



EMPLOYED LAWYERS PROFESSIONAL LIABILITY COVERAGE

The Risks Faced By In-House Counsel: Are You Protected?

As in-house counsel, you are trained to be acutely aware of the ever-present threat of an administrative, civil or criminal proceeding against your company, and the importance of insurance coverage to protect your company's assets. You are also aware that your company is exposed to claims by employees, clients, shareholders, government and regulatory agencies. What you may not know is that you, too, are exposed to such claims and you may not be protected by insurance. Below are examples (and this is by no means an exhaustive list) of specific risks faced by corporate counsel:

- The Sarbanes-Oxley Act's "Rules of Professional Responsibility for Attorneys" scrutinizes the actions of legal counsel and allows the SEC to enforce its provisions.
- Electronically stored information is discoverable, and must be preserved and produced in litigation. Corporate counsel must work alongside of persons in the information technology department to ensure compliance with State and Federal rules of civil procedure.
- Employees may sue the Company and corporate counsel on the ground that counsel's legal services were negligent and caused the employee harm.
- Investors, regulators or shareholders may sue the Company and corporate counsel on the ground that corporate counsel made false claims directly or was negligent in failing to prevent the Company from making false and misleading statements or counsel should have but did not direct the Company to make a required disclosure.
- *Pro bono* and moonlighting activities for third parties may not be protected.

The Solution: Employed Lawyers Liability Coverage

Centurion Liability Insurance Services, LLC, headquartered in California, offers liability insurance to corporate counsel that protects against all of these exposures arising from professional legal services, and more. Notable aspects of the Employed Lawyers Professional Liability coverage are:

- The policy is a defense and indemnity policy, providing a defense against a covered claim in excess of the applicable retention, up to the limits of the policy.
- Coverage is world-wide, and responds to a covered claim no matter where in the world the legal services are provided or where the claim is made.
- An "insured" is broadly defined to include an Employed Lawyer as well as Employees of the company who support the Employed Lawyer including paralegals, legal assistants and secretaries.
- Defense costs of claims, even if allegations are groundless, are included.

Additional coverage features →

- Coverage is provided for claims by non-client third parties, including regulatory and SEC claims. Coverage is also provided for claims arising out of *pro bono* and moonlighting work undertaken with the Company's prior written consent.
- Violations of Sarbanes-Oxley are covered.
- Punitive and exemplary damages are covered if permitted by law.
- The exclusion for deliberately fraudulent or criminal acts is triggered upon a final adjudication that the excluded act has occurred.

Coverage Enhancements Are Standard For The Employed Lawyers Policy

The Employed Lawyers Professional Liability policy contains generous coverage enhancements that are standard features in the policy:

- Expansive definition of a "claim" that includes coverage for civil, criminal and administrative claims, including SEC investigations and proceedings. State Bar proceedings are also included in the definition of "claim."
- Personal injury claims are covered, as well as alleged emotional distress to the extent it arises from the personal injury claim.
- One-half of the retention need not be paid if the claim is settled with the lawyer's consent during mediation.
- Coverage up to \$250/day for each lawyer attending a proceeding at the insurer's request, up to \$5,000. These payments do not reduce the limits and there is no retention.
- Covered "Legal Services" includes notary, certification or acknowledging any signature, as well as incidental legal advice provided to co-workers.
- 3 year period or "tail coverage" at no additional premium in the event of death, retirement and disability.

Policies are underwritten to address the unique risks faced by corporate counsel. To learn more, please contact Centurion Liability Insurance Services, LLC, at 714.277.4363. You may also e-mail zzak@centurionliability.com or visit Centurion Liability Insurance Services, LLC's website at www.centurionliability.com/underwriting/index.html.

The description herein is a summary only, and does not include all terms, conditions and exclusions of the policy described. Please refer to the actual policy for complete details of coverage and exclusions. Not all insurance coverages or products are available in all states. Issuance of coverage is subject to underwriting. The scenarios summarized above are offered only as examples. Coverage depends upon the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above product should request a copy of the policy itself for a description of the scope and limitations of coverage. Policy terms may vary based upon individual state requirements and may not be available in all states. Some policies may be placed with a surplus lines insurer.

