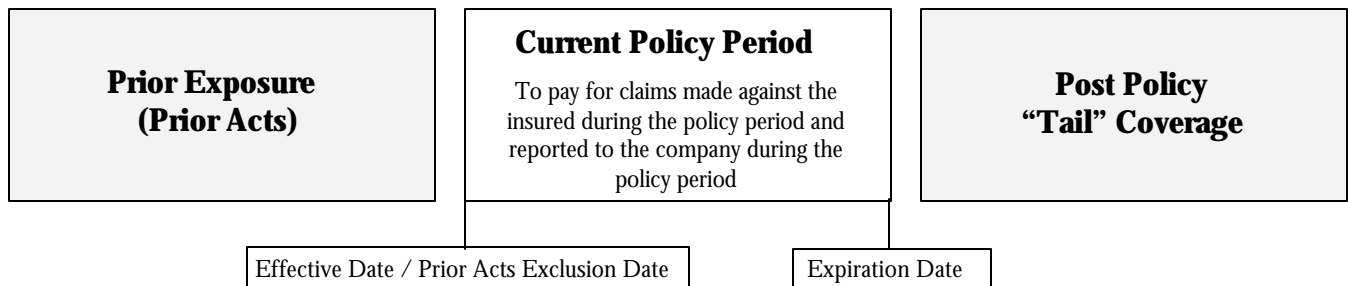


THE CLAIMS-MADE POLICY

Professional Liability And The Claims-Made Policy

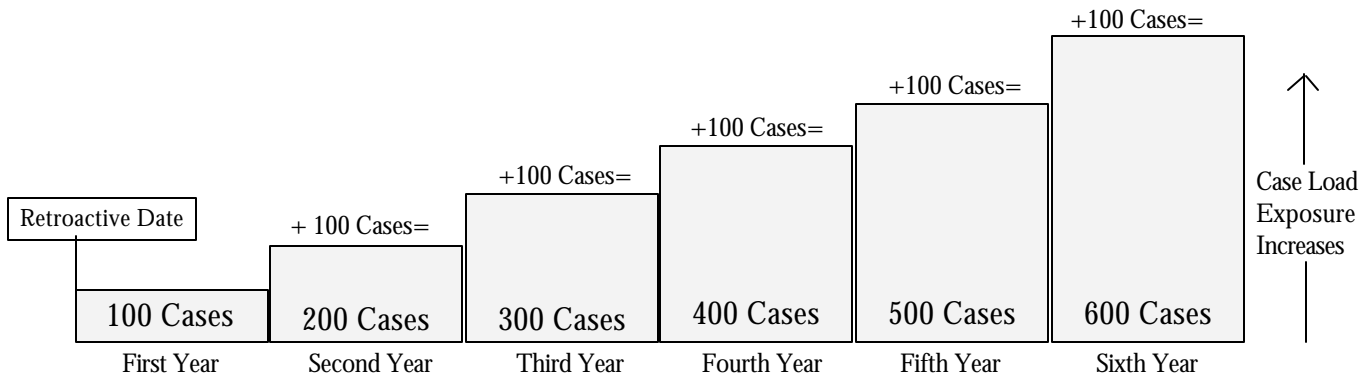
“To pay on behalf of the insured all sums in excess of the deductible amount stated in the declarations, which the insured shall become legally obligated to pay as damages as a result of **claims first made against the insured during the policy period and reported to the company during the policy period** caused by any act, error, or omission for which the insured is legally responsible, and arising out of the rendering or failure to render professional services for others in the insured’s capacity as a lawyer or a notary public”



The Pricing of a Claims-Made Policy

On a Lawyers Professional Liability (L.P.L.) claims-made policy, you must have a starting point or effective date. If you have not had L.P.L. coverage before, the effective date can also be referred to as your **prior acts exclusion date, or retroactive date**.

In terms of coverage, from that date your exposure grows. Since an insurance carrier is covering you each additional year for more and more exposure, your premium increases to reflect the additional exposure, until it reaches a “mature” premium rate. As your exposure increases, you should expect your premium to increase.



The goal is to achieve “full prior acts” status. Because you are building to a “full prior acts” level, it is important that you do not have a gap in coverage or the process of rebuilding prior acts could begin again. When you reach the stage where you are at mature, “full prior acts” status, ideally your premium levels off. (Except for possible increases in the base rate by the company, or surcharges for claims, or “hazardous” areas of practice, etc)