

LAWPRO Update

Dan Pinnington

LAWPRO President & CEO

- 2021 insurance program changes
- COVID19 impact on LAWPRO
- COVID19 claims
- Practice resources
- Questions

2021 insurance program changes

Innocent party now included in primary policy

Innocent Party coverage will be included for all lawyers as part of the base policy

\$250K sublimit

Addresses wide variety practice structures and arrangements as well as possible increases in fraudulent activity as we likely head into a recession

Innocent Party coverage for all

Premiums down for many, up for some

Premiums will be \$75 lower for 70% of insureds - over 20,000 Ontario lawyers

Increase of \$25-\$50 for the remaining 30%, depending on whether they are paying a full or discounted base premium

Base premium: \$3,000

New calls: 20 – 50% discount

6,122 lawyers (21% of all insureds)

Part-Time Practice: 50% discount

2,277 lawyers (8% of all insureds)

Criminal or Immigration law: 50% discount

1,762 lawyers (6% of all insureds)

Designated Agencies including CSOs: 75% discount

LAWPRO Risk Management Credit: Up to \$100 credit applied for completion of approved educational programs

*35% get
discount*

“Risk rating” discounts

Year	2020	2021
Base premium	\$2,950	\$3,000
1. Sole Practitioner Real Estate Law <ul style="list-style-type: none"> ▪ \$10,000 defence & indemnity deductible ▪ early lump sum payment discount ▪ \$250,000 Innocent Party coverage 	\$2,854	\$2,825
2. New Lawyer Practising in Association <ul style="list-style-type: none"> ▪ first year in practice discount ▪ \$250,000 Mandatory Innocent Party cover ▪ \$10,000 defence & indemnity deductible ▪ early lump sum payment discount 	\$1,329	\$1,225
3. Criminal Lawyer (sole practitioner) <ul style="list-style-type: none"> ▪ Restricted Areas of Practice discount ▪ \$10,000 defence & indemnity deductible ▪ early lump sum payment discount 	\$1,204	\$1,225
5. Part-time Lawyer (in association) <ul style="list-style-type: none"> ▪ Part-time Practitioner discount ▪ \$1,000,000 Optional Innocent Party cover ▪ \$10,000 defence & indemnity deductible 	\$1,504	\$1,400
6. Firm Practitioner with 1 Claim <ul style="list-style-type: none"> ▪ claims history levy surcharge ▪ \$5,000 defence & indemnity deductible ▪ \$250,000 Mandatory Innocent Party cover 	\$5,575	\$5,500

2020 vs 2021

Some premium examples

Consolidated renewal deadline

Single filing deadline of November 9 applied to all renewals (instead of multiple staged deadlines).

Surcharge reduced from \$885 to \$600 (reduced to \$350 if renewal applications in by a late filing deadline).

To ensure fairness for all, this surcharge will be strictly enforced.

Increase fairness

Simplify deadlines

Lower costs by reducing administrative work

Easy one-click renewal if no changes

Quickly renew coverage by clicking one button instead of completing the previous form.

This saves insureds time, reduces the likelihood of error, and decreases administrative costs for LAWPRO.

New! One-Click renewal

Payment is not due until 2021

Surcharges will be strictly enforced:

- \$350 if filed late (November 10-30) or
- \$600 if not filed before December 1

65% of eligible insureds used this!

