

# Risks and insurance for the private practitioner

## A closer view

Here's a closer look at the insurance available through the Law Society (pink) and on and on the commercial market (grey).

	Policy	Limits/deductibles	Risks
COMPULSORY	<b>Part A</b> Professional Liability (for negligence)	<ul style="list-style-type: none"> <li>» \$1 million per error/\$2 million annual aggregate</li> <li>» \$5,000 or \$10,000</li> </ul>	Negligence, defamation (defence costs), liability for fraud by a firm lawyer.
	<b>Part B</b> Trust Protection (for dishonest appropriation)	<ul style="list-style-type: none"> <li>» \$300,000 per error/\$17.5 million annual profession-wide aggregate</li> <li>» No deductible</li> </ul>	Lawyer theft, but you must repay if your own theft. <b>Part B</b> replaces the Special Compensation Fund.
	<b>Part C</b> Trust Shortage Liability (for reliance on fraudulent certified cheques or misrepresentations)	<ul style="list-style-type: none"> <li>» \$500,000 per error and annual individual and law firm aggregate/\$2 million annual profession-wide aggregate</li> <li>» 35% of indemnity payments, reduced by any overdraft</li> </ul>	Loss of trust funds caused by the "bad certified cheque" and certain other social engineering frauds.
OPTIONAL	<b>Optional BIIC</b> Business Innocent Insured Coverage	<ul style="list-style-type: none"> <li>» \$1 million per error/\$2 million annual aggregate</li> <li>» 10% of total payments</li> </ul>	Partnership or vicarious liability for negligence, if the business exclusion excludes <b>Part A</b> coverage.
COMMERCIAL	Excess	As arranged and depending on firm needs. Limits may be \$1, \$2, \$4 million or more in excess of \$1 million.	Negligence claims that result in defence and/or indemnity payments that exceed the <b>Part A</b> limits.
			May respond to risks that <b>Part A</b> does not cover (e.g. defence costs if you are sued in fraud), or provide <b>Crime (fidelity)</b> or <b>EPL</b> , subject to the aggregate.
			May respond to theft or social engineering claims that exceed the <b>Part B</b> or <b>Part C</b> limits.
	Crime (fidelity), Social Engineering and Funds Transfer Frauds	As arranged and depending on firm size. Limits are generally \$1 to \$5 million.	Theft of trust funds or securities by a law firm employee or other third party. Includes coverage for other types of criminal losses typically excluded under <b>Property</b> , such as employee forgery and alteration, computer fraud, loss of money and securities.
			May include <b>Social Engineering Fraud</b> that will respond if you are defrauded through a social engineering fraud (the intentional misrepresentation of some material fact), and <b>Funds Transfer Fraud</b> that will respond if your bank is defrauded. These coverages are not available as stand-alone policies.
	Cyber	As arranged and depending on firm size. Limits are generally \$1 to \$5 million. May include sub-limits.	A data breach that leads to the misuse of information by a third party, or a malware transmission, although this newer coverage is constantly evolving.
			Insures you for your own losses in the event of a hack or virus, such as notification costs if personal information is stolen, cyber extortion (ransomware), IT forensics, the cost to rebuild IT infrastructure and associated PR costs.
			Insures you for third party claims as a result of stolen data or confidential information.
			Often includes assistance from experts such as data breach consultants.
	Commercial General Liability (CGL)	As arranged. Limits are generally \$2 to \$5 million. <b>CGL</b> and <b>Property</b> are often purchased as a combined policy.	Bodily injury and property damage to third parties arising from your operations and premises, including injuries to clients and other visitors.
Includes insurance for advertising liability, tenants' liability, defamation and other personal injury claims.			
Property	Depends entirely on the value of the firm's assets. <b>Property</b> and <b>CGL</b> are often purchased as a combined policy.	Loss of physical assets including buildings (if owned), office contents, equipment and valuable papers/records, and business income/interruption as a result of perils including fire, theft, vandalism, flood and earthquake.	
Employment Practices Liability (EPL)	Depends entirely on firm size. <b>EPL</b> and <b>D&amp;O</b> are often purchased as a combined policy.	Employment related risks. Responds to a wide range of allegations related to wrongful employment practices, including wrongful dismissal claims, breach of contract, sexual harassment and discrimination.	
Directors & Officers Liability (D&O)	Depends entirely on firm size. <b>D&amp;O</b> and <b>EPL</b> are often purchased as a combined policy.	Management related risks. Protects the law firm and its individual directors and officers in their capacity as such from risks such as mismanagement of the firm. Protects the personal assets of those individuals in the event of a bankruptcy.	