

# Protecting you for 30 years

## LAWPRO: A helping hand in a storm; a friend in rough waters

Sometimes, the future can seem like a sea of uncertainty: a vast ocean of undulating risk and reward stretching to the horizon. Recent years have shown just how rocky these waters can be—pandemic lockdowns, worldwide inflation, and the economic threat of trade disputes have roiled the expectations and muddled the plans of all Canadians.

Ontario lawyers understand the importance of preparing for tomorrow's risk today. That's where LAWPRO comes in. LAWPRO not only responds to malpractice claims when they arise, but we help prevent claims in the first place by informing lawyers about today's risks and tomorrow's dangers.

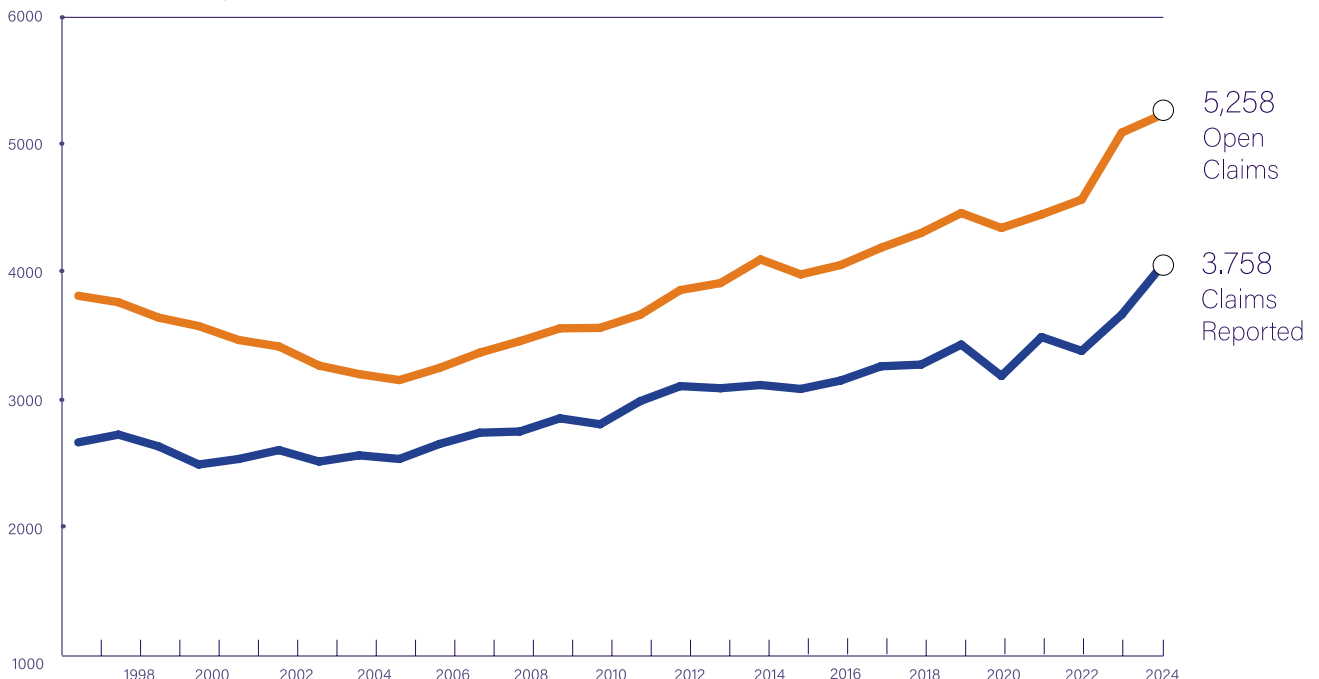
LAWPRO celebrates its 30th anniversary this year: 30 years of providing security and assurance to Ontario lawyers and the public at large. But LAWPRO isn't just taking this time to look back; we're looking to the future. With our new online portal for insureds, LAWPRO is constantly improving the way we provide insurance. And with recent expansions of our policy, LAWPRO covers more risks than ever before.

