

A new approach to PI insurance for Germany lawyers

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From 1 August 2022, the professional regulation of lawyers and law firms in Germany has changed. Such reform has brought changes concerning the obligation to insure professional service firms similar to those already in place in England and Wales.

Minimum insurance requirements

Under the old German regulation, professional liability insurance was not obligatory for all types of companies. However, under the new regime all professional service firms must take out professional liability insurance with a standard minimum cover.

Limited liability companies, such as many law firms, must have a minimum cover of EUR 2.5 million. An exception to this is for smaller law firms that have fewer than ten professionals, in which case the minimum cover is EUR 1 million. Law firms without limited liability must have a minimum cover of at least EUR 500,000. Lastly, regardless of limitations of liability, individual lawyers must have a minimum cover of EUR 250,000.

Key considerations

Underwriters of German law firms should familiarise themselves with these new requirements and ensure that suitable limits are applied to their policies.

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