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Malpractice Prevention Education for Oregon Legal Practitioners



"AI tools can help streamline legal practice, but require the engaged and thoughtful review of the lawyer on the case."

Counsel Column: Does the PLF Plan Cover the Use of Artificial Intelligence?

By Heather Bowman

As the use of generative artificial intelligence increases in the world, its use has also increased in law firms. Numerous headlines report sanctions for attorneys and self-represented parties who submitted hallucinated authorities to courts. An Oregon practitioner may wonder what would happen to a PLF Covered Party hit with sanctions, and whether the use of AI is covered under the PLF Plan.

In short, the 2026 PLF Primary and Excess Plans (PLF Plans) do not specifically exclude coverage for using AI tools in legal work. However, depending on where the AI use and error arise, there may be no coverage under the PLF Plans. This article will walk through three scenarios to examine potential PLF coverage for use of AI in legal work and help you understand some risks to you in using AI tools in your practice.

Scenario 1: AI Hallucinations Leading to Sanctions

Attorney Amanda represents a client in a complex litigation matter. She is overwhelmed with the volume of pleadings and faces a tight deadline to file a reply brief. She turns to AI to help her with legal research and writing. She neglects to review the cases AI cites in her reply brief and unknowingly submits a brief containing hallucinated case law. Opposing counsel identifies the hallucinations and sanctions are awarded against Amanda personally.

There is no PLF coverage for sanctions arising out of misuse of AI. First, sanctions for AI hallucinations do not fall within the definition of damages under the PLF Plans. Covered damages are "monetary compensation a Covered Party must pay for loss" and do not include fines, penalties, statutorily enhanced damages, enhanced prevailing fees, punitive damages, exemplary damages, or an award of attorney fees related to these. Here, sanctions are imposed on Amanda for submitting hallucinated case law to the court. There is no coverage for this error.

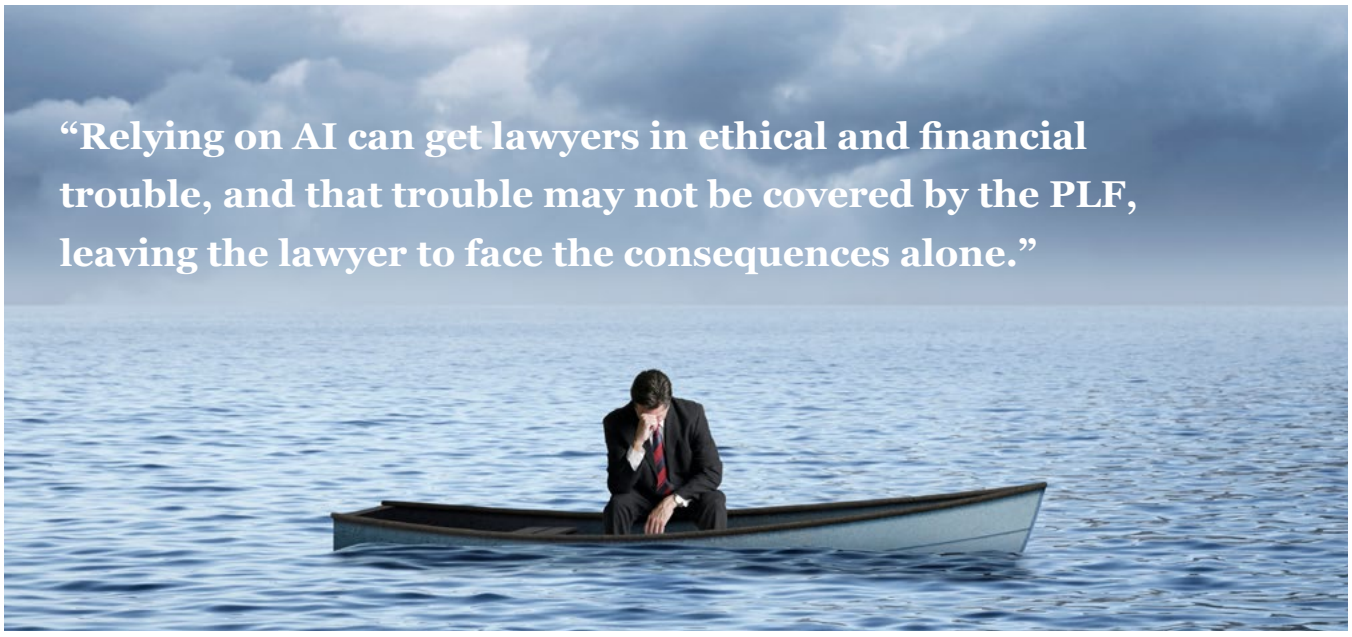
In addition, sanctions and fee awards are excluded under Exclusion 4 of the PLF Primary Plan. There is no PLF coverage for sanctions or fee awards imposed against the attorney. Again, because the consequence of Angela's misuse of AI is the imposition of sanctions against her, there is no coverage under the PLF Plans.

