



NEWLY SOLO

Just went solo or joined a small firm?
Here's what insurance you might *really* need.



A complimentary guide from the American Bar Endowment

**INSURANCE
EXCLUSIVELY
for ABA Members**

CONTENTS

CONGRATULATIONS, YOU'VE MADE THE BIG MOVE! HERE'S HOW TO PROTECT YOUR PRACTICE.

Starting your own solo practice or joining another small firm is an exciting and nerve-racking event. Like many things in life, being your own boss has both rewards and responsibilities.

One of the most important of those responsibilities is to make sure that your business has the financial protection it needs, and a critical component of that protection is insurance.

One of the frequent challenges encountered by solo and small firm lawyers is the lack of insurance resources that are typically available to attorneys at larger firms or corporations. Ample insurance coverage is a critical component of a sound financial plan. After all, as a solo/small firm lawyer, you know that you and your ability to earn an income are your most valuable assets.

BUT WHAT KINDS OF INSURANCE DO YOU REALLY NEED?

As a lawyer, you may make your living in court, but it's no fun being the defendant in a lawsuit. There is a range of policies that can help cover the professional, employment, and other common liabilities your law firm faces.

One of the most common is **professional liability (malpractice) insurance**. The American Bar Association describes legal malpractice as [“any act which is negligent or wrongfully executed by an attorney which causes monetary damages to the client.”](#) Legal malpractice can be experienced in any field of law. If your firm is sued, malpractice insurance can pay for damages, other awards and often expenses. This could save you from paying out huge cash settlements or awards and often is critical in keeping a firm from going bankrupt.

In addition, there are several other business-related plans you may want to investigate:

- Key Man/Woman Insurance
- Business Owner's Insurance
- Cyber Liability Insurance
- Errors & Omissions Insurance
- Workers' Compensation Insurance
- Professional Overhead Disability Insurance



WHY SOLO ATTORNEYS NEED INSURANCE

LIFE INSURANCE IS ALSO IMPORTANT FOR YOUR BUSINESS.

A COMMON RULE OF THUMB:

Life insurance should cover
5-10 times your annual salary.*

Life insurance protects your family — and possibly your firm — by providing funds to cover personal debts, ongoing living expenses and future plans in the event that something happens to you. It could also help ensure that your family will be able to cover any financial obligations to your firm and may help to avoid a forced liquidation to pay those debts.

You may already have some form of life insurance. These policies are often family-oriented coverage, naming a spouse or another family member as a beneficiary. Having some type of personal life insurance policy is essential, but it is also common for small firms to take out **Term Life** policies on their owners/partners with the other partners named as beneficiaries, even when such policies appear to overlap with personal life insurance. Why? It can help to manage the risks and contingency costs involved with the firm in the event of an untimely death of an owner or partner.

LIFE INSURANCE CAN ALSO SERVE AS “KEY MAN/WOMAN” INSURANCE

Term life insurance, which is simply life insurance on a key person in a business, can serve as “Key Man/Woman” insurance. In a small firm, the covered persons are usually the partners, or perhaps a key employee. The individual, or firm, purchases a life insurance policy on the key employee, pays the premium and is the beneficiary of the policy. If that person unexpectedly dies, the beneficiary receives the insurance payout. The firm can use the insurance proceeds for on-going expenses, or if necessary, to pay off debts, provide severance to employees, and close the firm’s practice down in an orderly manner.

If your small firm is set up as a partnership, it’s important to remember that owners may be personally liable for all of the partnership’s obligations. This means that if the business goes bankrupt or can’t pay some of its debt, creditors may be able to go after the partners’ personal assets, including bank accounts, cars and homes.

THINKING ABOUT GETTING A BUSINESS LOAN?

Your life insurance policy could be considered collateral by the lender.

