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Professional Liability Insurance

This topic discusses policy and procedures on reimbursement of costs of Professional Liability Insurance (PLI) and explains how eligible employees submit their claims.

Section 636 of Public Law 104-208 and Section 642 of Public Law 106-58 authorize reimbursement to all qualified employees for up to one-half the cost of PLI¹. The statute defines a "qualified employee" as law enforcement officers², supervisors³ or a management official⁴.

Professional Liability Insurance (PLI) is defined as insurance providing coverage for:

- legal liability for damages due to injuries to other persons, damage to their property, or other damage or loss to such other persons (including the expenses of litigation and settlement) resulting from or arising out of any tortuous act, error, or omission of the covered individual (whether common law, statutory, or constitutional) while in the performance of such individual's official duties as a qualified employee; and
- the costs of legal representation for the covered individual in connection with any administrative or judicial proceeding (including any investigation or disciplinary proceeding) relating to any act, error, or omission of the covered individual while in the performance of such individual's official duties as a qualified employee, and other legal costs and fees relating to any such administrative or judicial proceeding.

Employees who are eligible must submit a request for reimbursement with appropriate evidence to their servicing Human Resources Office (HRO). The HRO will review each request for the purpose of certifying the employee's eligibility for this payment. In order to be reimbursed, the employee must submit evidence of purchase and payment of the insurance. The evidence submitted must include proof of purchase (i.e., a copy of the bill), payment (i.e., a receipt from the insurance company or a cancelled check), and be attached to a properly executed [SF-1164, Claim for Reimbursement for Expenditures on Official Business](#). HRO certifies eligibility by stamping the SF-1164 "Eligible for PLI". Employees who are certified as eligible for this benefit should submit their request for reimbursement to the Dallas Finance Center for processing. Any requests submitted by employees to the finance office that are not reviewed and certified by the appropriate HRO will be returned to the employee for resubmission through proper channels. Reimbursement applies only for insurance to cover costs as defined above. The cost of any additional coverage included under an employee's policy is not eligible for reimbursement and must not be included in the amount requested for reimbursement⁵.

Only one reimbursement per fiscal year is authorized for eligible employees, regardless of the date the policy is purchased. Thus, for those employees that purchase Professional Liability Insurance other than on an annual basis (i.e. quarterly or semi-annually), claim for reimbursement must be submitted only after the total insurance payment for the entire fiscal year is made. Entitlement to retain the reimbursement is based on the insurance remaining in effect for a minimum period of 120 days. Therefore, submit your PLI claim to the payment office only after the initial 120-day time period has ended. Claims submitted prematurely will be returned. Reimbursements for annual renewals can be submitted immediately.

Reimbursement claims must be processed through the Federal Financial Management System (FFMS). Use sub-object classification code GE 12-05-00 (12.1) to record obligations and payments for PLI reimbursements.

Reimbursement claims⁶ will be processed via electronic funds transfer (EFT). The employee's bank information on file for payroll deposit will be used for the EFT payment.

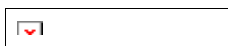
Employees who become ineligible because of movement to a non-eligible position or separation from the Federal Government will be required to repay the portion of the reimbursement covering the remainder of the calendar year. Employees are responsible for notifying the DFC or HQ Accounting when they move out of a covered position. Supervisors are responsible for ensuring employees are notified of this requirement.

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1. Some insurance companies include an administrative charge to acquire PLI. This administrative charge is considered to be a cost to acquire the insurance and is reimbursable under the 50 percent rule. For example, the cost of the premium is \$230 with a \$30 administrative fee for a total of \$260. The employee is reimbursed one-half the cost or \$130.

For Legacy INS Employees: The cap of \$115 for paying PLI was lifted for border patrol employees March 1, 2003 and 10-01-2003 for non-border patrol employees and is not retroactive. Any PLI claims submitted to the DFC for reimbursement for prior year(s) (ie FY03 and back and the claimants are non-border patrol or border patrol claims prior to 3-1-2003) the claimant is not entitled to 1/2 the cost of PLI exceeding the \$115 cap or any administrative charges included by the Insurance company.

2. Law enforcement officers are employees whose duties are primarily the investigation, apprehension, prosecution, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States. This includes any law enforcement officer under Section 8331(20) or 8401(17) of Title 5 or under Section 4823 of Title 22 USC.
3. As defined by Section 7103(a) of Title 5 USC, a supervisor means an employee having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, if the exercise of authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment.
4. As defined by Section 7103(a) of Title 5 USC, a management official means an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the agency.
5. Reimbursements for legal representation policies are not reimbursable items and should not be confused with Professional Liability Insurance.
6. The Internal Revenue Service has ruled that reimbursement for professional liability insurance is a non-taxable benefit to the employee.

Please submit questions on this topic to



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