

LAWPRO

magazine

OCTOBER 2024

INSURANCE ISSUE

Your 2025 program: More options means a policy tailored to you

Quick summary of changes:

- No change to base premium for 2024: \$3,250
- Simplified renewal for fast, individualized insurance coverage
- CPATA compliant expanded coverage option for intellectual property lawyers

Updated renewal process for 2025

Your LAWPRO insurance will not automatically renew for 2025 but our aim for the new “simplified renewal” process is to gather the necessary underwriting details and keep it as fast and efficient as possible.

To start, log in to your MyLAWPRO account and follow the renewal instructions.

Why is there no automatic renewal for 2025?

Last year, LAWPRO began a large and consequential transition to a new policy and claims administration system. As part of our transition process, we automatically renewed all LAWPRO policies from 2023 to 2024. This was a temporary measure due to the transition period.

The 2025 renewal process provides LAWPRO with necessary information to keep policy details up-to-date, establish risk ratings, and project future claims risks, all to ensure you have the policy most suited to you—with individualized coverage, premium, and deductible options. ■

Important Dates

- Real Estate and Civil Litigation quarterly transaction levies and forms due October 31, 2024
- Real Estate and Civil Litigation quarterly transaction levies and forms due January 31, 2025

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

What's new for 2025?

CPATA-compliant expanded coverage option for IP practitioners

LAWPRO is pleased to offer optional expanded coverage for patent and trademark agents in 2025 that will satisfy the insurance requirements set by the College of Patent and Trademark Agents (CPATA). This coverage is available to LAWPRO's insureds who are regulated by CPATA and require broader coverage than the base LAWPRO policy provides.

Specifically, the "Intellectual Property Business Coverage" endorsement (No. 15), provides coverage for extra-jurisdictional services (services with respect to another country and subject to laws that are not the law of Canada, its Provinces, or Territories). Standard LAWPRO policies without this endorsement do not provide such coverage for "extra-jurisdictional services."

The coverage limit for this endorsement is within the program's standard limits, of \$1 million per claim/\$2 million in the aggregate per policy period, applicable to claim expenses, indemnity payments and/or costs of repairs together.

The premium surcharge for this endorsement is \$2,000 annually per insured.

Using a digital funds management system? Know your coverage limits

Law Society licensees are currently being presented with options to transfer funds by companies other than traditional financial institutions and this presents new risks (for example, SureFund by Teranet). If you choose to use these systems, be aware that your LAWPRO insurance policy will only cover errors attributable to the actions of a lawyer providing legal services—the policy will not provide coverage for errors made by the digital funds management system itself.

This means that any funds "lost in transit," or losses caused by the actions, mistakes, or failures of the digital funds management system itself, its agents, or its operators, will not be covered under your LAWPRO policy.

Don't forget about our social engineering and fraud coverage

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.

Starting in 2024, claims related to or arising out of social engineering are ordinarily 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 following steps. ■

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President & CEO: Dan Pinnington dan.pinnington@lawpro.ca

Editor: Naomi Dummett naomi.dummett@lawpro.ca

Design & Production: Freeman Communications studio@freemancomm.com

lawpro.ca
Tel: 416-598-5800 or 1-800-410-1013 Fax: 416-599-8341 or 1-800-286-7639

LAWPRO Magazine is published by Lawyers' Professional Indemnity Company (LAWPRO) to update practitioners about LAWPRO's activities and insurance programs, and to provide practical advice on ways lawyers can minimize their exposure to malpractice claims. The material presented does not establish, report, or create the standard of care for lawyers. The material is not a complete analysis of any of the topics covered, and readers should conduct their own appropriate legal research.

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.





