



INSURANCE COVERAGE FOR RETIREES

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. The information below will help you understand your mandatory coverage through your law society and the additional excess coverage that may be available to you.

Mandatory Coverage After Retirement

As a lawyer in a CLIA Subscribing jurisdiction, you have Mandatory Errors and Omissions (E & O) insurance with a limit of \$1M per claim and a \$2M annual aggregate limit.

The CLIA mandatory \$1M of professional liability insurance policy is a hybrid of “claims made” and “occurrence based” coverage. A “claims-made policy” covers claims that occur—and are reported—within the specific time period set by the policy. An “occurrence based” policy protects the firm from any claim that happens during the policy period, regardless of when a claim is reported.

The mandatory (Part A) policy takes on its “occurrence-based” character for members who are no longer insured at the time that a claim is made, including retirees. In this case, pursuant to the definition of “Individual Insured”, the policy will cover any claims that arise (subject to policy exclusions) as long as the occurrence took place during the period in which the member was insured. Remember, coverage is limited to matters arising out of Professional Services rendered prior to retirement.

CLIA Voluntary Excess Program (VEP)

CLIA’s Voluntary Excess Program (VEP) offers the flexibility of additional coverage limits, extending up to \$35M per claim, with an annual aggregate limit of \$35M. Coverage options under the VEP include limits of \$1M, \$2M, \$3M, \$4M, \$6.5M, \$9M, \$14M, \$19M, \$24M, \$29M, and \$34M, in excess of a \$1M base.

Do You Need Excess Coverage After Retirement?

As a retiree, you remain responsible for work performed prior to retirement. Although mandatory insurance coverage applies as long as the occurrence took place during the period in which the member was insured, excess coverage does not apply. 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.

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 to significant personal liability.

Factors to consider when determining whether you need excess coverage after retirement:

- 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.

Retirees should continue to renew their excess coverage for however long they believe there is a possibility of a claim.

Don't Forget:

- **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. If you were at a firm that purchased excess insurance through CLIA, you retain that excess coverage so long as your former firm maintains that excess policy and pays for your excess coverage. If your previous firm dissolves or ceases to renew excess coverage, you may be at risk if a large claim arises.
- **Retroactive Date for Claims:** Your excess coverage only applies to claims that occurred when you or your firm has CLIA excess coverage in place. For example, if your firm has continuously had CLIA excess coverage in place for the last 10 years and the claim occurred 8 years ago, the claim would likely be eligible for coverage under the current insurance policy. However, if the claim occurred 15 years ago, before the CLIA excess coverage was in place, then typically the claim would not be eligible for coverage under the current insurance policy.
- **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).
- **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.

Eligibility for Retiree Coverage

- Must be retiring as a current member of CLIA's VEP - either as a sole practitioner or as a member of a firm.
- Must apply for status change with your Law Society.
- Coverage is limited to matters arising out of Professional Services rendered prior to retirement.

Why Choose CLIA For Your Excess Coverage?

- **Retiree Discount:** As a retiree you remain responsible for work performed prior to retirement. We want you to be at ease during your retirement. CLIA provides all retired inactive lawyers with a **25% discount on excess errors and omissions insurance.**
- **Convenience:** CLIA has a convenient and responsive online buying experience and focuses on delivering exceptional service.
- **Experience:** CLIA specializes in errors and omissions insurance (E&O) and has been providing quality affordable E&O insurance to Canadian lawyers for the last 35 years.
- **Relationship with Reinsurers:** The relationships that CLIA has developed with reinsurance companies are invaluable. They provide the program with flexibility to manage claims without interference from the reinsurer and provide pricing stability when insurance markets become difficult, or the program's claims become excessive.
- **Relationship with Law Societies:** The relationships that have developed with the provincial Law Societies have helped CLIA understand their mandate as we have worked with them to resolve many difficult situations. Renewal meetings are conducted annually to ensure lawyers can take advantage of current pricing trends that are reflective of our efforts to manage claims effectively.
- **Claims Consistency:** Excess insurance from CLIA ensures a seamless, consistent, and convenient approach to managing claims. CLIA offers a one-stop shop for both mandatory and excess claims. If you buy excess with CLIA:
 - Only one claim notification is required. If you have a different insurer for excess above \$1M, you may need to file two different claims.
 - The same person manages the claim all the way up from \$0 to the level of excess that you've purchased. If you don't buy excess from CLIA, then the insurer may want to "take-over" the claim if it gets above \$1 M.
- **Personal Touch:** The CLIA team prides ourselves on the personal touch we provide to our customers. When you have a question, you will receive a quick response from a real person.

- **Customer Satisfaction:** 92% of CLIA's survey respondents said they are either likely or very likely to recommend CLIA's excess program to other lawyers.
- **Referral Program:** Did we mention CLIA has a referral program? If you refer a new client to CLIA for excess E&O coverage you receive a **10% discount** on the following year renewal.

How do I Apply for Excess Coverage?

It is important to renew, or if this is the first time applying for excess insurance submit your application, before the end of the policy year to avoid gaps in coverage that may leave you unnecessarily exposed to the risk of uninsured liability. Note that you are only eligible if you are retiring as a current member of CLIA's VEP - either as a sole practitioner or as a member of a firm.

Designed by CLIA for law firms, the online application is quick and easy, and can be completed in as little as a few minutes. Over 90% of those surveyed agreed they were able to complete the online application trouble free.

The online application to apply for excess Insurance products can be completed any time after May 1, 2024, by going to the [Excess insurance](#) section of the CLIA website.

Existing Retiree Customers

- The renewal period will be open until **June 30, 2024**.
- Pricing can change year to year - [request a quote](#) before you apply.
- When you're ready, [Sign In To Your Account](#) to access the application form. Note that the form will be prepopulated with your previous information. Please update if needed.

New Retiree Customers

- Submit applications until **July 31, 2024** - applications submitted after that date will be prorated.
- [Request a quote](#) before you apply.
- When you're ready, [Create An Account](#) to access the application form.

Need More Information?

Visit our website at clia.ca/excess-insurance. If you have any questions, please contact us at service@clia.ca.