against the firm's management, alleging that the Management Committee had acted outside of its authority in its attempt to constructively terminate the partner's employment. The case settled for approximately $2,000,000.

**Example 2**: The firm's executive officers decided to buy a large building in a nearby city intending to grow the firm's practice in that city to reach a new class of clients. A year past and others in the firm discovered that the executive officers had not done their due diligence in investigating business prospects in the city or in planning for employee growth. As a result, the firm incurred substantial real estate expenses and struggled to establish its practice in the city. Both factors caused the firm significant loss. The non-officer partners sued the executive officers for mismanagement, and the case settled out of court for $500,000.
These would be typically claims that fall outside of a firm’s Lawyers Professional Liability or Employment Practices Liability Insurance policies.

If you would like us to obtain a premium indication for Management Liability Insurance protection we would need to know:

- Number of employees, partners, associates.
- Is there a partnership agreement in place?
- Would you be willing to share that partnership agreement with us at this time?
- If not, you would need to provide details of how decisions affecting the firm are made and by whom.
- How are the partners indemnified or protected by the firm?
- Information regarding current Directors and Officers Liability coverage.
- The firm’s total assets, debt, revenue.

**Employment Practices Liability**

Employment Practices Liability Insurance is an insurance product, which should not be ignored, if you do not already carry this important protection.

Lawsuits in this area continue to increase against all industries and law firms are no exception to such suits. There are many carriers offering this coverage and you may already have protection under your general insurance program. Even so, you may want to consider specialized Employment Practices Liability Insurance programs designed for law firms specifically.

Two carriers that Jamison has excellent relationships with are Lexington Insurance Company (AIG) and the Chubb Group. Both of these carriers have programs specifically designed for law firms. In fact, Chubb’s program is currently sponsored by the American Bar Association.

We are sure you have heard of many different types of cases involving Employment Practices. Here are just two examples:
Example 1: A minority associate who was laterally hired by a firm with multiple locations was assured there would be ample work and opportunity in a specialty at this new firm. Two years later, the chief rainmaker left the firm taking his clients with him and, as a result, the firm downsized considerably. After the firm offered the associate a transfer to another office location and the associate declined this offer, he and the firm ended their employment relationship. Soon after, the associate filed suit alleging he was constructively discharged, discriminated against in salary and assignments, and that he was not considered for partnership, all due to race discrimination.

The suit went to trial and the jury found in favor of the plaintiff on all counts. Although the associate had been employed with the firm for less than two years, the jury awarded him $1,000,000 in compensatory damage and $1,500,000 in punitive damages. After the case was reversed and remanded, it was settled for an undisclosed amount prior to a second trial.

Example 2: One of the best-known sexual harassment cases involving a law firm, and one resulting in significant punitive damages against both the law firm and the individual partner is Weeks vs. Baker & McKenzie. Ultimately, the court awarded a total of $100,000 in compensatory damages and $3,700,000 in punitive damages. It should be noted that the plaintiff/secretary was only with the law firm for two months.

If you would like us to obtain an estimate for the cost of Employment Practices Liability Insurance, please complete the enclosed Premium Estimate Questionnaire and we will attempt to obtain an estimate for your firm.

Group Personal Excess Liability

One liability you may have overlooked is your own personal liability unrelated to business. If you own a car, house, pets or other property, you and your family are exposed to substantial liability for your own negligence. Auto insurance, homeowners insurance and similar insurance offer you a measure of protection. It often may not be enough to cover a catastrophic personal liability claim against you or a family member.
By purchasing Group Personal Liability you can protect yourself and firm members for high limits of coverage, in some cases up to $50,000,000. Since it is a group program, participants gain the benefit of higher limits at a lower cost than individual personal excess liability policies would cost. Here are some examples of the types of claims you need additional protection from:

Example 1: A serious at fault auto accident involving you, your spouse or one of your children.

Example 2: An accident arising out of the ownership of your home or other private property injuring a third party.

Example 3: An accident arising out of the ownership of watercraft injuring a third party.

If you would like more information about how to protect yourself and members of your family on a Group basis, contact us:

Dennis Duff
Senior Vice President
dduff@jamisongroup.com
703-258-0094