If you are a sole proprietor, getting a second life insurance plan can serve as your own “Key Man/Woman” coverage. Remember that a sole proprietorship is not an independent legal entity like a corporation or limited liability company. All business assets belong to you as the owner, all debts are in your name and all business revenue is your personal income that is reported on your individual income tax return. This means that you cannot file business bankruptcy for a sole proprietorship. If your business fails and business expenses exceed your ability to pay, your only option may be to file personal bankruptcy. If death is the cause, having life insurance in place could help offset some of these costs.

American Bar Endowment sponsors [Term Life Plans](#) that can work in this way. As long as the attorney insured is an ABA member, he or she could apply for coverage and assign anyone (or a trust) as a beneficiary. If several members of the firm have coverage, ABE can help make payment easy by billing the firm directly. Under ABE’s group policy, ABE is the policyholder and each individual insured is a certificate holder. They are not interchangeable (meaning the certificate covers only the person for whom it was approved) but ABE will bill the firm for everyone.

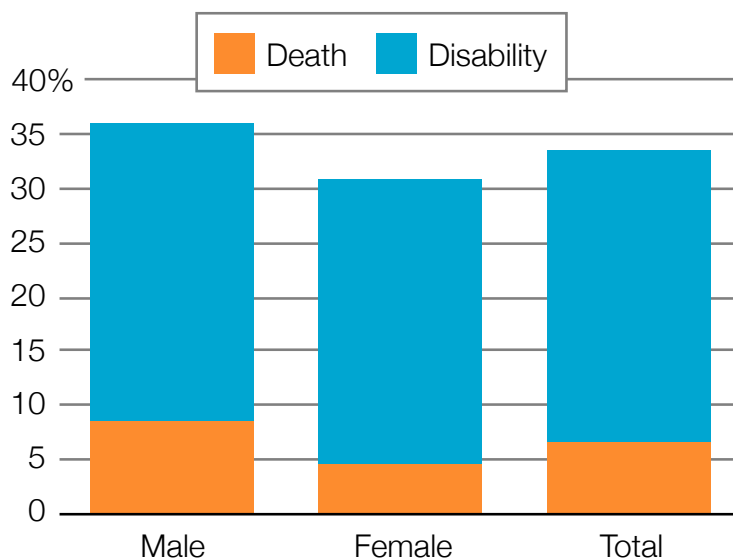
WHAT ABOUT PROTECTING YOUR INCOME?

Going solo or joining a small firm is also the time to do a disability insurance check-up for some of the same reasons we've just discussed. Disability insurance replaces a portion of your income if you are unable to work due to a disabling illness or injury.

And you are more likely to become disabled by accident or illness than die prematurely.

A disability could potentially destroy your way of life. It can take away many things that you've achieved through your profession—all the things you've enjoyed at your income level. Since your income is the basis of your lifestyle, think about how long you and your family could make ends meet if your paycheck suddenly disappeared.

PROBABILITY OF DISABILITY OR DEATH BEFORE REACHING FULL RETIREMENT AGE *



* Note: Projections are for workers reaching age 20 in 2013, for whom the full retirement age is 67.
 Source: Center on Budget Policy and Priorities, *Chart Book: Social Security Disability Insurance*, August, 2014.

MAKE SURE YOU HAVE “OWN OCCUPATION” DISABILITY COVERAGE.

Your disability coverage should pay if you're unable to perform your own occupation as an attorney, including your specialty of law. The alternative, “any occupation” coverage, would only start paying if you became unable to act even as a store greeter.

The benefit period is crucial, too. Periods of up to five years (Mid-Term) and longer (Long-Term) are critical. Make sure you have the coverage that will be there through a severe or chronic disability.

PROTECT YOUR FIRM'S OVERHEAD, TOO.

As a solo or small firm partner, you should also consider another type of disability insurance known as **Professional Overhead Expense Disability Insurance**. This coverage is designed to allow a small business to stay viable while its owner recovers from a short-term disability.

