

Do You Know Your Liability Limits?

Sometimes being successful in life has to do with knowing our limits. We'd like to think we have boundless energy but as we mature we understand a few things: The 5K marathon is doable, but a 10K might be beyond our limits.

Professional liability insurance also comes with [limits](#). [CPH & Associates](#) offers two options for professional liability insurance policies: \$1,000,000 per occurrence/\$3,000,000 aggregate or \$1,000,000 per occurrence/\$5,000,000 aggregate.

That makes sense, you say. But what do occurrence and aggregate refer to?

It's simple: The \$1,000,000 is the amount of professional liability coverage available for the settlement or a judgment against the insured in a single claim (this is known as the amount "per claim" rather than as occurrence in some places, but "occurrence" is the actual insurance term.) The aggregate is the total amount the insurance company will pay out per policy period, or year. So to max out the limits of liability of \$1,000,000/\$3,000,000 the insured would have to have three separate claims paying out \$1 million each.

On the unlimited side, the professional liability insurance policy offered by CPH and Associates also provides unlimited defense coverage for lawsuits filed against a provider. This means the attorney fees and court costs related to the lawsuit will not take away from the limits of liability. Some professional liability insurance policies provide coverage for defense costs within the limits of liability; translated, this means that if they have \$300,000 in attorney fees they would only have \$700,000 available for the settlement or judgment against them.

When talking about supplemental policy benefits, there are key features that the insured should keep in mind. These include:

State Licensing Board Defense Coverage: CPH and Associates will automatically include up to \$35,000 for defense of a licensing board complaint. Customers can increase this limit to \$75,000 for an additional \$75 premium, or to a \$100,000 limit for a \$100 additional premium

Deposition Expense Coverage: The supplemental policy pays up to \$10,000 per deposition and \$35,000 per policy period for appearance at a deposition related to counseling performed.

When you're thinking about professional [liability insurance coverage](#), it's advisable for you to know your limits. Then go out and run your 5K race.