## LAWPRO is always protecting insureds from a rising tide of E&O claims

LAWPRO saw 3,758 claims in 2024, an increase from the 3,272 claims seen in 2023 and another new high.

### Number of claims reported and open claims

Total number of open claims at Dec. 31, 2024



Of course, more claims mean more costs. In 2024, the total cost of the Primary Program indemnity payments and expenses increased by 5%. The cost per claim at 36 months after reporting—when crystalized costs can more accurately be estimated—increased from \$30,707 (for claims reported in 2021) to \$33,288 (for claims reported in 2022). While the costs per claim after three years are lower than the highs reported 15-20 years ago, the recent increase in the total number of claims reported in 2023 and 2024 require us to remain vigilant in efficiently defending and closing cases in a cost-effective manner.

With a record number of claims, LAWPRO's claims counsel rolled up their sleeves and got to work, closing 36% more files in 2024 than the year before. LAWPRO's response to increasing claims trends is multifaceted: We hired additional claims counsel to respond to new claims, but we also took steps to reduce the number of incoming claims in the first place by educating the profession on current risks and claims trends through LAWPRO Magazine, online CPDs, and regular presentations to lawyers around Ontario.

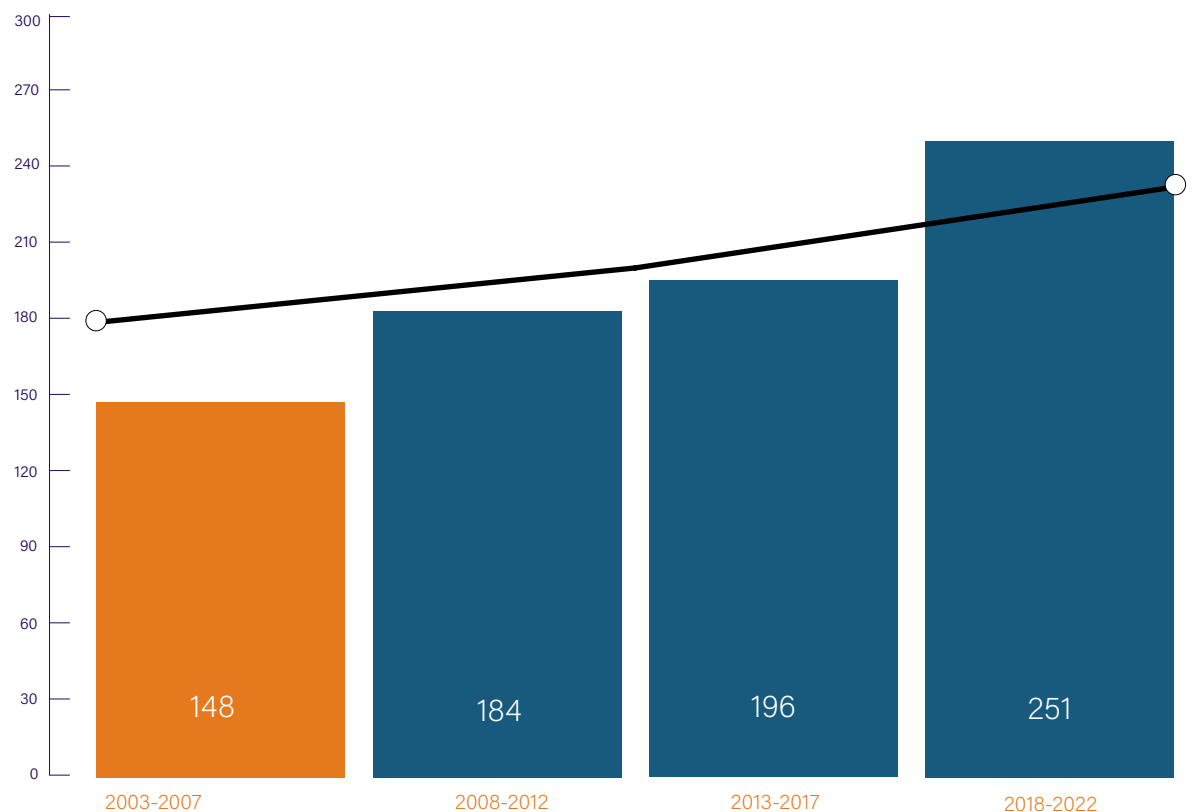
To respond to the needs of our insureds, LAWPRO also recently expanded the scope of the policy in two ways. First, in 2024 LAWPRO revised the policy to respond to the increase in social engineering threats against lawyers. In general terms, social engineering is fraud that is perpetrated by deceiving a target into revealing information or taking action for illegitimate reasons. It is often associated with phishing or email impersonation and can lead to incorrectly wiring funds or transferring property.