This coverage reimburses your firm for overhead expenses in the event you become totally disabled. A policy typically helps cover expenses like non-attorney salaries, taxes, employee benefits, rent, mortgage, utilities, malpractice premiums, etc. That could mean the difference between a business surviving or shutting its doors.



* Source: [ALM Legal Intelligence, The Survey of Law Firm Economics, 2013 Survey Excerpt, August, 2013.](#)



NEED HELP DETERMINING THE RIGHT INSURANCE COVERAGE?

It can be challenging for even the most knowledgeable attorney to decide what kinds and levels of coverage they need for a small firm or solo practice. ABE is here to help in two ways:

Just over 1 in 4 of today's
20 year-olds will become disabled
before reaching age 67.¹

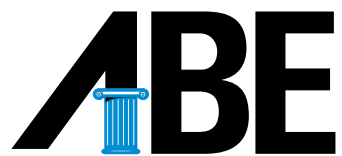
- 1). Use our [free online insurance coverage calculator](#) to help you determine which ABE-sponsored plans you may be eligible to apply for.
- 2.) Contact your personal ABE Insurance Plan Specialist on our Solo/Small Firm Help Line at 877-621-8981 to learn more about ABE-sponsored options.



Find out what coverage you may be eligible to apply for at
abendowment.org/calculators/assessment.asp 

¹ U.S. Social Security Administration, Fact Sheet April 2, 2014

HOW ABE-SPONSORED INSURANCE CAN HELP



American Bar Endowment

Insuring your life's needs.
Advancing your life's work.

The **American Bar Endowment (ABE)** is a not-for-profit charitable organization established by the ABA in 1942. Our sponsored insurance plans are offered exclusively to ABA members.

From term life insurance to disability income coverage to financial protection for your practice, ABE-sponsored insurance plans can be tailored to fit your specific needs.

It's insurance designed by attorneys for attorneys.



AFFORDABLE GROUP RATES

ABE-sponsored insurance plans are priced at group rates for ABA members. This enables members like you to get rates that other corporate groups are able to receive. You'll find that these rates are affordable and the coverage offers solid value.

BACKED BY TRUSTED INSURERS



New York Life Insurance Company is one of America's most respected insurance companies. Since 1845 it has been making sure customers are prepared for whatever life has in store. New York Life has received the highest possible financial strength ratings currently awarded to any life insurer from all four of the major credit rating agencies: A.M. Best (A++), Fitch Ratings (AAA), Standard & Poor's (AA+) and Moody's Investors Service (Aaa).

[Source: Third Party Rating Reports \(as of 3/26/15\).](#)

The United States Life Insurance Company in the City of New York is recognized by the most prominent independent ratings agencies in terms of insurer financial strength. Founded in 1850, the company has continued to provide customers with the highest quality coverage and service. The United States Life Insurance Company in the City of New York is responsible for the financial obligations of insurance products it issues and is a member of American International Group, Inc. (AIG).

PORTABLE, FLEXIBLE COVERAGE

ABE-sponsored insurance plans are portable.* This means that, unlike plans provided by your employer, you can take the coverage with you if you move on to another firm or decide to start your own, as long as you remain an ABA member.

Plus, all of our sponsored plans are designed to provide optimum flexibility. You typically have a wide choice of coverages, term lengths, coverage amounts and other benefit levels.

INSURANCE THAT PROTECTS YOU, AND HELPS OTHERS, AT THE SAME TIME!

ABE-sponsored insurance is different from other kinds of insurance where an agent receives a commission, or where a state or local bar receives royalties. Instead of paying commissions or royalties, these plans let participants get the full value of the insurance and premiums paid.

INSURANCE

+

DIVIDENDS

=

GRANTS

ABA members purchase insurance through ABE.

Members donate any available plan dividends back to ABE.

ABE grants help fund more than 200 legal research, public service, and educational projects.