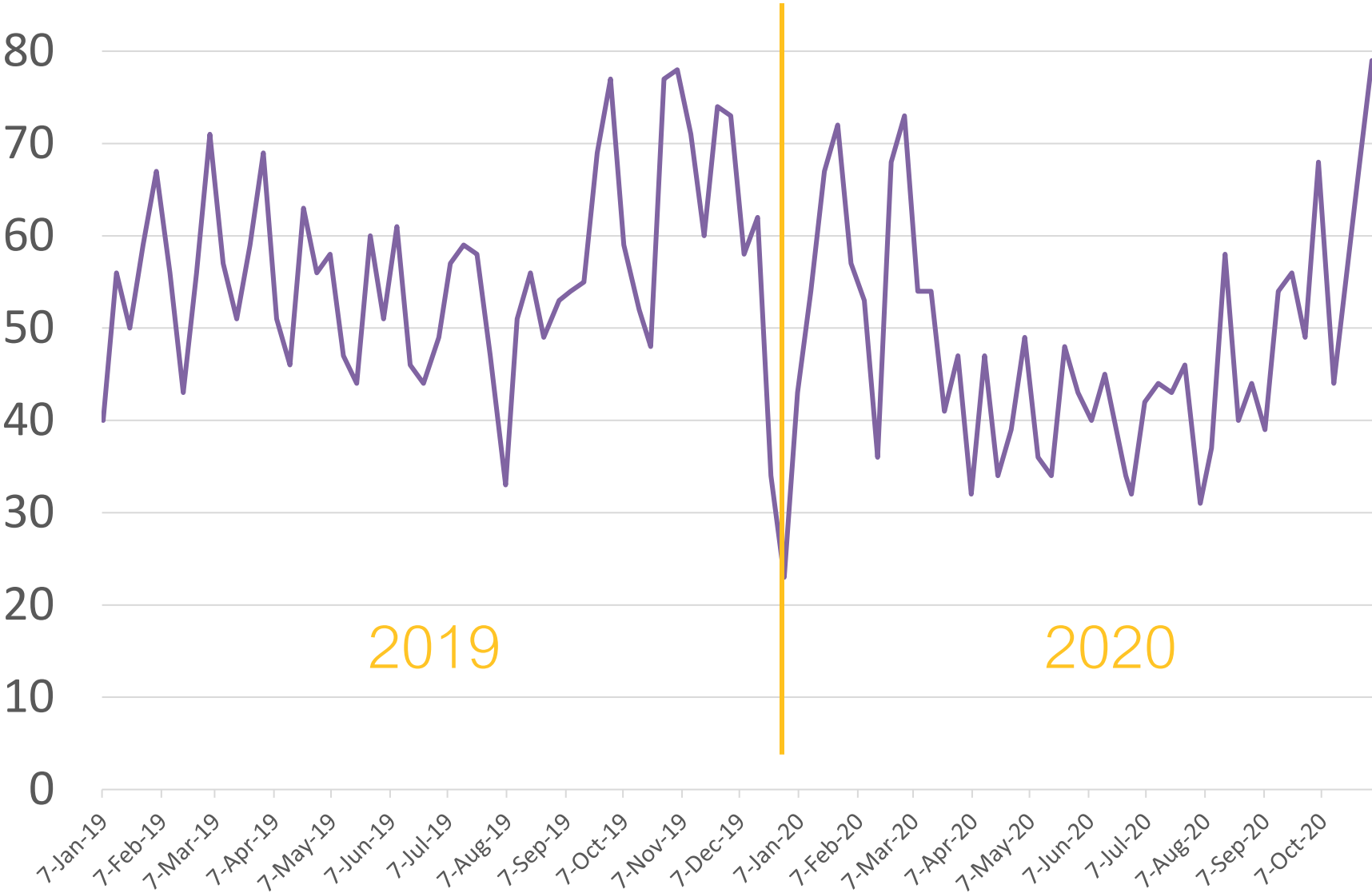
COVID19 impacts on LAWPRO

LAWPRO operational status

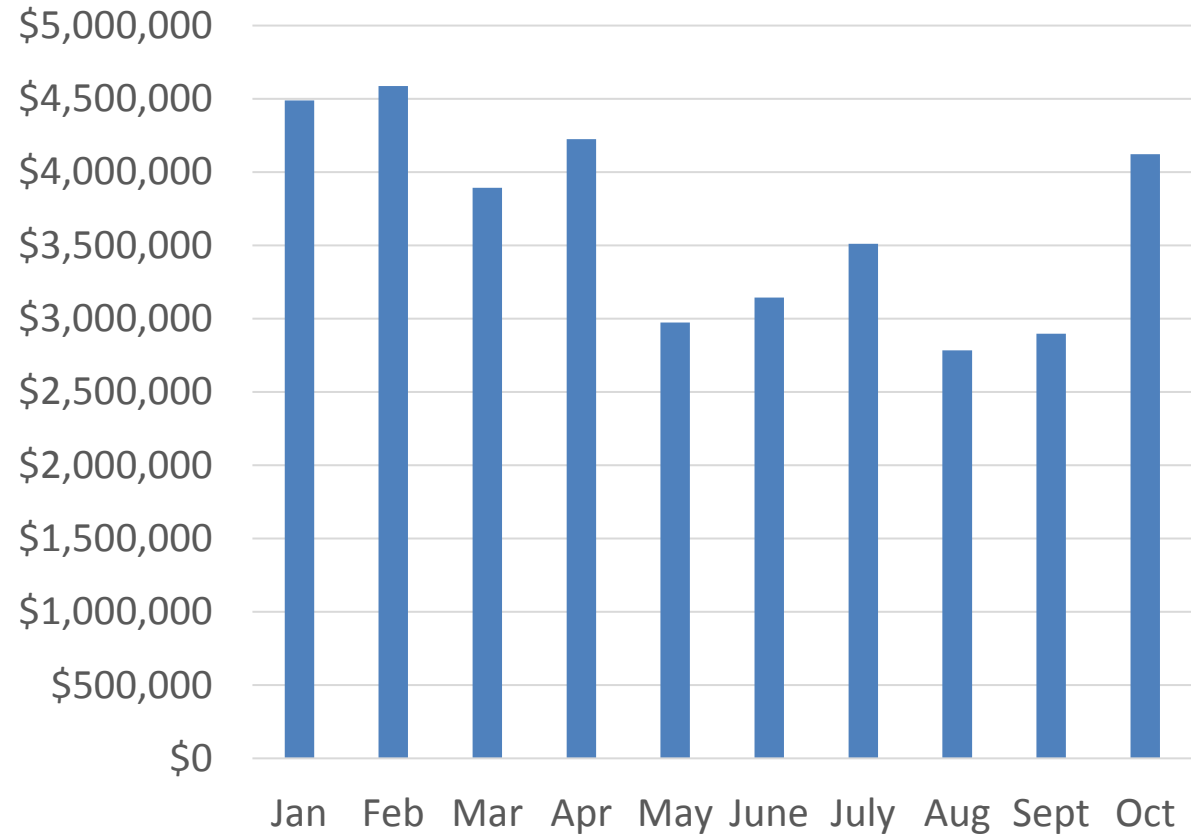
- “Business as usual” as much as possible
- Majority of staff working from home
- Transition to WFH went well
- Minimal “essential” work at our office
- All required tasks and functions occurring
- Continue to meet regulator’s capital requirements, but lower transaction levies and a reduction in our investment portfolio pushed us below the bottom end of our preferred capital range
- And the claims haven’t stopped coming in!!