Beginning in 2024, Ontario lawyers must now take steps to protect their firm and their clients from Social Engineering to maintain a \$1 million limit for these claims. These steps include establishing instructions for the transfer of funds at the outset of the retainer and confirming any changes to these instructions by telephone call or meeting the client. For more information, please see our Social Engineering Toolkit.

Second, beginning in 2025, LAWPRO offers increased protection for intellectual property lawyers that meets their insurance requirements as mandated by the College of Patent and Trademark Agents. This endorsement can be purchased by insureds regulated by CPATA and provides coverage for extra-jurisdictional services.

## Average number of claims

with a value greater than \$100,000



# LAWPRO adapts by reviewing our data on the causes of claims and the areas where they occur

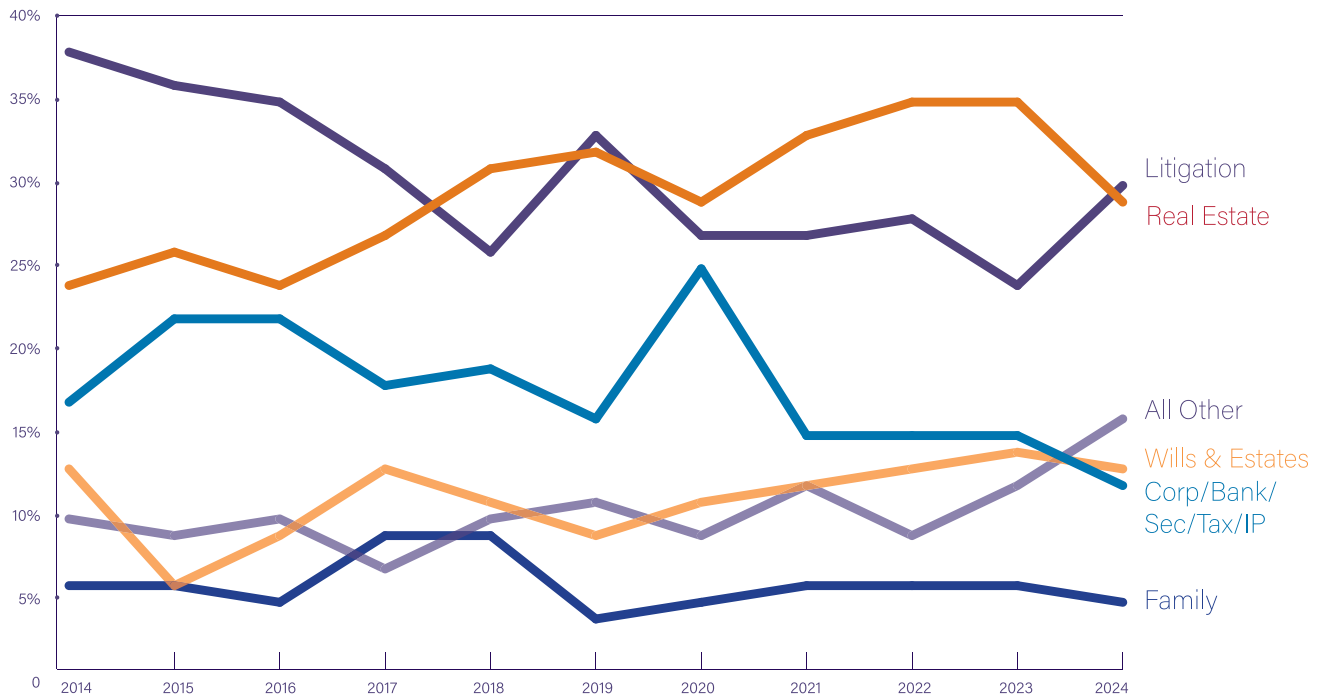
To stay abreast of current trends and to best inform the profession of malpractice threats, LAWPRO is always keeping an eye on claims statistics. By tracking changes over time, LAWPRO can respond to macro-trends and provide relevant claims prevention assistance to the profession.