ABE-sponsored plans are designed to produce dividends that ABA members can choose **to donate to ABE to be used to support the good works of the legal profession.** (*Dividends are not guaranteed.*) Members may also annually request that any available dividends, or a percentage of those dividends, be returned to them. If donated to ABE, contribution amounts are tax deductible under Section 170(c) of the U.S. Internal Revenue Code. ABE then uses these donated dividends to support annual grants which help fund over 200 legal research, educational and public service projects, including those conducted by two other ABA-affiliated, Section 501(c)(3) charitable and educational organizations, the Fund for Justice & Education (FJE) and the American Bar Foundation (ABF).

These sponsored insurance plans enable ABA members to not only get the quality, affordable insurance they need, but also provide a very special opportunity to support the good works of our profession at the same time.

That's insurance that makes a [difference!](#)

* Subject to U.S. government regulation and Group Policy terms governing termination of coverage.

JUST ONE OF THE WAYS ABE MAKES A DIFFERENCE

The ABE annual grants funded primarily by ABA member-donated plan dividends provide millions of dollars a year to support over 200 legal research, educational and public service projects. This support helps provide legal aid to children, veterans, abused women and many more vulnerable populations. Here's just one example:

RESEARCH YOU CAN USE IN YOUR PRACTICE

Solo Firm Attorney Charles E. Wood, of Southborough, MA, a Life Fellow of the American Bar Foundation (ABF), recently put ABF research to use in the courtroom. His client, a father, had admitted guilt to a non-violent offense and knew that prison time was a certainty. When Mr. Wood made his presentation on sentencing on behalf of his client, he referred the judge directly to ABF research on the limited educational prospects for children of incarcerated parents.



“The judge knew about the ABF,” said Mr. Wood, “and it was this argument that the judge paid attention to. The DA wanted a sentence of a year-and-a-half, but the judge gave my client eight months.” He added, “It would have been irresponsible to my client not to use this research.”

Through support from ABE, ABF conducts meaningful research that can help legal professionals provide better representation to the most vulnerable American populations. This is the power of ABF research, **funded in part by your dividend contributions.**



See more projects supported by donated dividends at
abendowment.org/givingback/dividends/



ABE-SPONSORED INSURANCE FOR YOUR NEEDS

SIMPLE SOLUTION 360™

3 KEY PLANS FOR SMALL FIRMS — ONE MONTHLY PREMIUM PAYMENT*

Solo and small firm attorneys have unique challenges. You have limited firm resources. And insurance and other benefits may cost more because small law firms have less leverage to negotiate volume discounts.

That's why the American Bar Endowment has developed **Simple Solution 360™**: a package of insurance plans that will help give you the protection you need...for one affordable premium payment. The plans that make up this package have been chosen because they give you coverage you truly need to help insure financial security for you, your family and your firm.

CHOOSE A CUSTOMIZED PACKAGE THAT CAN INCLUDE:

- 10- and 20-Year Level Term Life
- Long-Term Disability
- Professional Overhead Expense Disability

Choose to increase or decrease amounts in any particular plan during the application process (within each plan's limits). This makes your selection process both simple *and* flexible!

MORE INFORMATION

APPLY ONLINE 

QUESTIONS?

Keep reading for details on each plan or your ABE Insurance Plan Specialist will be happy to explain the coverages and options.

10- AND 20-YEAR LEVEL TERM LIFE

Underwritten by New York Life Insurance Company

PROVIDES AN ALL-IMPORTANT FOUNDATION OF FINANCIAL SECURITY

If you don't yet have life insurance, or your coverage [isn't adequate for your financial obligations](#), now is the time to apply. ABE-sponsored 10- or 20-Year Level Term Life insurance plans offer a death benefit large enough to make a real difference to your family—and possibly your firm—as well as highly affordable group rates you can lock in for the next ten or twenty years. With **up to \$2 million** of protection available, now is the time to be sure you have the coverage you need to help secure your family's financial future. Also, you could assign any individual (or a trust) as a beneficiary.

