

EMPLOYED LAWYERS LIABILITY COVERAGE:

Standalone Policy vs Employed Lawyers Coverage Endorsement to the Directors & Officers Liability Policy

Now more than ever, in-house attorneys render legal services to their organization on increasingly complex legal issues, including corporate and information governance, cybersecurity and incident response, data privacy and protection, artificial intelligence, contract drafting and negotiations, mergers and acquisitions, ESG, regulatory filings, human resource matters, intellectual property, and litigation management, all of which create risk of error and the potential for claims against the in-house attorneys and their legal staff.

Many of the risks associated with such claims can be mitigated through the purchase of an employed lawyers professional liability insurance policy, which serves as a protective measure that benefits both employers and their in-house attorneys and legal staff. Organizations that question the necessity of safeguarding their legal departments from such claims need only consider the financial resources required to defend even frivolous legal malpractice claims. In-house attorneys not only share the business risks associated with directors and officers who engage in corporate decision-making, but also expose the organization to risks stemming from actual or alleged mistakes made by the legal department. The cost of defense alone often justifies the purchase of employed lawyers' insurance coverage.

Many in-house attorneys do not purchase their own legal malpractice insurance, even though they may render legal services to others outside of their scope of employment including personal legal services to their company's executives, pro bono, and moonlighting legal services to family and friends. It is important to note that employment by an organization does not preclude liability.

For legal services rendered to their employer, many assume there is insurance coverage through the organization's directors and officers (D&O) insurance policy. However, these policies frequently include a professional services exclusion, which can leave legal professionals uninsured. Additionally, many D&O policies include an Insured vs Insured exclusion, which restricts claims made by the employer against members of the legal department.

In essence, D&O policies are typically not structured to cover rendering of professional legal services. Instead, D&O policies focus on insuring directors, officers, and the corporation itself under specific circumstances, rather than protecting in-house attorneys. As a result, in-house attorneys and their employers should not depend solely on D&O policies as their insurance protection.

Given these potential gaps, organizations should strongly consider purchasing an employed lawyers professional liability policy. This policy provides unique protection from claims against members of the in-house legal staff for legal services rendered to an organization, as well as for personal legal services rendered to executives and employees of the organization, pro bono legal services, and moonlighting legal services for others outside the scope of their employment.

Coverage Comparison: Standalone Policy Vs Endorsement

Provision	Standalone Form	Employed Lawyers Coverage Endorsement to the D&O Liability Policy
Insured Person		
Employed In-house Attorney	●	●
Notary	●	
Legal Assistant & Paralegal	●	
Independent Contractor Attorney	●	
Temporary Attorney	●	
Professional Services includes		
Legal services rendered to the organization	●	●
Notary services rendered to the organization	●	
Personal legal services rendered to an executive or employee of the organization	●	
Moonlighting legal services for others outside the scope of employment with the organization	●	
Pro bono legal services rendered by an employed lawyer without compensation to indigent clients or nonprofit public interest groups	●	
Limit of Liability		
Dedicated Limit of Liability	●	Erodes the D&O Limit of Liability
Capacity	Typically, \$1M to \$10M	Typically sublimit: \$1M
Exclusion		
Insured vs Insured Exclusion	Coverage for defense costs for claims brought by an Organization against an Insured Person ranges from a minimum of 80% of the Maximum Aggregate Limit of Liability up to 100%.	Absolute Insured vs Insured Exclusion

For more information about Chubb's Employed Lawyers Professional Liability Insurance, contact your Chubb Representative, or visit www.chubb.com.



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