In 2024, the largest percentage of reported claims costs continued to be related to real estate (29%) and litigation (28%). While the cost of litigation claims increased dramatically, the total number of litigation claims remained stable year-over-year (to 729 from 719). These increased costs are therefore primarily due to an increase in the complexity of the claims we are seeing.

While the proportional costs of real estate claims decreased in 2024 (to 27% from 34%), there was an increase in the total number of real estate claims to 867 from 799. While this increase in the number of real estate claims was partially due to an increase in fraud—targeting lawyers and their clients—it is primarily a consequence of an increasingly active real estate market.

We also continue to see an increasing number of claims in wills and estates. 422 such claims were reported in 2024, a 5% increase from 2023. With an aging population comes an increase in the number of large estates, and as the number of large estates increases, the number of potentially litigious beneficiaries also increases. LAWPRO will continue to keep an eye on this area of law in the years to come.

### Distribution of claims by area of practice



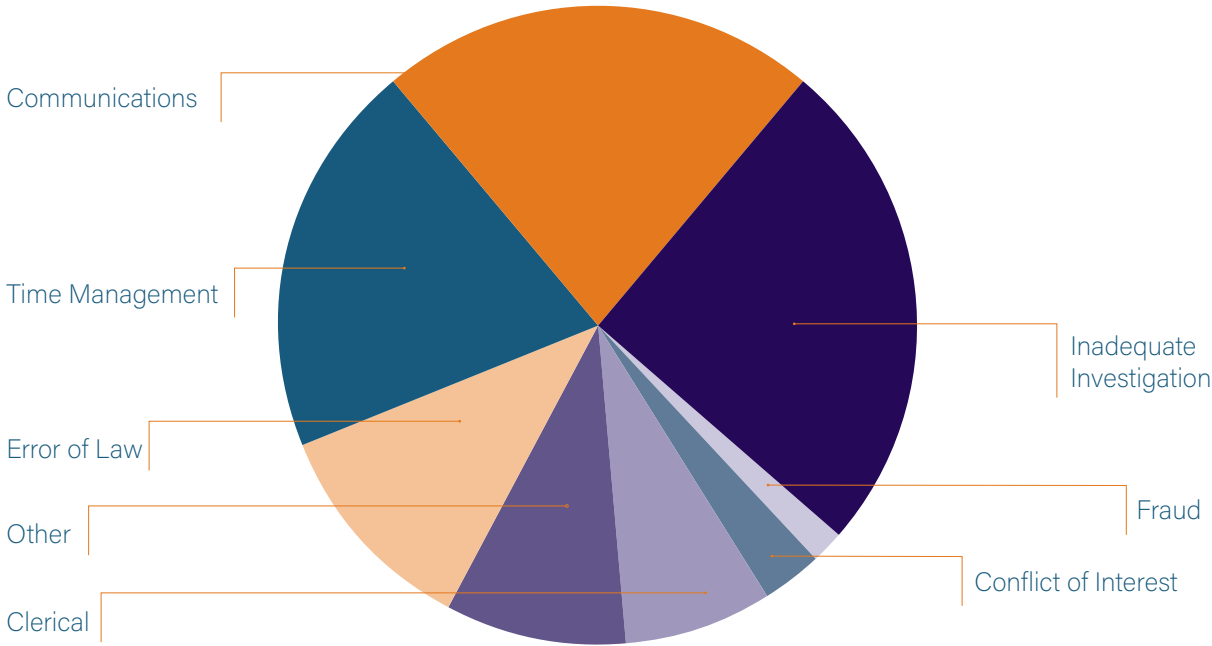
# Causes of claims

The investigation of claims can take up to a year or more after an initial report. For this reason, LAWPRO is cautious when interpreting short term fluctuations in the cause-of-loss data.

