

Why consider buying up your insurance coverage limits if you are on exemption?

Although you may believe that claims are not as much of an issue for you because you are on exemption, the opposite is in fact true. Your exposure to claims is ongoing:

- Legal services which you or former partners or associates provided in the past may give rise to a claim, now or in the future.
- Lawsuits arise from many quarters - past clients, former employers and their officers or directors, shareholders, employees and any others who have relied on your legal advice.
- Many claims do not surface for several years after legal services were provided; up to 10 per cent of claims are not reported until five years after the service that gave rise to the claim was provided.
- Although legislative changes such as the *Limitations Act, 2002*, may provide greater defences, they do not address all areas of exposure.*

Limited protection:

Yet, as is detailed on pages 6 and 7, the standard Run-Off Coverage provides you with only limited protection:

- The \$250,000 per claim/in the aggregate limit applies to ALL of the claims made against you while on exemption (for reasons other than mobility or a temporary leave of absence). In other words, this is all the coverage you have for ALL claims made

against you this year, in the past while you were exempt, and in future years while you are exempt.

- The \$250,000 limit applies to claim expenses, costs of repairs, pre-judgment interest and indemnity payments together for each claim made against you. Any amounts incurred to resolve a claim reduce the funds available to respond to any other claims.

Statistics tell us that 1 in 50 claims against lawyers exceeds the \$250,000 mark; and 1 in 100 claims tops \$500,000. Thus, a single claim, or series of small claims, could easily exceed your \$250,000 Run-Off Coverage limits, leaving you personally liable for any additional costs.

Run-Off Coverage Buy-Up (RBU) Insurance

If you are concerned that claims arising out of past legal activities could exceed your \$250,000 Run-Off Coverage limits, you can apply to buy up these limits (as well as your Innocent Partner Coverage limits) for an additional premium. RBU Coverage can be tailored to your particular needs, as is more fully described on page 7.

* For a more detailed discussion of the issues that those on exemption should consider in assessing their potential exposure to claims, and for information on Run-Off Coverage and options to increase your coverage limits, please see the LawPRO Web site at www.lawpro.ca, or contact our Customer Service Department at 416-598-5899 or 1-800-410-1013 or by e-mail at service@lawpro.ca and ask for a copy of the Insurance Matters brochure that applies to your category of exemption.



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