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#6 Errors & Omissions and Fidelity Coverage
Maintain appropriate professional liability insurance and fidelity coverage.

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| PurposeAppropriate levels of professional liability (errors and omissions insurance) ensure that attorneys have the financial capacity to stand behind their professional services. In addition, lenders may require a law firm to maintain fidelity bond and surety bond policies with prescribed minimum amounts of coverage. |
| What You Should KnowMalpractice insurance provides coverage for the attorney in the event of negligence in performing their professional duties.Fidelity Policy may be desirable. Consider:1. Protection against theft from operating or trust accounts by either law firm employees and/or other attorneys.
2. Protection against computer fraud including hacking.

Ensure that coverage does not lapse. This could cause you to lose retroactive coverage!Make the coverages part of a comprehensive lender presentation package.An expanded coverage Escrow Security Fidelity Bond (ESB) may include provisions for crime insurance including:* Loss caused directly by a third-party hacker who fraudulently enters data or changes data elements and authorizes wire transfers from a trust account.
* Loss caused by the theft or embezzlement of lenders’ funds by employees.
* Loss caused as a result of the closing attorney’s liability to Chicago Title under a closing protection letter or a title policy as a result of the theft of settlement funds by an employee, partner, sole proprietor, shareholder, member or director.
* Loss caused by the dishonest or fraudulent acts of employees, including embezzlement, larceny, payroll and accounts payable/receivable fraud, and theft of incoming checks.
 |  | Issues to Consider and Discuss* How do you track your insurance expiration dates and who is responsible for that?
* What does your E&O or professional liability (malpractice) policy define as a claim?
* Are your independent contractors also insured?
* Have you verified your title insurer and state requirements?
* What are your coverage dates? What about for potential claims prior to your current policy?
* Do you have enough coverage? Do you need to increase you coverage?
* Do your title insurance underwriters have a copy of your current policy?
* Any agency offering a truly comprehensive package will not only provide protection from a number of potentially business killing threats, but will provide an opportunity for the insured to also market these coverages to current and potential customers.
* Does your policy cover owners and corporate officers?
* Do you have protection from computer fraud, including third party account hacking?
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