

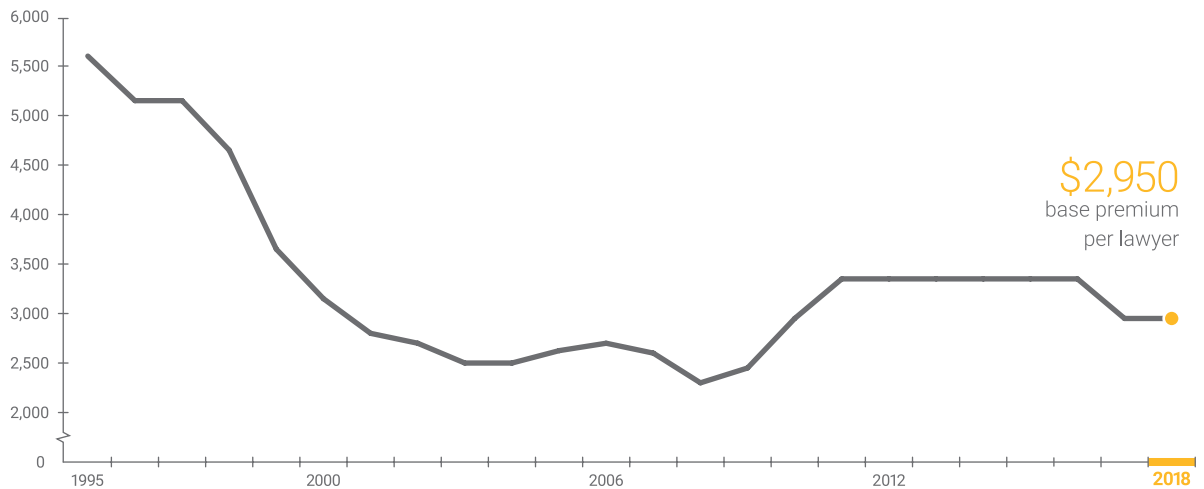
Coverage

Lowered premium proves successful; maintained for another year

For the 2017 professional indemnity insurance renewal, LAWPRO introduced a \$2,950 base premium, a \$400 reduction from the year prior.

Despite the lower premium, the company was able to meet its claims obligations on a roughly “break-even” basis – an approach made possible by the achievement of a robust MCT ratio (see page 5 for more details) in the past few years. LAWPRO’s ongoing success in controlling growth in claims handling expenses means that the \$2,950 base premium was offered for the 2018 renewal as well.

Figure 7
Base premium per lawyer



Premium reduced by \$400 for the 2017 policy year

By early 2016, it had become clear that the upward trend in claims growth seen in the four or five previous years had begun to abate. This factor, as well as the company’s strong fiscal performance in 2015 and 2016 made it reasonable and appropriate for LAWPRO to introduce a premium reduction for the 2017 year. The premium was set at \$2,950, down from \$3,350 the year before. LAWPRO experts were confident that the lower premium would appropriately recognize any uncertainties in emerging claims experience and economic conditions, and would allow the program to operate on a self-sustaining basis for 2017.

Other program changes for 2017

Seconded lawyers face different risks than either employed corporate counsel or lawyers in traditional private practice. For 2017, the program policy was clarified to explicitly exclude claims brought

by corporate clients against seconded lawyers for professional services provided while under secondment with them. This exclusion applies whenever the claimant meets the definition of a “corporate employer” under the Program Policy. The policy was also amended to extend the \$250,000 per claim and in the aggregate defence-only coverage under the endorsement for “Claims brought by corporate employers” to include coverage for seconded lawyers in those circumstances.

Prior to 2017, lawyers working for government agencies created to improve access to justice by providing services to members of the public did not qualify for exemption because their practice was not restricted “for and on behalf of the employer.” However, LAWPRO has found that these lawyers are at a very low risk for claims compared to lawyers in general private practice. To reflect this, a new premium discount equal to 75 per cent of the base rate was introduced in 2017 for lawyers employed by designated government agencies. These lawyers were also made exempt from payment of the civil litigation transaction levies.



Another change made for 2017 was to the circumstances under which LAWPRO is permitted to report insured conduct to the Law Society of Ontario. These reports are infrequent, averaging four or fewer each year in recent years. The reporting terms were changed to reflect significant changes to Rule 7.1-3 of the *Rules of Professional Conduct*.

Finally, to minimize coverage gaps for lawyers who miss the deadline for renewing their policies, the renewal process was amended to allow LAWPRO to reinstate most program options previously elected by insureds that would otherwise have been removed when no fully completed renewal application for Policy coverage was received when due.

Coverage option participation rates

The LAWPRO program premium is customized to respond to a variety of practice circumstances. New lawyers, part-time practitioners, and lawyers who restrict their practice to criminal and/or immigration law pay reduced premiums, while lawyers exposed to additional risks, or who have stopped practising but want enhanced run-off protection can tailor their coverage accordingly. Figure 8 provides an overview of lawyer participation in various coverage options:

Figure 8

Coverage option	No. of lawyers participating as of Jan. 31, 2018	No. of lawyers participating as of Jan. 31, 2017
New call discount 20 to 50 per cent base premium discount for those called in the last one to four years	5,090	5,028
Part-time practice 50 per cent base premium discount for eligible lawyers	2,072	1,922
Restricted area of practice option 50 per cent base premium discount for immigration/criminal law practitioners	1,649	1,611
Innocent Party buy-up Increase in Innocent Party sublimits up to as much as \$1 million per claim/aggregate	3,508 (based on \$125/lawyer)	3,432 (based on \$249/lawyer)
Run-Off buy-up Increase limits for past services from \$250,000 per claim/aggregate to as much as \$1 million per claim/\$2 million aggregate	1,326	1,182
Real Estate Practice Coverage Required for all lawyers practising real estate law in Ontario. Sublimit coverage of \$250,000 per claim/\$1 million aggregate	8,356	8,132