



BRUNSWICK
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SELECTING A PROFESSIONAL LIABILITY INSURANCE PLAN

Prepared by Brunswick Companies' Professional Liability Department

INTRODUCTION

Making an informed selection in your professional liability insurance policy requires looking beyond price alone. These policies are as diverse as the insurers that write them.

As part of our ongoing dedication to educating our customers, Brunswick Companies Professional Liability Department has compiled the following actionable tips and printable checklists to help you make an informed decision.

As always, our professional liability specialists stand ready to assist you in your quest for securing the level of coverage that best fits your practice at the best available price.

Brunswick Companies

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EVALUATING THE POLICY

Recognizing the quality of the different “products” is important when selecting a professional liability insurance policy. **A lower premium may often reflect a restriction on the risk assumed.** The differences between policies can be significant:

- Which employees are covered by the policy?
- Are there exclusions that limit coverage?
- Does the retroactive date/prior acts date mirror that of your expiring policy?
- How much control will you have over your defense in the event of a claim?
- Will the cost of litigating a defense reduce the funds available for a settlement?

Careful comparison of competing insurance plans requires investing the time in **performing detailed policy comparisons**, reviewing the applicable definitions, exclusions, conditions, and endorsements.

The first step to obtain a complete copy of each policy under consideration, including the cover jacket and all endorsements. It’s a good idea to **allow at least 90 days in which to conduct your review** and obtain premium quotations.

You may want to seek the advice of a knowledgeable professional who specializes in the placement of professional liability coverage. While unable to provide legal advice, a broker can sometimes provide a written summary of the coverages provided under different policies.

Our *Checklist for Comparing Professional Liability Insurance Policies* provides a detailed list of important questions to ask.

CHECKLIST FOR COMPARING PROFESSIONAL LIABILITY INSURANCE POLICIES

POLICY LIMITS

- Yes No Determine the dollar amount you feel is likely to be sufficient to cover your maximum liability for a single claim. Does the proposed **per claim limit of liability** meet your needs?
- Yes No If you are likely to be the target of more than one claim in the coming year, determine the dollar amount likely to provide sufficient coverage for multiple claims. Are the proposed **aggregate limits of liability** sufficient?
- Yes No Consider your and your partners' **collective assets**. Are the proposed per claim and aggregate limits of liability sufficient to protect these collective assets?
- Yes No Do the limits of liability include **defense costs**? If so, are the proposed limits adequate to cover both your potential claims and your costs of defense?
- Yes No Does the policy have a separate, lower limit of liability for claims falling in **high-risk areas of work**? Will the lower limit provide sufficient coverage?

DEDUCTIBLES

- Yes No Is the **deductible** an amount you are financially willing and able to risk in exchange for a reduction in your premium?
- Yes No Are the **limits of liability** in excess of or inclusive of the deductible?

THE POLICY/SCOPE OF COVERAGE

- Yes No Does the policy provide coverage for all of your **employees**? Are new employees and retired employees covered?
- Yes No Does the policy cover your vicarious liability for **non-employees** (agents, independent contractors, subcontractors, etc.)?
- Yes No Does the policy require that the **act, error, or omission** occur during the policy period?

THE POLICY/SCOPE OF COVERAGE (CONT.)

Named Career Policies are written either to cover professional services rendered on behalf of the company/firm only (**Named Insured Coverage**) or to cover acts by individuals regardless of where they took place (**Career Coverage**). Which does this policy provide?

Yes No Will the policy provide for a **defense of claims** likely to be encountered by your individuals in your profession?

POLICY TERRITORY

Yes No Are your **geographic territories** covered under the policy?

Yes No Are you likely to be the subject of a claim or suit in a **jurisdiction outside** of that geographic territory?

Yes No Will the insurer agree to such coverage?

EXCLUSIONS

Yes No Does the policy **exclude coverage** for claims which are likely to arise out of any area of your expertise?

Yes No Does the policy provide coverage for claims which are **unrelated to your area of expertise**?

Yes No If so, can you narrow coverage by way of **endorsement**, and thereby reduce your premium?

Yes No Is there a **securities exclusion**?

Yes No Is there an **exclusion or limits of coverage** for any area of expertise your work encompasses?

Yes No Is there an **investment or financial advise exclusion**?

Yes No Is there a **public official or governmental employee exclusion**?

Yes No Is there a **banking or savings & loan exclusion**?

Yes No If so, can you obtain such coverage by way of **endorsement**?

SETTLEMENT, DEFENSE, AND LOSS PREVENTION

- Yes No Will the insurer permit you to participate in the **selection of counsel**?
- Yes No Will the insurer accept your recommendation?
- Yes No Will the insurer allow you to select only among **panel counsel**?
- Yes No Do you recognize and would you be willing to accept a defense from the law firms on the insurer's panel?
- Yes No Is **your consent** required before the company can settle a claim against you?
- Yes No Does the insurer offer **loss prevention services**?

EXTENDED REPORTING OPTION

- Yes No What period of time is covered by **optional extended reporting (tail) coverage**? Is that period long enough to meet your needs?
- Yes No Is the "tail" option available if you do not renew?



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