



Insurance Coverage for Solo Practitioners and Small Firms

Understanding your insurance coverage and needs is vitally important if you are a new solo practitioner or starting a small firm. The amount of coverage you need is dependent on many factors, not just the size of your practice. The information below will help you understand your mandatory coverage through your law society and the additional excess coverage that is available to you.

Mandatory Coverage for Solo Practitioners/Small Firms

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; and
- Mandatory Cyber insurance ranging from \$100K to \$250K for various common cyber claims. See our [Cyber Insurance Overview](#) information to better understand your mandatory coverage.

Members who are insured under the CLIA mandatory (Part A) policy, are insured on a “claims made” basis. Any claim or potential claim must be reported within the policy period in which the insured had knowledge of the claim or potential claim. This is set out in Section 4.2 of the CLIA policy. When a policy period expires, the Insurer is free of liability for any occurrences except those the insured had knowledge of and was reported prior to expiry of the policy period.

CLIA Voluntary Excess Program

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.

In addition, CLIA continues to offer a stand-alone cyber insurance product with higher limits than the cyber coverage we offer with the mandatory insurance. The stand-alone cyber insurance can be purchased in conjunction with the excess liability coverage or on its own. See our [Cyber Insurance Overview](#) materials for more information.

Do I need Excess Coverage?

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 or your firm exposed to significant personal liability.

Factors to consider when determining whether you need excess coverage:

- 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.

Don’t Forget:

- **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.
- **Assess Risk of Firm, Not Individual:** Assess the risk for the firm, not just you individually.
- **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).

Why Choose CLIA For Your Excess Coverage?

- **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?

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.

Before Applying

- Gather the following information:
 - Have any of the lawyers listed on your application or their predecessors been the subject of disciplinary proceedings, suspended or disbarred from practice?
 - During the past 12 months (if renewal) or 5 years (if new application), have any claim related matters been reported to the Law Society by the firm, its predecessors and/or present and former lawyers?
 - After inquiry of the Firm's lawyers, is the firm aware of any circumstances which would likely give rise to a claim against the firm, its predecessors and/or present and former lawyers, which has not been reported?
- If applying for excess cyber coverage, your firm must meet certain requirement in order to be eligible. Some of the questions in the application form may require the assistance of your IT department. If you would like the questions in advance, contact cliacyber@ar-services.ca.

Existing 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 Customers

- Submit applications until **July 31, 2024** - applications submitted after that date will be prorated. **Note:** Cyber coverage cannot 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.