

## Insurance issues for counselors heading into retirement

**Question:** I have worked in a private counseling practice for more than 30 years, along with a counselor who is my co-shareholder in a professional corporation. I am retiring, and my colleague has decided to transition to a part-time position with a nonprofit agency. I plan to give my clients three months' notice. Can we terminate our professional liability insurance policy on the last day we plan to operate our practice, or do we need to keep it longer?

**Answer:** First, congratulations! Next, before the relaxation comes the preparation. You may want to consider keeping the professional liability insurance in effect for approximately three months following the closing date of your practice.

I am aware of one mental health professional whose long-term client died by suicide within a week after the practice closed and another mental health professional who had a threatened licensure board complaint one day after closing his practice. These occurrences are rare, but what may be more common are the calls from clients that come soon after a practice closes. Some clients may have trouble terminating the counselor–client relationship, whereas others may pose questions about records and referrals to new providers, even if the counselor

provided clear and prior written notice of the timing of the office closure.

If you are engaged in activities that may be considered the “practice of counseling,” you should keep your insurance in effect for a period of time while you wrap up the practice. An alternative strategy would be to begin the termination process with clients and handle records issues well in advance of three months before you actually close your office doors.

You should also determine whether your insurance policy is a “claims-made” or “occurrence” policy. A claims-made policy covers claims actually made against you while the policy is in force. Thus, to keep coverage in force, either the policy must be renewed or extended reporting coverage (commonly known as “tail coverage”) must be secured. An occurrence policy covers claims for alleged acts or omissions that occurred while the policy was in effect, even if the claim is made a few years after the policy has been discontinued. Tail coverage is not needed with an occurrence policy.

Some insurance carriers will provide tail coverage at no cost to retiring professionals who have had their policies in force for a set number of years, but you and your colleague should each discuss your own insurance coverage needs with your professional liability insurance carrier.

For more information about professional liability insurance, see Chapter 11 in the seventh edition of *The Counselor and the Law: A Guide to Legal and Ethical Practice*. The book, which I co-authored with Burt Bertram, is published by the American Counseling Association. For information on closing a practice and related insurance issues, see [privatepracticepreparedness.com](http://privatepracticepreparedness.com).



The question addressed in this column was developed from a de-identified composite of calls made to the Risk Management Helpline sponsored by the American Counseling Association. This information is presented solely for educational purposes. For specific legal advice, please consult your own local attorney. ♦

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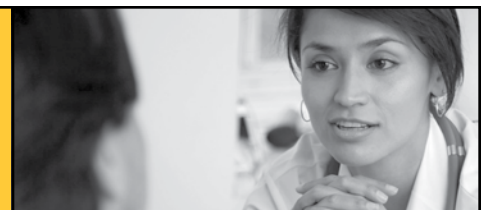
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