Q: 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,

For draft retainer language and more information on how to avoid social engineering, phishing and funds transfer frauds go to www.practicepro.ca/socialengineering. ■

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:

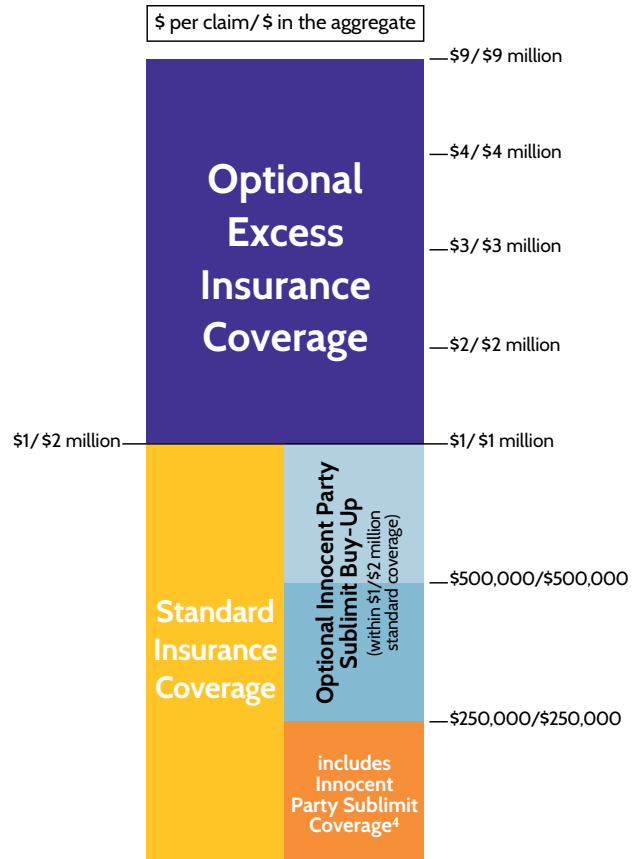
Fraud Prevention

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]

Lawyers in private practice

sole practitioners and
lawyers in association
or partnership¹



Standard insurance coverage

The base program

Eligibility:

Required of all lawyers¹ providing services in private practice.²

Premium reductions for new lawyers

LAWPRO provides premium discounts for new lawyers with less than 4 years of practice:

- 50% discount – less than one year of practice
- 40% - 2 years of practice
- 30% - 3 years of practice
- 20% - 4 years of practice

A “full year” of experience is deemed to be at least 200 days in practice, and years of experience as a licensed lawyer in practice in any jurisdiction will be considered when considering discount eligibility.

Coverage limit:

\$1 million per claim/\$2 million in the aggregate (i.e., for all claims made in 2025), applicable to claim expenses and/or indemnity payments (some exceptions apply).³

Standard deductible:

\$5,000 per claim, applicable to claim expenses and/or indemnity payments (some exceptions apply).³

Base premium:

\$3,250 per insured lawyer (plus PST).

Innocent party sublimit⁴

\$250,000 per claim/in the aggregate, applicable to claim expenses and/or indemnity payments (some exceptions apply).³

¹ Includes paralegals practising as partners or shareholders in combined licensee firms.

² Lawyers who are on temporary leave and qualify for exemption (c) are provided with the full limit coverage of \$1 million per claim/\$2 million in the aggregate provided under the base program.

³ Claim expenses include costs of Repairs and costs of Loss Prevention.

⁴ Coverage for dishonest (as defined), fraudulent, criminal or malicious acts or omissions.

Mandatory Real Estate Practice Coverage (for real estate practitioners)

Eligibility:

Required of all lawyers practising real estate law in Ontario in 2025.

Lawyers not eligible for the Real Estate Practice Coverage Option are:

- those who are in bankruptcy;
- those who have been convicted or disciplined in connection with real estate fraud; and/or
- those under investigation, where the Law Society obtains: an interlocutory suspension order or a restriction on the lawyer's practice prohibiting the lawyer from practising real estate; or an undertaking not to practise real estate.

Coverage sublimit:

\$250,000 per claim/\$1 million in the aggregate, applicable to claim expenses and/or indemnity payments (some exceptions apply).³

Premium:

\$100 per lawyer (plus PST).

Optional insurance coverages

Innocent Party Sublimit Buy-Up⁵

Eligibility:

Optional for all lawyers and eligible paralegal licensees practising in association or partnership (including MDPs, LLPs, and lawyer/paralegal partnerships), law corporations (with more than one lawyer and/or paralegal shareholder) and sole practitioners practising with employed lawyers.

Sublimit buy-ups & premiums:

Innocent Party Sublimit can be increased as follows:

- to \$500,000 per claim/aggregate for an additional \$75 per insured; or
- to \$1 million per claim/aggregate for an additional \$125 per insured.