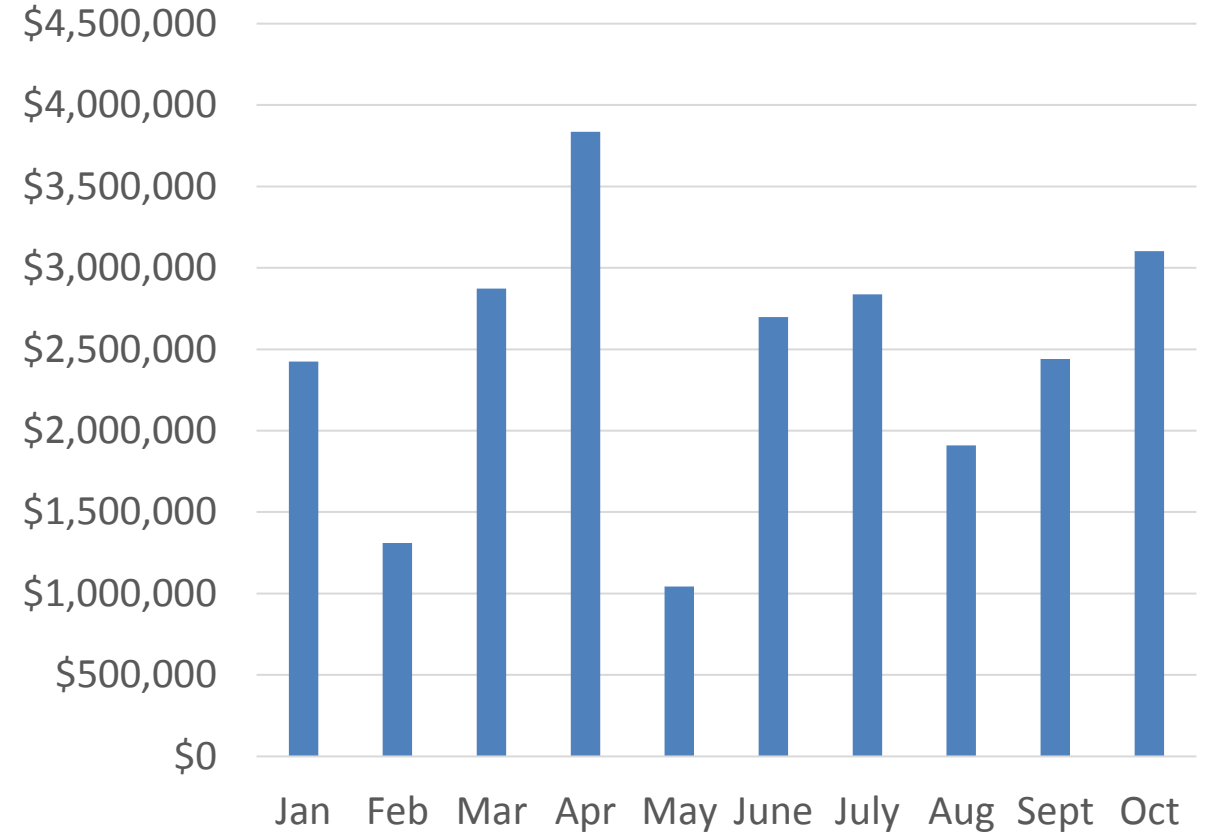
Newly reported claims count by week 2019-2020YTD