BENEFITS OF PARTICULAR INTEREST TO SMALL FIRM ATTORNEYS:

- ✓ High maximum coverage amount: up to \$2 million
- ✓ Assign any individual (or trust) as a beneficiary (*could serve as "key man/woman" coverage*)
- ✓ Coverage could be used as collateral for a business loan
 - Rates locked in for your choice of 10 or 20 years*
 - Spouse and child coverage available
 - Living Benefit – 50% of benefit paid for terminal illness
 - Non-Smoker and volume discounts



"ABE-sponsored insurance was the right choice for me at this time in my life, because it offered me an affordable rate while ensuring that my family would be taken care of in my absence. Additionally, I appreciate that any available dividends are donated to support the ABE's efforts."

Sarah Stogner, ABE-insured since 2012

[CALCULATE YOUR RATE](#)

[APPLY ONLINE](#)

[QUESTIONS?](#)

* ABA members who reside in the United States, District of Columbia, Puerto Rico, or the U.S. Virgin Islands and who are under age 65 may apply for the 10-Year Level Term Life Plan and those under age 55 may apply for the 20-Year Level Term Life Plan.

10-Year Level and 20-Year Level Term Life Insurance plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-29104-0 (10-Year) or G-29168-0 (20-Year) on Policy Form GMR-FACE/G-29104-0 (10-Year) or GMR-FACE/G-29168-0 (20-Year).

MID- AND LONG-TERM DISABILITY

Underwritten by The United States Life Insurance Company in the City of New York

A FINANCIAL SAFEGUARD WHEN INJURY OR ILLNESS PREVENT YOU FROM WORKING

A disability could potentially destroy your family's way of life. It can take away many things you've achieved through your profession—all the things your family enjoys at your income level. These plans **help ensure that a substantial portion of your income would continue** if you become ill or injured and unable to work for months or even years. This is an affordable and easy way to get the important “paycheck protection” you need. Even if you already have disability insurance, you may want to consider supplementing your current coverage. The ABE-sponsored Mid-Term plan benefits are paid up to five years for disabilities arising from an accident and two years for those from a sickness, whereas Long-Term plan benefits are payable up to age 65.*

Whether you choose mid-term or long-term coverage, there are a variety of monthly benefit amounts and waiting periods available to fit your financial needs.

BENEFITS OF PARTICULAR INTEREST TO SMALL FIRM ATTORNEYS:

- ✓ Pays a monthly benefit up to \$12,000
- ✓ Definition of Disability includes your specific Specialty of Law for first 5 years
 - Spouse benefits available
 - Choice of waiting periods
 - Partial Disability: continue to receive partial benefits after you return to work part-time after a total disability
 - 50% additional benefit if hospitalized (max. 3 months)

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?



“I think a lot of people are aware of, ‘hey, I need life insurance,’...but disability insurance is very important, too. [The chance of] someone actually being disabled during their career is a lot higher than someone dying during their career.... I’m very happy [with my ABE-sponsored insurance].”

Denis Anastasia, ABE-insured since 2008

* Long-Term benefits are payable up to age 65 or up to two years for disabilities beginning on or after age 63 but before age 70 and one year for disabilities that begin on or after age 70 but before age 75.

Mid- and Long-Term Disability plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by The United States Life Insurance Company in the City of New York under Group Policy No. G-164,155 (Mid-Term) or G-164,156 (Long-Term) on Policy Form No. G-19000. The United States Life Insurance Company in the City of New York is responsible for the financial obligations of insurance products it issues and is a member of American International Group, Inc. (AIG).

PROFESSIONAL OVERHEAD EXPENSE DISABILITY

Underwritten by New York Life Insurance Company

MAKE SURE YOUR FIRM KEEPS RUNNING WITHOUT YOU

Personal disability plans may help your family with loss of your income, but they probably won't cover your monthly office expenses. This plan helps protect your practice and your assets, so your business can go on if you are totally disabled by an accident or illness. It's specialized insurance that's **available only for firms of five or fewer attorneys** and provides benefits for covered business overhead expenses needed to keep the doors open and income flowing for up to 12 months.

