

LAWPRO

magazine

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INSURANCE ISSUE

Your 2023 program: Continuing stability with minor changes

Quick summary of changes:

- Base premium for 2023: \$3,250
- No change to transaction levy amounts
- Lawyers on the Restricted Area of Practice discount are now automatically exempt from all 2023 and future transaction levy filings
- Clarity on definition of Repairs and Loss Prevention

For the 2023 Primary Program, LAWPRO has focused on keeping premiums as low as possible despite rising claims and operational costs associated with the current economic environment, enhanced coverage, and improving the customer experience.

These improvements include automatic exemption from the transaction levy filing requirements for lawyers on the Restricted Area of Practice premium discount. These lawyers certify in their annual renewals that they and the other members of their firms will only practice criminal and/or immigration law during the policy period. This makes them unlikely to take part in the kinds of activities that give rise to real estate and/or civil litigation transaction levies. Starting in 2023, they will not have to file an exemption from the transaction filing requirements. A similar full and partial automatic transaction levy exemption is being introduced for LAWPRO's paralegal insureds.

The Policy also provides greater clarity for terms like Repairs and Loss Prevention so insureds can better know how their insurance can help them even before a lawsuit is commenced. In fact, with better reporting of these kinds of matters, LAWPRO hopes to prevent more lawsuits being commenced by early intervention and reduce the stress our insureds experience when an error has occurred.

Important Dates

- Policy renewals available October 3, 2022
- Real Estate and Civil Litigation quarterly transaction levies and forms due October 31, 2022
- Final day to renew: **November 8, 2022**
Renewal applications filed after this date will be subject to a \$350 dollar surcharge if filed by December 1, 2022. LAWYERS who do not file on or before December 1 will pay a \$600 surcharge and a default policy will be issued on their behalf.
- Real Estate and Civil Litigation quarterly transaction levies and forms due January 31, 2023

Visit the My LAWPRO portal at lawpro.ca to file your renewal



The full impact of the COVID-19 pandemic on LAWPRO remains to be seen. But rising inflation and higher claims costs mean that a premium increase is necessary to meet capital requirements.

Due to the financial challenges that many members of the profession faced as a result of the pandemic, LAWPRO deferred making a premium increase in 2022. To address increasing claims costs and meet minimum capital requirements set by our regulator, the Financial Services Regulatory Authority of Ontario, the base premium has been set at \$3,250.

As a captive insurer for Ontario lawyers, LAWPRO operates in a non-profit-driven manner with a loss ratio of 110%. **This means for every \$1.00 LAWPRO receives in premiums from Ontario lawyers, it pays out \$1.10 in direct claims costs such as for defence, investigation, settlements, and judgments.** In contrast, the average Canadian insurance company in 2022 paid out only \$0.50 to \$0.60 in claims costs for every \$1.00 received in premium payments.

LAWPRO makes up for its high loss ratio with prudent investment returns. This allows LAWPRO to offer lower premiums to Ontario lawyers while maintaining the minimum capital required to meet its regulatory obligations.

One of the strongest testimonies to LAWPRO's success as a professionally run insurance company is that, despite the current economic environment, the base premium is lower today than it was 10 years ago, when it was \$3,350, and far lower than it was when LAWPRO was founded following the 1994 insurance crisis for Ontario lawyers, when it was \$5,600.

Additionally, 34% of Ontario lawyers take advantage of the various discounts. These include discounts for lawyers in their first four years of call, lawyers practising part-time, and lawyers limited to Restricted Areas of Practice. These discounts range from 20-50% of the base premium. Lawyers looking to reduce their premiums can also review their deductible options, log approved risk management courses by the preceding September 15, and pay their annual premiums by February 4, 2023 by cheque or by pre-authorized payment.

Making filing easier: Automatic exemptions from transaction levy filings

For 2023, we are introducing automatic exemption from the transaction levy filing requirements for lawyers on the Restricted Area of Practice premium discount. These lawyers certify on renewal that they and the other members of their firms only practise criminal and/or immigration law.

Starting Jan 1, 2023, these lawyers will not have to file an exemption from the transaction levy requirements. A similar exemption (full or partial) will be introduced for LAWPRO's paralegal insureds.

Lawyers who do not practise real estate or civil litigation, and do not restrict their practice to criminal and/or immigration law, should file an annual exemption at renewal to avoid quarterly filing requirements.

Repairs and Loss Prevention: helping resolve potential claims

When a potential or alleged error or claim arises, LAWPRO prides itself on helping lawyers resolve the situation. Our counsel have substantial experience to quickly and efficiently close files so our insured can focus on their clients' legal issues, rather than their own.

These efforts, known as Repairs and Loss Prevention, can arise in situations such as setting aside administrative dismissals, motions to extend deadlines for service, naming the wrong party in court documents, application for relief from forfeiture, or rectification of mistakes in contracts.

When an insured reports a potential claim, and there are reasonable and prudent immediate steps to circumvent potential damages or negative consequences, LAWPRO can often assist our insured in doing so. If LAWPRO steps in to help and it's clear the lawyer did not make an error, these Loss Prevention actions will often not affect the lawyer's premiums, or their deductible, even if some costs are incurred by LAWPRO.

How to get this help?

You should always fill out a claims notice if: (i) you made a mistake (an error or omission); (ii) your client or another party accuses you of making an error that could reasonably lead to a claim being made against you; or (iii) someone is requesting you provide evidence or produce your file as part of an underlying dispute. This can apply to every type of practice—from hearing about an appeal of a criminal conviction for a former client based on ineffective assistance of counsel, to a will challenge based on lack of capacity, to forgetting to put in "joint tenancy" for status when doing a transfer to spouses.

Even when it appears no error has been made, or you believe the claim is baseless, timely notice to LAWPRO is always the best course of action. ■