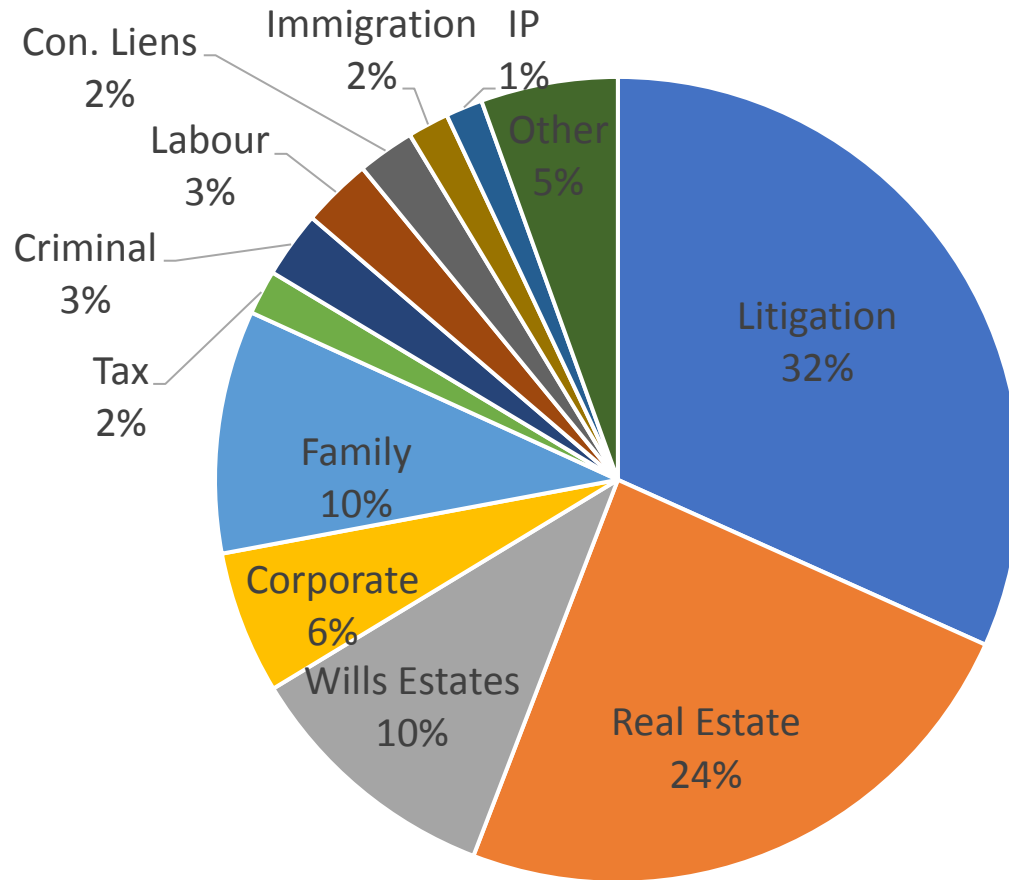
Expense payments in 2020



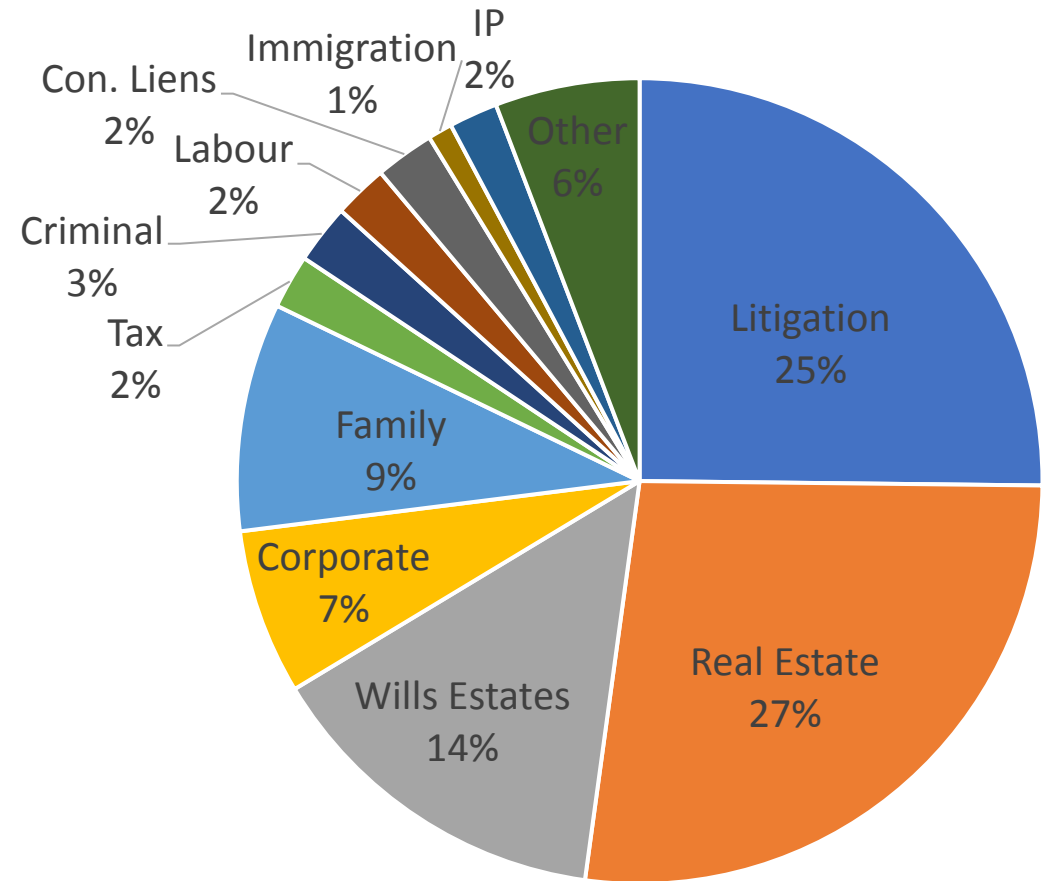
Indemnity Payments in 2020



Claims by area of law

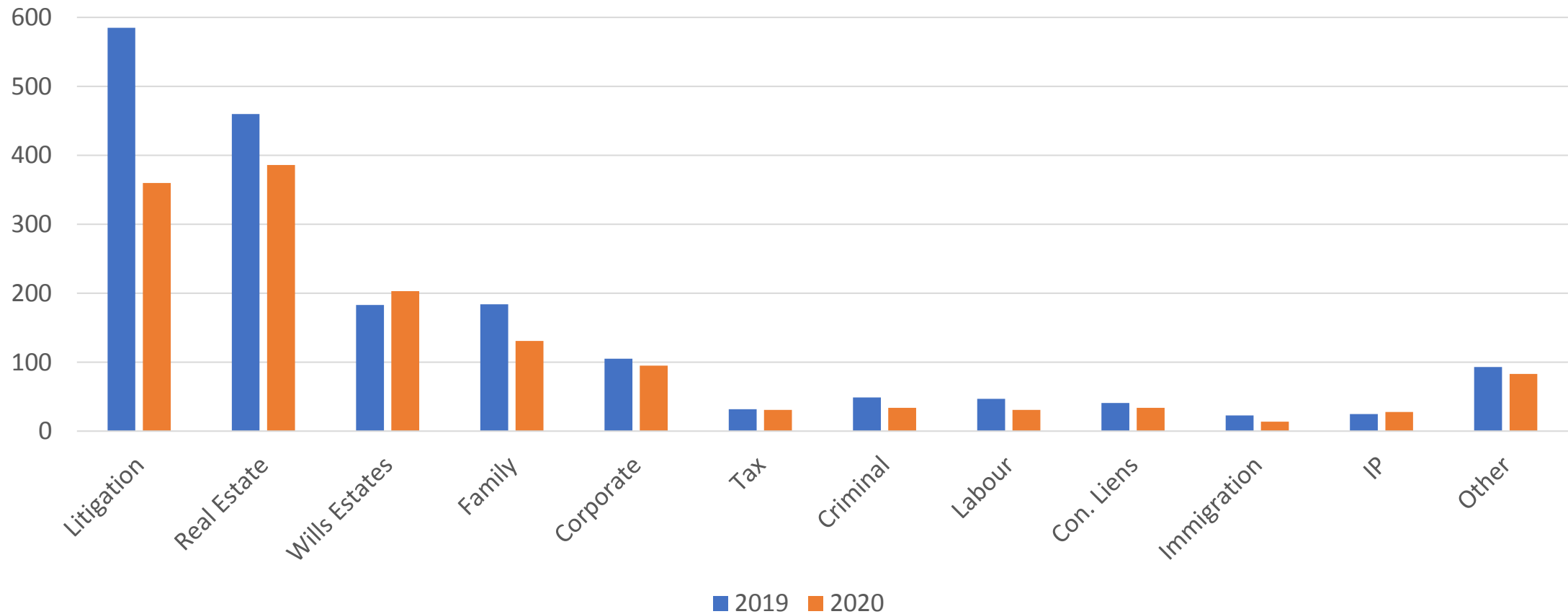


Claims reported in 2019

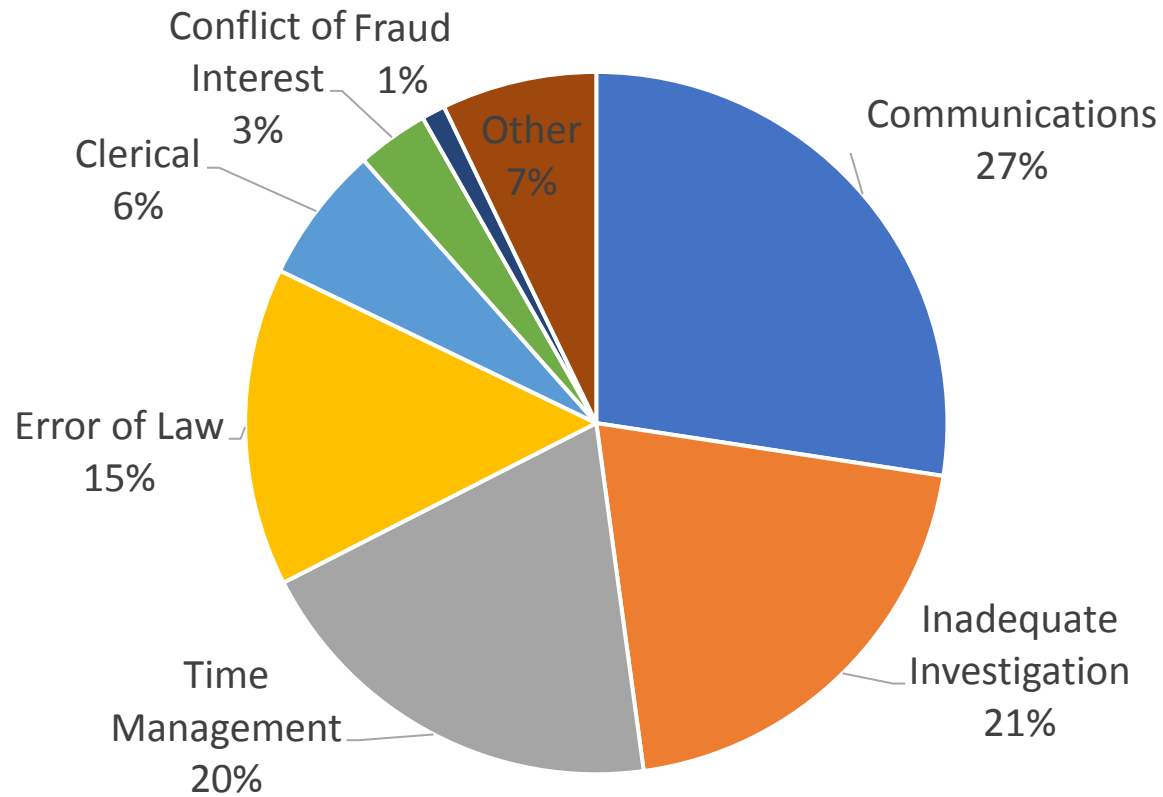


Claims reported March 15 to Oct 31/20

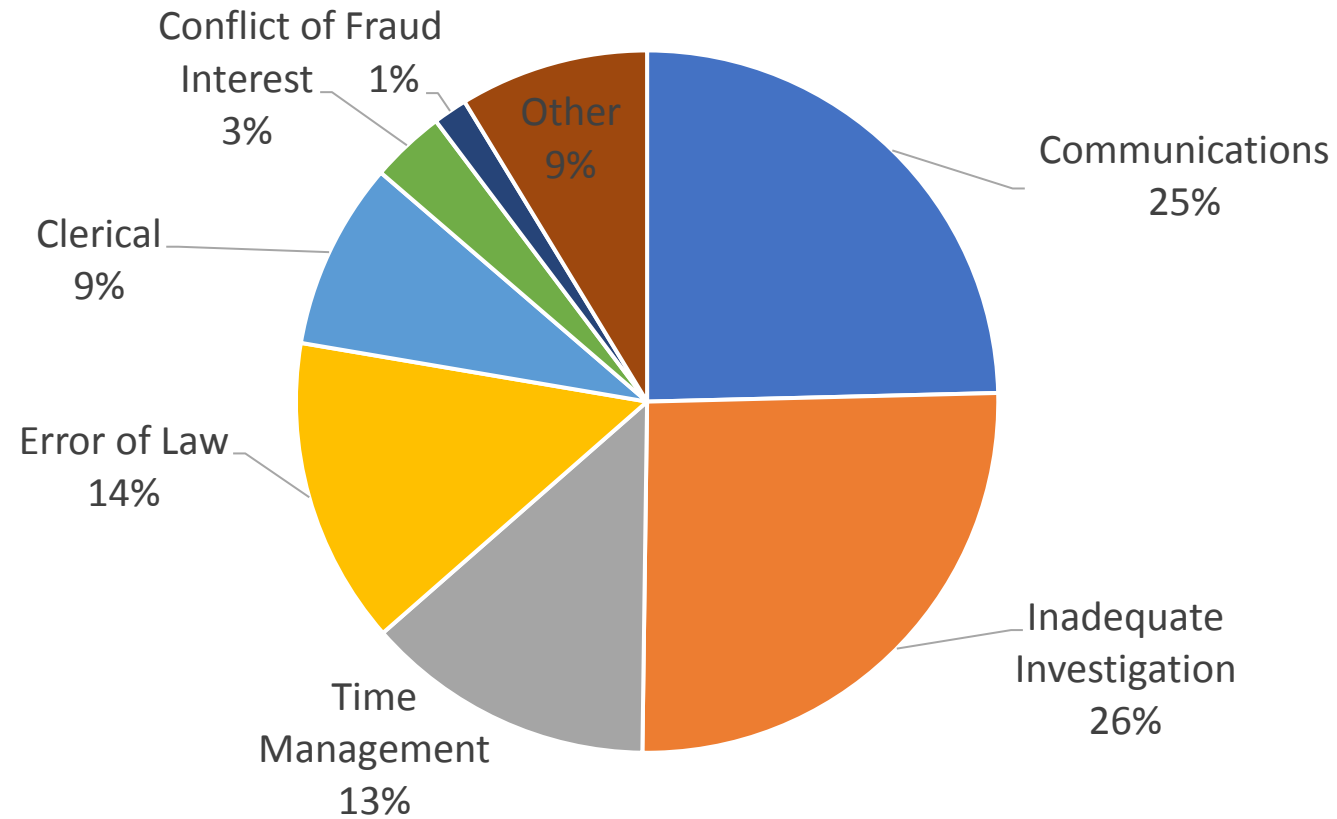
Claims by area of law March 15 to Oct 31 (year to year comparison)



Claims by global description of loss



Claims reported in 2019



Claims reported March 15 to Oct 31/20

LAWPRO has 29 COVID19-related claims

- The underlying value of asset(s) impacted by the pandemic
