



## **DON'T OVERLOOK POTENTIAL CLAIMS**

### Understand Your Reporting Responsibilities

By Kyle Nieman

President/CEO AmerInst Professional Services

As an attorney, an important step in managing your professional liability insurance is to understand the reporting requirements for claims under your policy. Not following these requirements may result in a disclaimer for coverage and the possibility of incurring costs out of your own pocket. The risks may be greater for solo practitioners and small law firms that have fewer resources and are more vulnerable to malpractice and damaging lawsuits.

Most professional liability insurance policies are written on a claims-made and reported basis. What this means is that for the policy to respond to a claim, the claim must be made against you and reported to the insurance company during the policy period. In addition to the claim reporting provision, most professional liability policies also include a provision for potential claims or circumstances that have the same reporting requirements. Potential claims include facts or circumstances that you become aware of that might ultimately evolve into a claim.

Because of the possible connection between potential and actual claims, prompt reporting is important. An example might be a client who verbally threatens to sue you. Do not try to evaluate the next step that this client might take, be safe and report it to your professional liability carrier.

While prompt reporting of claims and potential claims is important, another good practice to integrate into your firm is an annual survey of your staff. Most applications for professional liability insurance ask if you are aware of any claims or circumstances that could lead to a claim. Before answering this question on the application, sit down with your staff to make sure they are not aware of something that you should know about.

While this discussion provides an overview of some professional liability insurance issues, it is important to remember that the terms of your specific policy are controlling. You should be sure to abide by whatever those policy terms and provisions require. If you have any questions about your specific policy, you should contact your local broker or insurance company.