As in recent years, inadequate investigation, communication errors and time management mistakes caused the most claims. Five years ago, in 2020, we saw a sharp decrease in the number of claims caused by time management and communication-related errors. This was largely due to changes brought on by the pandemic, such as the tolling of limitation periods reducing the quantity of claims brought on by missed limitation periods.

In 2024, time management and communication claims largely returned to their pre-pandemic proportional level. One reason for the previously reduced number of time management claims was the pause on administrative dismissals the courts continued through 2024 (where court clerks will dismiss cases that haven't been set down for trial 5 years after commencement). While we expected time management claims to rise in the wake of the return of administrative dismissals in May of 2024, the potential deluge of claims never came. This may, in part, be due to the pre-emptive measures LAWPRO took to educate the profession prior to the lifting of the pause, including communications to all practising lawyers advising them to take specific note of the relevant timelines for every case still moving through the system.

## Reported claims count by cause of loss

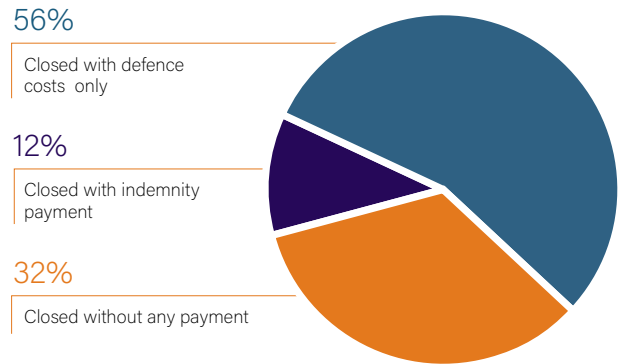


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# LAWPRO continues to close claims and give insureds peace of mind

As a policy, LAWPRO does not pursue economic settlements and will defend insureds vigorously from false or frivolous claims. In 2024, 88% of claims files that came in were closed without any indemnity payments, whether by settlement or judgment. In fact, 32% of claims were closed without payment of any kind.

## Claims by outcome



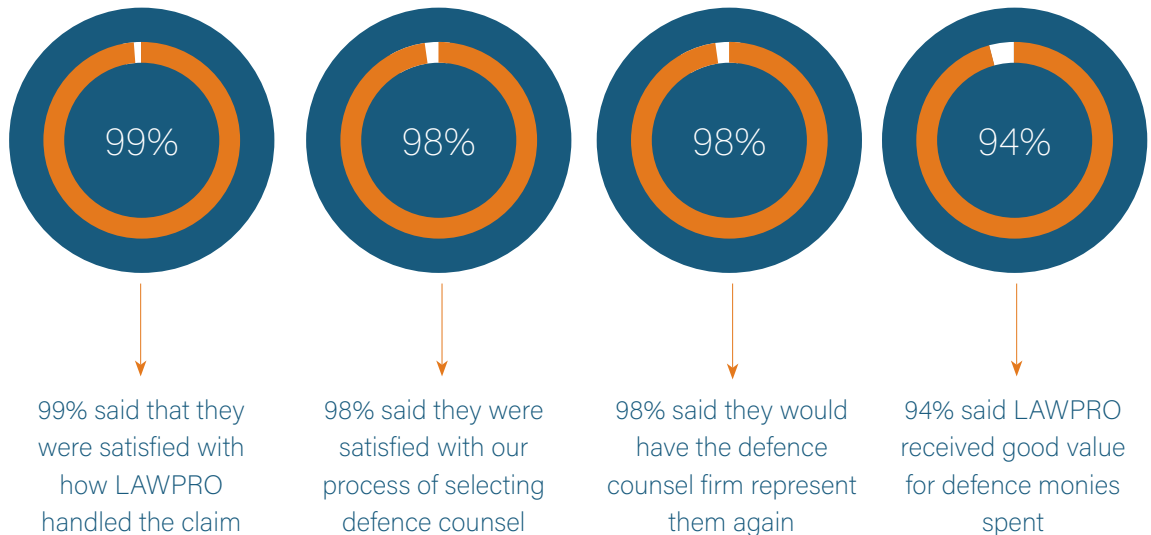
## Trial results:

