



NOTICE: Important Changes to the 2026 PLF Primary Coverage Plan

The Oregon State Bar Professional Liability Fund (PLF) Board of Directors and Oregon State Bar Board of Governors have approved several changes to the 2026 PLF Primary Coverage Plan (Plan), effective January 1, 2026. These modifications include:

1. Updating terminology from "member" to "licensee" to align with recent statutory changes;
2. Clarifying the Partner and Employee Exclusion (Exclusion 7);
3. Narrowing the application of the Harassment and Discrimination Exclusion (Exclusion 16);
4. Strengthening the anti-assignment language to align with Oregon case law;
5. Adding an explicit statement regarding third-party beneficiary rights; and
6. Making several non-substantive housekeeping changes.

Detailed Explanation of Plan Changes

The following information is provided to all PLF Covered Parties to inform you about changes to the 2026 Primary Plan and how they may affect your coverage.

1. Terminology Change: "Member" to "Licensee"

What's Changing: Throughout the 2026 Primary Plan, the term "member" has been replaced with "licensee" to align with Senate Bill 166, which was signed by Governor Kotek on May 7, 2025, with an effective date of January 1, 2026.

Rationale: This language change better reflects the nature of the Oregon State Bar's role in licensing attorneys and Licensed Paralegals. The PLF is making these changes to the Plan to remain consistent with updated language in the PLF enabling statute, ORS 9.080.

Impact on Coverage: This is a terminology change only and does not affect the substance of your coverage.

2. Clarification of Exclusion 7: Partner and Employee Exclusion

What's Changing: Exclusion 7 has been revised in two significant ways:

First, subsection (b) has been updated to reflect that law firms can be constituted as a variety of entities, not only professional corporations. The new language replaces "officer, director, or employee of a professional corporation" with "owner,

shareholder, member, partner, manager, director, officer, or employee of any entity or sole proprietorship."

Second, the exception to Exclusion 7 has been clarified to better define when coverage exists for legal services provided to business partners or employees. The revised language states:

"This Exclusion 7 applies except when the Claim arises solely out of conduct in an attorney-client capacity for a person or entity listed in subsections (a) and (b), and the Claim arises fully independently of the Covered Party's role as an officer, director, general counsel, business advisor, or fiduciary of such parties."

The revised exclusion also includes four illustrative examples to help Covered Parties understand how the exclusion applies in various scenarios.

Rationale: The intent of Exclusion 7 is to ensure PLF coverage is limited to providing coverage for Professional Legal Services and not cover the non-legal operations of running a business, disputes between members of a law firm, or work performed by a member of a law firm on behalf of the firm.

Impact on Coverage: This change provides greater clarity about when the Partner and Employee Exclusion applies and when it doesn't. The examples illustrate that:

- Coverage exists when representing a law firm colleague as a client in matters unrelated to the firm's business; and
- Coverage does not exist for claims arising from partner disputes or a licensee's role as in-house counsel.

3. Narrowing of Exclusion 16: Harassment and Discrimination

What's Changing: Exclusion 16 has been modified to include an exception for claims alleging aiding and abetting liability when the Covered Party was providing Professional Legal Services to a client and did not personally engage in harassment or discrimination. The revised exclusion also includes illustrative examples to clarify its application.

Rationale: In recent years, as Oregon courts have taken a broader application of "aiding and abetting" in employment discrimination under ORS 659A, employer-side employment lawyers have raised concerns that Exclusion 16 could bar coverage for their ordinary employment advice work. Exclusion 16 was not intended to exclude coverage for legal work a lawyer performs in the area of employment law and this modification reflects the PLF's intent.

Impact on Coverage: This change ensures that attorneys providing employment law advice to clients will have coverage if they are named in discrimination claims

under an aiding and abetting theory, provided they did not personally engage in harassment or discrimination. The examples clarify that:

- Claims arising from a Covered Party's own discriminatory conduct remain excluded; and
- Claims alleging a Covered Party aided and abetted a client's discrimination while providing legal advice are covered.

4. Modification of Anti-Assignment Language

What's Changing: The anti-assignment provision has been strengthened and clarified to read:

"No Covered Party may assign, transfer, or otherwise convey any rights or duties under this plan, whether arising before or after any actual or alleged act, error, or omission, without the express written consent of the PLF. Any assignment or attempted assignment in violation of this provision is void and of no effect, and coverage under this Plan shall be null and void as to any purported assignee."

Rationale: This revision better aligns Plan language with Oregon case law.

Impact on Coverage: This change ensures that the PLF Plan's anti-assignment provision is as clear, comprehensive, and enforceable as Oregon law allows. It protects the PLF from unintended exposure to third parties. Covered Parties should be aware that they cannot assign their rights under the Plan without the PLF's express written consent.

5. Addition of No Third-Party Beneficiary Rights Provision

What's Changing: A new section, Section XV, has been added to the Plan explicitly stating that no third-party beneficiary rights are created by the Plan:

"Nothing in this Plan, express or implied, shall create any rights or remedies in any third parties who are not defined as a Covered Party under this Plan. No individual or entity other than those defined as Covered Parties under this plan shall have any right to enforce any term or condition of this Plan or to bring any cause of action under this Plan. Nothing in this Plan is intended to create any donee or creditor third-party beneficiaries."

Rationale: While Oregon law generally does not recognize third-party beneficiary claims, this addition provides clarity about the scope of coverage under the Plan.

Impact on Coverage: This change reaffirms that only Covered Parties have rights under the Plan. It does not change the scope of coverage but reinforces that third parties cannot directly sue the PLF under the Plan.

Finally, several minor housekeeping changes have been made to improve clarity and consistency throughout the Plan.

All changes to the PLF Primary Coverage Plan will take effect on January 1, 2026. The 2025 Primary Coverage Plan is unaffected by these changes.

The PLF encourages you to review these changes carefully, particularly the clarifications to Exclusions 7 and 16, which may affect how coverage applies in certain situations. A complete copy of the 2026 PLF Primary Coverage Plan will be available [on the PLF website](#).

If you have questions about these changes or how they might affect your practice, please contact the PLF at 503-639-6911.