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[CANADIAN LAWYERS INSURANCE ASSOCIATION]

**DO YOU NEED  
EXCESS COVERAGE?**

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Excess insurance provides another layer of security should your defence and indemnity costs exceed the primary mandatory limits. As the value of client's transactions increases over time, so too does the need to secure adequate levels of Errors and Omissions (E&O) insurance. One large claim could quickly erode the primary policy, leaving you or your firm exposed to significant personal liability.

“ *The \$1M mandatory limit can easily be reached and the additional coverage afforded provides peace of mind at a reasonable premium.* ”

“ *I believe in insurance as part of risk management.* ”

“ *If anyone asks, I will recommend it particularly if the lawyer is doing real estate practice.* ”

## FACTORS TO CONSIDER:

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- The type of transactions and the potential impact on your clients;
- The size and frequency of large transactions;
- Whether former associates and partners have coverage that is either inadequate or excludes their past activities; and
- Whether the impact of the advice you've provided (and therefore potential liability) may grow over time.

## DON'T FORGET:

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- **Low Investment in Added Security:** Professional liability insurance is the cheapest form of insurance that there is. Lawyers can purchase \$1M in coverage for \$500.00 (2023) and the price per million goes down as the limit increases. For example, in 2023, \$19M coverage = \$102.00 premium/million (total \$1951.00 premium).
- **Assess risk of Firm, Not Individual:** Assess the risk for the firm, not just you individually.
- **Retirement:** Retiring from practice does not exempt you from the risk of liability. You continue to be liable for the professional services you provided in the past.
- **Claims Based vs Occurrence Based:** Like most liability policies, our excess liability program is “claims made”, meaning insurance needs to be in place when a claim is made and not when the work is done. It is not transactional based coverage. Statutes of limitations provide for a time period in which to present claims, and firms that do not renew their insurances will not have coverage for losses reported after the expiry date of the policy. As such, coverage purchased out of the need for a single transaction will need to be purchased as long as the possibility of a claim still exists. See [Claims Based vs. Occurrence Based: Understanding Your Coverage Needs](#) for more information.
- **Not Just for 'Higher Risk' Areas or Large Firms:** All legal work can have exposure to large value claims. Don't equate the amount charged to a client with the potential claims amount if an error occurs. Even 'small matters' like a will prepared by a small firm in a rural community could result in a claim over the \$1 M limit.