Intellectual Property Business Coverage

Eligibility:

Available to lawyers practising intellectual property law and required by the College of Patent and Trademark Agents (CPATA) to hold expanded insurance coverage including coverage for service provided outside Canada or subject to foreign law.

Coverage limits:

\$1,000,000 per claim/\$2 million in the aggregate including coverage for services with respect to another country and subject to laws that are not the law of Canada, its Provinces, or Territories

Premium:

\$2,000 per lawyer (plus PST).

Excess insurance coverage

Eligibility:

Available to law firms (including multi-discipline partnerships and combined licensee firms) and to lawyers with topped-up Run-Off coverage.

Coverage limits:

Up to \$9 million per claim/\$9 million in the aggregate.

See page 7 for details of the Excess program. ■

⁵ LAWPRO strongly recommends that lawyers increase their optional coverage protection to the maximum sublimit offered, to provide comprehensive coverage and reduce the likelihood of gaps in coverage.

Did you know?

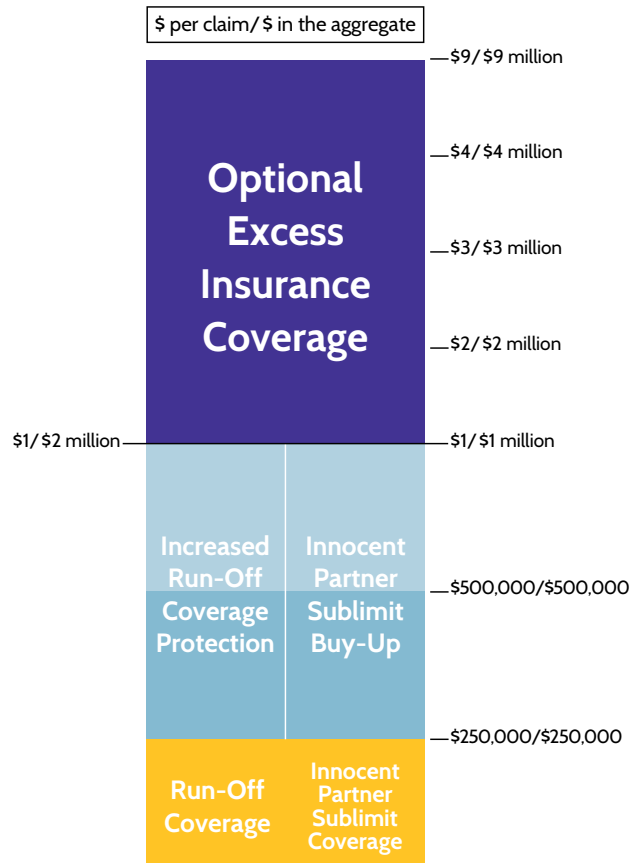
- All applicants who have the Restricted Area of Practice (criminal law and/or immigration law) discount are automatically exempt from all 2025 and future transaction levy filings and will not have to file an annual exemption form.

Remember to file transaction levy forms on time

- No transactions or matters? Quarterly reports still required: If you are practising in real estate or civil litigation, you need to file a transaction summary form even when there are no transactions or matters that quarter.
- Wondering if a transaction levy applies? Check out our information at lawpro.ca/faqs

Exempt lawyers

- in-house corporate counsel
- government lawyers, educators and others not in active private practice
- retired lawyers, estate trustees, emeritus lawyers, judges and others no longer practising law
- legal aid clinic lawyers (not directly employed by Legal Aid Ontario)
- lawyers who engage in only occasional practice in Ontario and are resident in a Canadian jurisdiction other than Ontario



The standard Run-Off coverage

Eligibility:

Provided at no charge to all lawyer members of the Law Society who are not in active private practice who qualify for exemption¹ from payment of insurance premiums and levies.

