

Lower premium, new real estate practice coverage for 2008

A base premium that, at \$2,300 per lawyer, is the lowest it has been since before 1995, and a new real estate practice coverage, introduced in direct response to the provincial government's plan to combat mortgage and title fraud, are principal features of the 2008 LAWPRO insurance program.

Base premium decreases by \$300

For 2008, the base premium will fall \$300 to \$2,300 per lawyer compared to \$2,600 in 2007. Many lawyers will pay significantly less than this base premium, with some paying as little as \$1,007, depending on practice and coverage options selected. Premiums for other insurance coverages, transaction levies and discounts will remain the same as they are in 2007.

Strong investment returns, positive development on older claims, and the continuing strength of the real estate market enabled LAWPRO to reduce premiums.

Revenue to meet the forecasted \$80.4 million in total costs for the insurance program in 2008 will come from three sources: \$49.6 million from base premiums (based on 21,600 insured lawyers); \$22.5 million from transaction and claims history surcharge levies; and \$8.3 million from the premium stabilization fund.

New mandatory real estate practice coverage

Following the passage of Bill 152 in 2006, the Ontario government announced that it would be implementing a number of

fraud-prevention reforms which will reshape real estate practice, including a new set of criteria for those registering documents through the electronic land registry system. To satisfy the government requirements, it is expected that lawyers will be required to have a prescribed form of insurance coverage that would respond in the event of fraud. This coverage will be available under the LAWPRO policy, starting in 2008, for an annual premium of \$500.

Recognizing that this coverage may not be required of Ontario real estate practitioners until some time in the first quarter of 2008, LAWPRO will charge only \$375 of the \$500 annual premium. In so doing, LAWPRO is opting to not charge any premium for this real estate practice coverage for the first three months of 2008, even if the coverage may first be required of Ontario lawyers at some point during this period.

This premium adjustment, combined with the \$300 decrease in the base premium, means real estate lawyers will be paying only \$75 more in 2008 compared to 2007, for expanded coverage that addresses a growing area of risk.

This mandatory sub-limit coverage of \$250,000 per claim and \$1 million in the aggregate will be required of any lawyer intending to practise real estate law in Ontario. It will provide protection only for the registration of fraudulent instruments under the *Land Titles Act*, and not to any other situations involving fraud; as well it will not apply to claims for which title insurance would apply. For details on this new real estate practice coverage, see page 5.