

What's new for 2024

Increased maximum gross billings per year for Part-Time Practice Option

As inflation continues to impact all Canadians, LAWPRO has increased the maximum gross billings per year to qualify for the Part-Time Practice Option to \$100,000 from \$90,000 (for each of the previous and current years). Part-time lawyers must still restrict their law practice to 20 hours per week on average for each week actually worked and 750 hours per year, of professional time in private practice (including time for undocketed work).

Preventing loss from social engineering and fraud

Chances are good that you have received a fraudulent email or SMS message from someone claiming to be the CRA, your bank, UPS, or an unnamed government entity, alerting you to some problem with your account/package/tax return, and asking you to click a link to update your information to prevent some terrible outcome. Chances are also good that you saw this as the lie it was. These fraud attempts are sometimes known as phishing but are more generally referred to as social engineering.

Unfortunately, avoiding the text-message-scam form of social engineering is merely Risk Avoidance 101 when it comes to preventing loss to your practice. Frauds targeting lawyers are more compelling, more persuasive, and personalized with detailed knowledge of the lawyer's files and transactions. Lawyers and their staff are often provided with seemingly authentic communications from trusted sources—a client, a co-worker, or the managing partner themselves—containing instructions to transfer money or assets to a particular account or individual. Only once the money is gone does the firm realize the instructions were fraudulent, and the fraudster has absconded.

When the target is an operating account, the lawyer feels the loss. When the target is a trust account, the client or clients feel the loss—and it's a potential claim to LAWPRO.

We have seen a significant increase in social engineering techniques over the past few years. To address this growing problem and to help lawyers minimize the risk to themselves and their clients, we are encouraging all lawyers to take a series of simple yet crucial steps to avoid becoming the victim of fraud and suffering either insured or uninsured losses.

Claims related to or arising out of social engineering will now only be covered to a sublimit of \$250,000. However, lawyers can extend this "social engineering coverage" to the standard \$1 million limit per claim and in the aggregate by taking the steps listed on the following page.

LAWPRO
magazine

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The comments in this publication are intended as a general description of the insurance and services available to qualified customers through LAWPRO. Your policy is the contract that specifically and fully describes your coverage and nothing stated here revises or amends the policy.



What should I do to avoid social engineering claims and prevent the associated sublimit?

1. Include written instructions in a retainer or other agreement for the receipt, release, and transfer of any funds or assets.
2. Advise in the written retainer or other agreement that the client or another party to which you owe a duty of care should not ordinarily expect to receive any revised instructions from you or your firm for the transfer of funds or assets.
3. Advise in the written retainer or agreement that, should the client or another party to which you owe a duty of care receive revised instructions for the transfer of funds or assets, they should immediately contact you by way of a telephone number specified in the written retainer or other agreement.
4. If you or your staff receive any changes to the contact information of a client or other party to which you owe a duty of care, or any changes to established instructions for the transfer of funds or assets, you confirm those changes by either calling the client or other party to which you owe a duty of care using contact information previously confirmed to be that of the client or other party, or by meeting with the client or other party.
5. Maintain in writing any updated contact information for a client or other party to which you owe a duty of care, and any updated instructions for the transfer of funds or assets.

For a full description of your obligations under the policy, please see Exclusion (k) of Part III, which applies to losses arising out of or connected to Social Engineering. Nothing in this summary should be taken as limiting or altering that exclusion.

Example Social Engineering Retainer Language

While LAWPRO does not require any specific language to satisfy the requirements set out above, so long as they are generally met, the following example language can be used as a starting point for your own retainer:

Fraud Prevention

To prevent fraud and ensure the safe and accurate receipt, release, and transfer of any funds or assets, the following steps will always be taken to safeguard such assets:

1. We will only accept funds [or assets] from you [or additional party] by way of:
 - a. [Optional] Electronic funds transfer to our trust account numbered [insert number]
 - b. [Optional] Wire transfer to our trust account numbered [insert number]
 - c. [Optional] Certified cheque delivered to us at [insert delivery instructions]
 - d. [Optional additional method of funds or asset transfer]
2. We will only transfer funds [or assets] to you [or additional party] by way of:
 - a. [Optional] Electronic funds transfer to your account numbered [insert number]
 - b. [Optional] Wire transfer to your account numbered [insert number]
 - c. [Optional] Certified cheque delivered to you at [insert delivery instructions]
 - d. [Optional additional method of funds or asset transfer]
3. We will only release funds or assets to a third party upon receiving verbal confirmation of the transfer from you and any other party necessary to confirm the veracity of the transfer details.
4. You [or another party] should not expect to receive any revised instructions for the transfer of funds or assets from us. If you [or another party] receive any written communication advising of such a change that appears to come from us, immediately contact us at [insert telephone number] to verbally confirm these changes.
5. If we receive any changes to your [or another party's] contact information, or any changes to the instructions for the transfer of funds or assets as set out above, we will not act on these changes until we have verbally confirmed the new instructions in-person or by calling you [or another party] at the following phone number: [insert phone number]