Coverage limits:

\$250,000 per claim/in the aggregate, not re-instated annually, subject to the following:

- applies to claims arising out of services provided while the lawyer was in private practice or otherwise maintained the full ongoing practice coverage;
- does not provide coverage for claims arising out of any services a lawyer provides while exempt from paying the insurance premium. The only exceptions to this are with respect to pro bono legal services provided through an approved pro bono legal services program associated with Pro Bono Ontario, with respect to qualifying mentoring activities, or where the lawyer has applied for and purchased additional coverage specifically for certain services yet to be performed as estate trustee, trustee for inter vivos trust, or attorney for property;
- applies to claim expenses and/or indemnity payments (some exceptions apply).²

- includes a sublimit coverage of up to \$250,000 per claim/in the aggregate for Innocent Partner claims;
- includes a sublimit coverage of up to \$250,000 per claim/in the aggregate for cybercrime claims.

Premium:

None for standard Run-Off coverage.

Deductible:

Deductible for Run-Off coverage is \$5,000 per claim applicable to claim expenses and/or indemnity payments (some exceptions apply).²

Member Assistance Program (MAP)

- LAWPRO provides almost half of the annual funding for the Ontario lawyers' Member Assistance Program. Through the MAP, legal professionals are able to access confidential mental health and wellness resources such as counselling on topics such as stress, anxiety, depression, and addiction. The MAP also offers confidential online wellness literature, child care resources, and elder care resources. For more information visit myassistplan.com.

¹ Lawyers who are on temporary leave and qualify for exemption (c) are provided with the full limit coverage of \$1 million per claim/\$2 million in the aggregate provided under the base program. Lawyers eligible for the "mobility" exemption have insurance coverage as described on lawpro.ca

² Claim expenses include costs of Repairs and costs of Loss Prevention.

Optional insurance coverages

Increased Run-Off coverage protection

Eligibility:

- optional for lawyers with only the basic Run-Off coverage who are concerned that claims now and in the future may exceed \$250,000 per claim/aggregate; or
- optional for lawyers named or acting as estate trustee, trustee for inter vivos trust, or attorney for property as residual work from their former law practice who wish to purchase expanded coverage for these services yet to be performed.

Coverage limits:

Exempt lawyers can apply to increase Run-Off coverage limits to:

- \$500,000 per claim/aggregate; or
- \$1 million per claim/\$2 million in the aggregate.

Terms ranging from two to five years are available.

Lawyers acting as estate trustee, trustee for inter vivos trust, or attorney for property:

Exempt lawyers can apply to increase Run-Off coverage protection to include protection for services yet to be performed as estate trustee, trustee for inter vivos trust, or attorney for property, as follows:

- apply for and purchase expanded protection for these services within the standard \$250,000 Run-Off coverage limit; and/or
- apply within the Increased Run-Off coverage limits, as described above.

Through a deeming provision, ongoing activities of this type may be included under the Run-Off coverage protection provided to you.

Premiums:

Underwritten on an individual basis, depending on the years practised, areas of law practised, the amount of time since the applicant was in private practice, and other risk-based factors.

Innocent Partner Sublimit Buy-Up³

Eligibility:

Optional for exempt lawyers who have applied for Increased Run-Off coverage and who may be concerned about their innocent partner exposure.

Excess insurance for law firms and lawyers with topped-up Run-Off coverage

Eligibility:

Available to law firms (including MDPs and CLFs), and to lawyers with topped-up Run-Off coverage.

Coverage limits:

The following Excess limits are above the \$1 million per claim/\$2 million in the aggregate limits of the primary program. Coverage is provided on a firm basis (i.e., for all firm lawyers for services on behalf of the firm):

- \$1 million per claim/\$1 million in the aggregate;
- \$2 million per claim/\$2 million in the aggregate;
- \$3 million per claim/\$3 million in the aggregate;
- \$4 million per claim/\$4 million in the aggregate; and
- \$9 million per claim/\$9 million in the aggregate.

Premiums:

Underwritten on a firm-wide basis, based on a risk assessment using, for example, information provided in the Excess insurance application, marketing materials of the firm and supporting documentation.

Questions?

Go to lawpro.ca/FAQS for answers to common questions

Coverage sublimits & premiums:

Innocent Partner Sublimit coverage can be increased as follows:

- to \$500,000 per claim/aggregate; or
- to \$1 million per claim/aggregate.

Underwritten on an individual basis, based on a risk assessment of information provided in the Innocent Party Sublimit Buy-Up application. ■

³ LAWPRO strongly recommends that lawyers increase their optional coverage protection to the maximum sublimit offered, to avoid gaps in coverage.