Scenario 2: AI Errors in Legal Work

Attorney Brian represents a client in litigation. He pursues a claim that he is unfamiliar with and relies on AI to do research about a particular cause of action. The AI tool misses a key element of the cause of action and Brian fails to do his own research and correct the AI error. Brian then pursues the incorrect elements of a cause of action and fails to prove a key element and the cause of action is dismissed at trial. The client sues Brian for malpractice alleging Brian failed to properly develop evidence and prove the cause of action, and but for Brian's reliance on AI, client would have received a favorable verdict.

OR

Attorney Brian represents a client in a medical malpractice case. He relies on AI to create a medical records summary and neglects to ensure that the summary is accurate. He uses the AI generated summary to conduct discovery and evaluate damages



in the case. Because there are errors in the summary, discovery is incomplete and he recommends his client settle the case for less than he would have had he fully understood the case. Brian's client pursues a malpractice claim for the undervalued case.

OR

Attorney Brian uses AI case management software in running his practice. He receives a motion for summary judgment from opposing counsel and relies on AI to calculate the response dates and calendar the deadline. The AI fails to accurately calendar the deadline and Brian does not check the AI's output so he misses the deadline and summary judgment is granted, dismissing his case. Brian's client pursues a malpractice claim because the case was dismissed.

In all of these scenarios, there likely is coverage under the PLF Plan. Although the attorney relied on AI in making an error, the PLF Plan does not exclude coverage for use of AI. The damages client seeks are for the dismissal of a cause of action dismissed because of the attorney's error. This would be akin to a lawyer making an error in doing research at a law library or through Westlaw. Exclusion 4 does not come into play because sanctions are not at issue.

Scenario 3: AI-Based Ethics Violations

Attorney Cynthia enters confidential client information into a free and unprotected AI system. Her client learns about this and pursues an ethics complaint against Cynthia.

The PLF Plans do not include coverage for any investigations or disciplinary proceedings by the Oregon State Bar or any similar entity. The PLF will not assist Cynthia in responding to disciplinary matters. Similarly, if any of the above scenarios resulted in a disciplinary proceeding against the attorneys, PLF coverage does not extend to defending an ethics complaint.

AI tools can help streamline legal practice, but require the engaged and thoughtful review of the lawyer on the case. Relying on AI can get lawyers in ethical and financial trouble, and that trouble may not be covered by the PLF, leaving the lawyer to face the consequences alone.

The best way to avoid finding yourself in scenarios like those listed above is to use AI tools appropriately. Use your hard earned legal skills to check any AI outputs. You are the attorney for your client and you have the ethical obligation to represent your client, regardless of the promised efficiencies or coverage implications of an AI tool. No computer program can – or should – replace you.



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OTHER WORKS BY HEATHER BOWMAN

- "Understanding PLF Coverage Exclusions: Attorney Fees and Sanctions," *in*Brief, Issue 150, July 2026
- "Counsel Column: Important Changes Coming to Your 2026 PLF Primary Coverage," *in*Brief, Issue 148, November 2025
- "Claims Corner – Calling a PLF Claims Attorney," *in*Brief, Issue 147, August 2025