BENEFITS OF PARTICULAR INTEREST TO SMALL FIRM ATTORNEYS:

- ✓ Pays a monthly benefit up to \$10,000*
- ✓ Pays benefits up to 12 months
 - 30-day waiting period
 - Waiver of premium while disabled



"One of the reasons our firm has been successful is because of the American Bar Endowment's programs. We have Overhead Expense Insurance...it gives me the peace of mind to know that if something happened to me as a solo practitioner my employees would be protected."

Rinki Parwani, ABE-insured since 2010

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?

* Depending on actual regular office expenses.

Professional Overhead Expense Disability is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-5381-0 on Policy Form GMR-FACE/G-5381-0.

ADDITIONAL SUPPLEMENTAL PLANS

ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

Underwritten by New York Life Insurance Company

EXTRA PROTECTION TO SUPPLEMENT LIFE AND DISABILITY COVERAGE

Nobody can be protected from accidents all the time. What you can do is help safeguard yourself and your family from the financial consequences accidents can cause. Life insurance generally pays benefits when you die. Disability covers loss of income when you are unable to work for a period of time. Accidental Death and Dismemberment pays benefits when your death is the result of an accident or you experience a qualified dismemberment such as loss of speech and hearing. AD&D policies are inexpensive and they can provide a high benefit amount to supplement your basic insurance coverages.

This plan provides up to \$500,000 for deaths due to an accident or a qualified dismemberment, including a common carrier benefit.* **Acceptance is guaranteed – no medical exams or health questions.**

BENEFITS OF PARTICULAR INTEREST TO SMALL FIRM ATTORNEYS:

- ✔ **Covers loss of speech and hearing for up to 100% of benefit**
 - Benefit up to \$500,000
 - Spouse and child coverage available
 - Acceptance Guaranteed

CALCULATE YOUR RATE

APPLY ONLINE 

QUESTIONS?



* Pays an additional 10% of the benefit payable if the loss is the result of an accident while a passenger on a common carrier (as a passenger on a plane, train, taxi or other qualified common carrier), properly operated and licensed for the transportation of passengers for hire.

Accidental Death & Dismemberment is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-11461-0 on Policy Form GMR-FACE/G-11461-0.

RETIREMENT CONTRIBUTION DISABILITY

Underwritten by The United States Life Insurance Company in the City of New York

KEEP SAVING FOR RETIREMENT EVEN WHEN YOU AREN'T EARNING AN INCOME

Your ongoing contributions to your retirement plans are dependent on your continued ability to work and earn an income. Should a serious illness or accident prevent you from being able to continue your current occupation, this plan would help you continue saving for retirement. Standard disability coverage replaces a portion of your lost current income. This coverage helps you meet a completely separate need — **continuing to fund your retirement contributions in the event of your disability.**

BENEFITS OF PARTICULAR INTEREST TO SMALL FIRM ATTORNEYS:

- ✓ Choose a monthly benefit up to \$3,500
- ✓ Contributions for any qualified retirement accounts including IRAs and 401(k)s
 - Doesn't duplicate your current disability insurance