Successful on matters taken to trial: 7 out of 8

Successful on summary judgment motions: 10 out of 14

Successful on summary judgment appeals: 2 out of 2

The annual survey of LAWPRO E&O insureds with a closed claim indicated the following:

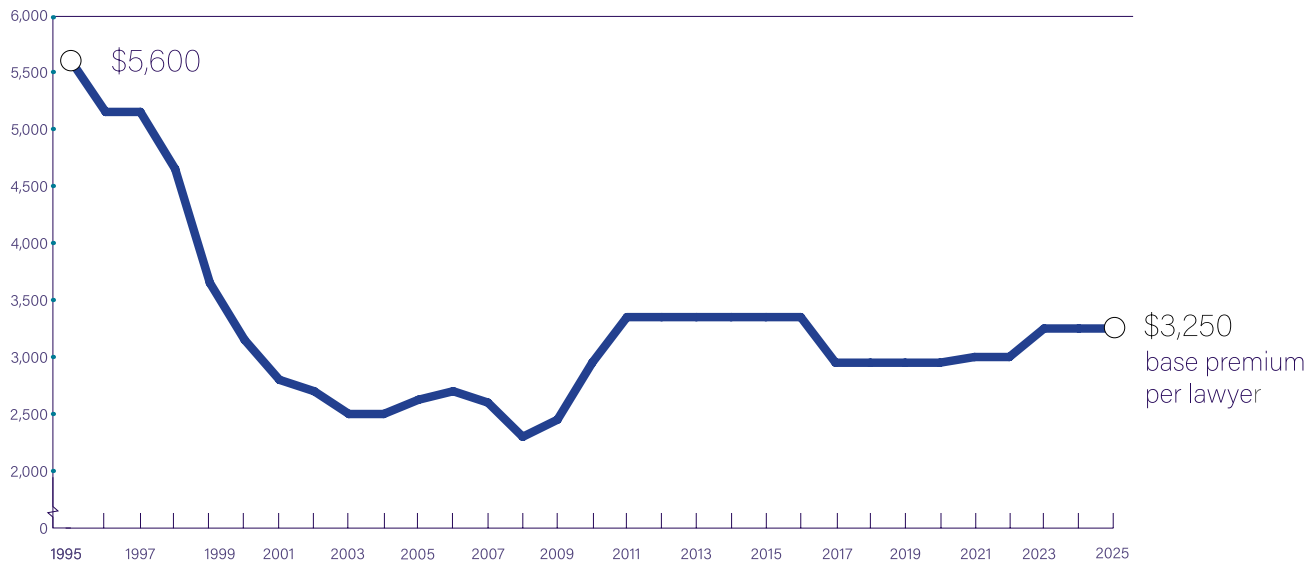


# LAWPRO covers more lawyers and more risks than ever before

Under the mandatory E&O program, LAWPRO insured over 31,000 lawyers in 2024.

For the 2024 year, the base premium remained \$3,250. However, the annual LAWPRO premium paid by most Ontario lawyers is lower today than it was in the past – something you won't find with just about any other type of insurance. In fact, as recently as 2016, the base LAWPRO premium was \$3,350 -- \$100 more than today.

## Base premium since inception



## Did You Know?

If the base premium charged when LAWPRO was created were to be adjusted for inflation today, it would be \$11,672.95. In other words, today's premium of \$3,250 (adjusted for inflation) is approximately 72% less than what it was in 1995.