 - Client alleges error by lawyer on commercial/real estate deal
 - Client allege delay by lawyer caused losses
- Limitation periods/procedural deadlines
 - Pandemic caused lawyer to miss deadline
 - Confusion regarding suspension, temporary arrangements or lifting of suspension
- Operational errors
 - Lockdown measures, such as travel restrictions which frustrated the ability to perform an action

Looking ahead...

Economic downturns mean increased claim counts and costs (severity)

- Clients blame lawyers for losses
 - Lawyer blamed for losses not predicted or foreseen
 - Allegation that delay in coming to resolution caused losses due to lower valuations
- Clients want out of deals
 - Allege mistake by lawyers
- Lawyers try to help clients by doing inappropriate things
 - E.g., Backdating documents, taking shortcuts
- See more misappropriations and fraud
- The global shutdown makes this time bigger and different

Factors impacting claims costs

Factors **increasing** claims costs:

- Economic downturn
- More limitations period issues
- More misappropriations
- Clusters (e.g., mental health)
- More cyber claims
- More dabblers/generalists
- More estates claims

Factors **decreasing** claims costs:

- Reduced defence costs
 - Courts shut down
- Economic downturn
 - Reduced legal services due to reduced demand
 - Reduced personal injury work
- Fewer lawyers

Pandemic financial realities for LAWPRO

- For 2020
 - Claims count down from 2019
 - Claims costs similar to 2019
 - Transaction levies several million lower than budget
 - Investment portfolio on way back from significant drop
 - Capital pushed below preferred range but recovering
- For 2021:
 - Assuming more economic activity, but also a hangover from 2020
 - Expect claims counts and costs to go higher and increased severity (cost per claim)
 - Revenue (transaction levies and investments) up or down?
- Claims count and costs in 2022 and beyond?