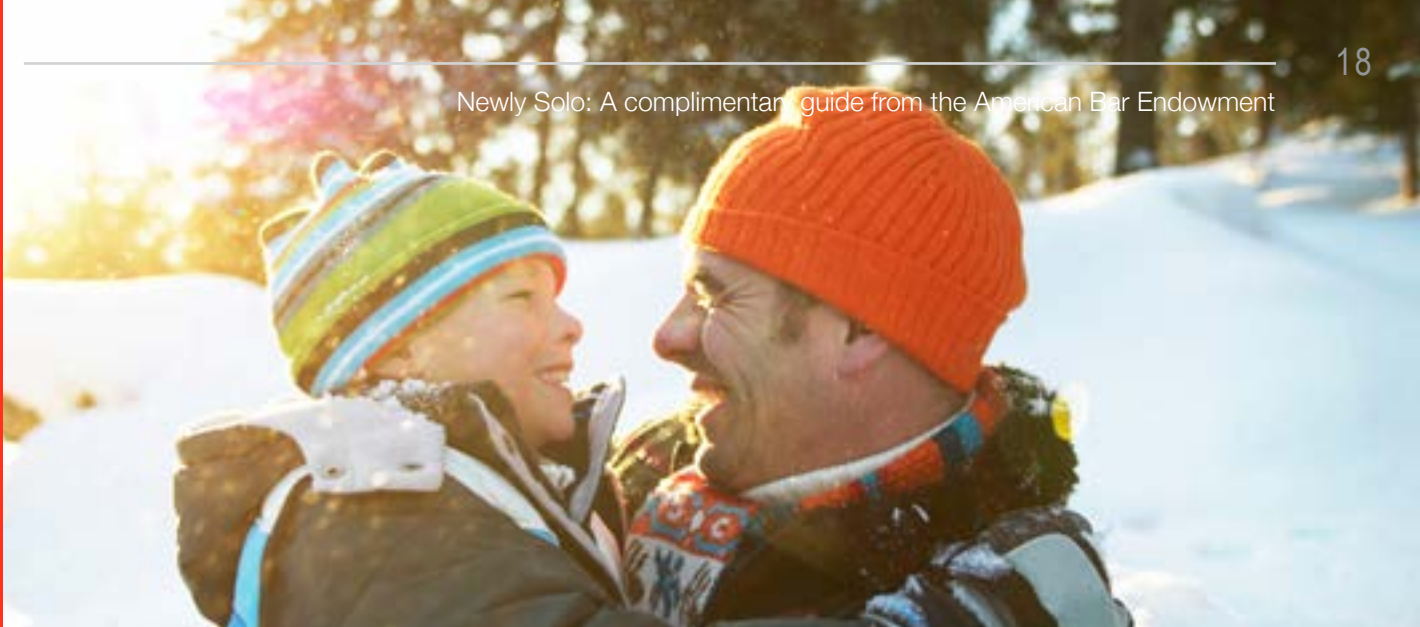


CALCULATE YOUR RATE

APPLY TODAY

QUESTIONS?

Retirement Contribution Disability plan is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by The United States Life Insurance Company in the City of New York under Group Policy No. G-610,155, Form No. G-19000. The United States Life Insurance Company in the City of New York is responsible for the financial obligations of insurance products it issues and is a member of American International Group, Inc. (AIG).



DON'T PUT IT OFF. GET THE COVERAGE YOU REALLY NEED.

If you're going solo, or joining a smaller firm, insurance can play an extremely important role in protecting your success. Having the right kind of insurance coverage is the first step to establishing a sound financial foundation for your new firm – and family. Small firm attorneys are particularly vulnerable when the unexpected happens. When you are properly covered for life-changing events, you can focus on the enjoyment and challenges of growing your business.

Even though we've hopefully clarified some of the kinds of insurance you may really need today, it's still easy to be confused about what's appropriate for your personal situation and needs.

SEE OUR AFFORDABLE RATES

ABE is here to answer your questions. [Contact your ABE Insurance Plan Specialist](#) to get the ABE-sponsored insurance information* you need to help you make sound decisions.



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800-621-8981 | abendowment.org | info@abendowment.org

* Including plan features, costs, eligibility, renewability, limitations and exclusions, underwriting carrier information, and charitable contribution opportunity.

ABE is a tax-exempt section 501(c)(3) charitable and educational organization. All ABE-sponsored plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states.

Bonnie Czarny (ABE), is licensed in AR (Ins. Lic. #404091) and in CA (Ins. Lic. #0H99426).