## LAWPRO is focused on reducing the cost of insurance

One of the hallmarks of the LAWPRO E&O program is its flexibility. Lawyers have several options to tailor their insurance coverage to their specific needs – often with the added benefit of reducing the actual premium payable below the base premium level.

### Discounts and coverage options

Option	Number of Insureds
<b>New Lawyer Discount</b> 20 to 50 % base premium discount for those called in the last one to four years	6782
<b>Part-Time Practice Discount</b> 50 % base premium discount for eligible lawyers	2476
<b>Restricted Area of Practice Option Discount</b> 50 % base premium discount for immigration/criminal law practitioners	1920
<b>Innocent Party Buy-Up</b> Increase in Innocent Party sublimits up to as much as \$1 million per claim/aggregate	4548
<b>Run-Off Buy-Up</b> Increase limits for past services from \$250,000 per claim/aggregate to as much as \$1 million per claim/\$2 million aggregate	1515
<b>Real Estate Practice Coverage Option</b> Required for all lawyers practising real estate law in Ontario	9619

For new or retiring lawyers, LAWPRO offers reduced premiums to address their reduced risk profiles. New lawyers see fewer claims than those with more experience, which may be partly due to having less responsibility over various files than their senior colleagues. LAWPRO responds to the reduced risk inherent in new lawyers by providing premium discounts to those with less than four years of practice. This discount ranges from 50% of base premium (for lawyers with less than one full year in practice) to 20% of base premium (for lawyers with between three and four years in practice).

For lawyers that are retiring or leaving private practice and provide notice of such, LAWPRO offers Run-Off coverage of \$250,000 per claim and in the aggregate, at no charge. Additional coverage options are available for lawyers who need more protection beyond that amount.

# LAWPRO is helping firms that need more coverage

## Excess insurance

Since it was established in 1997, LAWPRO's optional Excess insurance program has posted consistent annual growth in revenues and numbers of law firms (and lawyers) insured under the program. Over 1,600 firms received their excess insurance from LAWPRO.

With consistent year-over-year growth, and a retention rate on excess business of over 90%, the program is shown to meet the needs of the small and medium-sized firms that it is designed to serve.

In fact, LAWPRO's Excess program insures almost 20% of lawyers employed in firms of 50 or fewer lawyers. Prudent underwriting and solid claims management have helped ensure that the Excess program is a successful line of business for LAWPRO.

## Title insurance

TitlePLUS is growing, and as the only wholly Canadian-owned title insurer, we're uniquely positioned to safeguard the interests of Ontario's lawyers and homeowners. By strengthening the position of Canadian lawyers, we're empowering their expertise and advancing the Canadian market and economy.

TitlePLUS is the only title insurer in Canada that includes legal services coverage that provides assurance against errors and omissions made by the lawyer for the entire transaction, excluding properties in Quebec and Existing Owner policies.

# LAWPRO is always working for you – Our Customer Service department

For years, the annual volume of correspondence received by the Underwriting & Customer Service department has been in the range of 20,000 to 25,000 pieces. But recent years have seen this increase to almost 50,000.

Consisting of approximately 25 team members, the department is responsible for maintaining accurate records for all insureds, policy drafting, program guides, forms, underwriting optional coverages, processing filings, and answering questions from licensees.

LAWPRO's Underwriting & Customer Service department is the point of contact for licensees seeking to renew, change or inquire about their insurance options. A new account is established soon after a lawyer is called to the Ontario bar, and existing accounts are adjusted as lawyers move their practice or move out of private practice entirely.

Correspondence received by the department is more than just coverage questions. It includes applications such as increased run-off, new applications for primary coverage, Excess applications, increased innocent party limits, exemption forms, notices about lawyers leaving and joining firms, refund requests, and many others.

Even with the increase in communications and applications, LAWPRO is proud to maintain and meet a goal of answering 80% of all calls within 80 seconds. And the implementation of new technologies will allow even faster and more effective service in the future.