

## HOW TO PREVENT GAPS IN YOUR INSURANCE COVERAGE

What should you do to prevent gaps in your insurance coverage? Such gaps can occur in one of two ways:

- You have no "prior acts" coverage for acts committed *prior to* the effective or retroactive date of your current policy or
- You have no "tail" coverage for acts committed during your current coverage but reported after the policy expiration date:

Some pointers to consider in either case:

1. Keep in mind that you generally have only 30 days after the expiration of a policy to purchase "tail" coverage (formally referred to as an "extended reporting period" or "extended reporting endorsement"). Therefore, you need to examine all of your options quickly.
2. Who is the insurance carrier at your previous firm? Call the carrier and ask whether you can purchase tail coverage on your own.
3. Who is the carrier at your new firm? If the firm is not purchasing prior acts coverage on your behalf, ask the firm if you can pay an extra premium to obtain prior acts coverage.
4. Even if you think that the risk of a claim from work done at your old firm is low, you need to consider that, with any claim, the cost of defending against such a claim could be high. If it therefore important to consider carefully the need to either tail or prior acts coverage.
5. If you are leaving a firm: Just because your previous firm has assured you that it will maintain its malpractice coverage, don't assume that this means that you will continue to have coverage. The firm will have coverage for your errors, but you may have individual coverage.
6. If you are changing from private to corporate or non-practicing status, leaving to have a child, going into teaching, or switching to a non-legal career: keep in mind that you still need to purchase "tail" coverage for past errors that may be discovered in the future. You may think that you are covered, but don't assume it. The only way to make sure is to find out.

**AN IMPORTANT NOTE:** If you are an attorney or law firm that is considering hiring another attorney, you should find out whether you will be assuming liability for the acts of that attorney prior to joining your practice ("prior acts") and, if so, what impact it will have on your insurance coverage.