

Insurance Update

Question:

Is the \$100,000 cap on legal bills (1) an annual per claim cap or (2) an annual aggregate cap on all legal bills? In other words, if we had five active covered claims, would our annual legal coverage cap at \$500,000 or at \$100,000.

Answer:

The \$100,000 aggregate defense expense amount is only in relation to claims seeking non-monetary relief. So if you had a claim(s) that was purely seeking injunctive relief and no monetary damages. That limit is per fiscal year.

“Regular” claims that seek damages have the defense expenses/legal included in the overall per claim/aggregate limit of \$10 million.

To note, in the 15 years of the program not one member has even gotten close to that non-monetary defense expense aggregate.