

THINKING ABOUT CANCELLING YOUR PROFESSIONAL LIABILITY INSURANCE POLICY? KNOW THE FACTS FIRST.



Professional Liability policies are issued on a claims-made basis. This means that regardless of when your work was performed, the policy that is in effect at the time a claim is made is the policy that responds to the claim, subject to the Retroactive Date stated on the insurance policy. This is true even if you change insurance companies, so long as continuous coverage is maintained to preserve the retroactive date of the policy. Conversely, if no policy is in place at the time the claim is filed, no coverage exists.

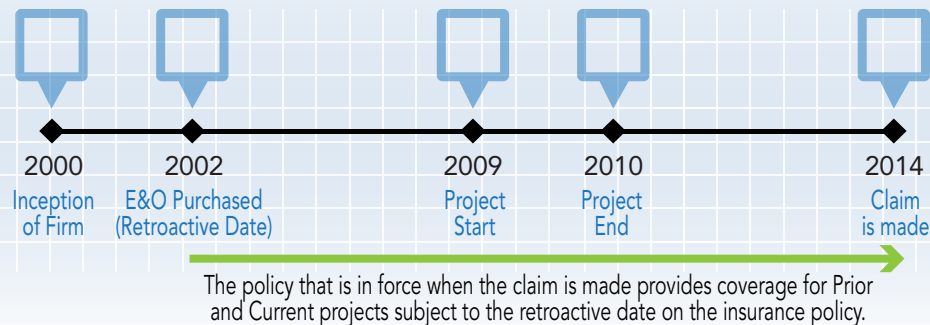
Cancelling your coverage and going without Professional Liability Insurance is a calculated business risk. As your insurance broker, we want to ensure that you have all the information necessary to understand the implications of this important decision. The following case studies illustrate the outcome of policy cancellation.

CASE STUDY ONE

Situation; Your firm has carried professional liability insurance continuously since it first purchased a policy in 2002. Your firm performs work for Client A on a project that ran from 2009 to 2010. Four years later a problem develops and Client A files a claim against your firm.

Question; Which policy responds?

Answer; The policy in effect when the claim is made (2014).

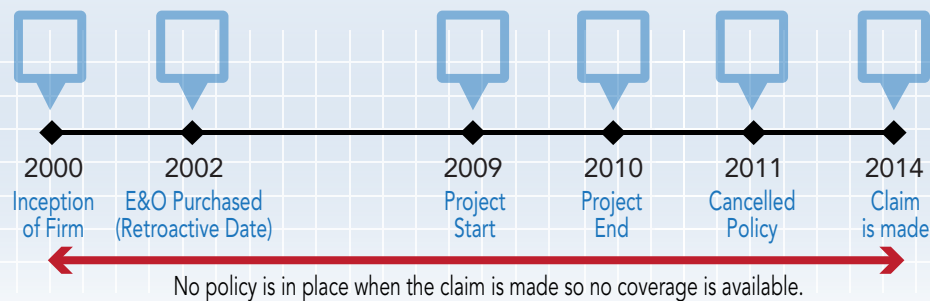


CASE STUDY TWO

Situation; Your firm purchases a professional liability policy in 2002. Your firm performs work for Client A on a project that ran 2009 to 2010. Due to a lack of contracts requiring you to carry insurance, you cancel your Professional Liability policy in 2011 to save money. Three years later (2014) Client A files a claim against your firm for work you performed in 2009-2010.

Question; Which policy responds?

Answer; No policy responds because a policy must be in effect at the time of a claim.



When a Professional Liability policy is cancelled or not renewed it's as if you never purchased a policy before. In addition to the loss of coverage, you will have to establish a new retroactive date should you decide to repurchase insurance at a later time. Affordable alternatives are available to help reduce cost while preserving coverage for prior and current work. **Contact your Hall & Company representative to learn more.**

Sometimes terminating a policy may be unavoidable. Be sure to review your client contracts before terminating a policy or reducing limits. This will help avoid breach of contract as respect to insurance continuation requirements.

In the event of retirement or firm closure, your agent at Hall & Company can provide options for an extended reporting period that will allow you to maintain coverage for a prescribed number of years.