Expect a premium
increase in 2022

Places to Learn More

Covid resources page:

practicepro.ca/covid

Visit the [@practicePRO](https://practicepro.ca/covid) Covid-19 Articles and Resources page for information on the latest developments, changes in the law and court procedure and resources to make remote practice easier



Covid-19 Articles & Resources

The disruptions resulting from the Covid 19 virus are causing uncertainty for many lawyers as they attempt to run their practices ...

practicepro.ca

**Top articles on
Covid resources page:**

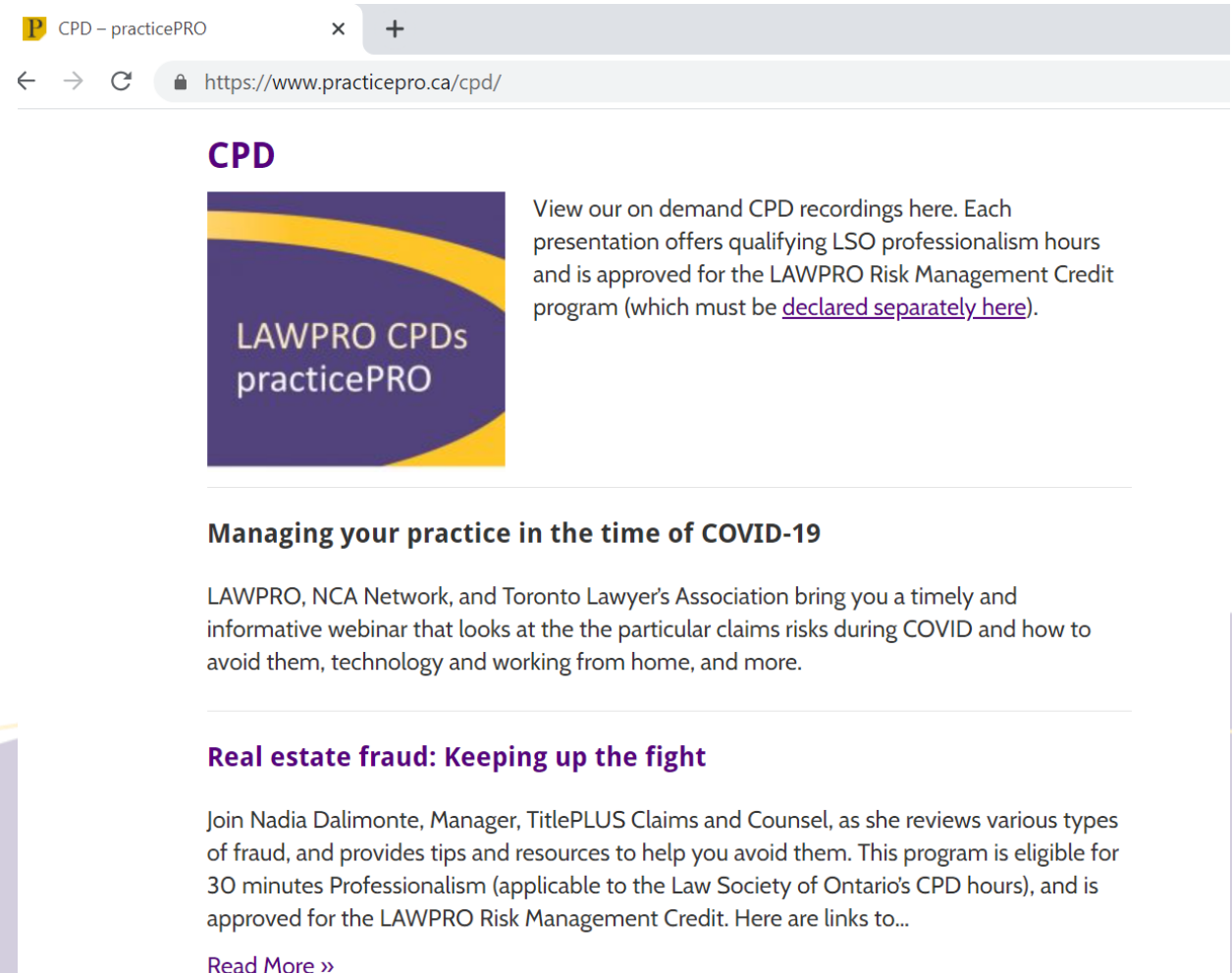
practicepro.ca/covid

- Work from home technology tips
- Ten tips for effective video conferencing
- Video conferencing checklist
- Security tips for hosting a Zoom meeting

- New post coming on dealing with limitation periods coming

New LAWPRO CPD

- Free
- Anytime / anywhere
- Accredited professionalism content
- Eligible for LAWPRO's Risk Management Credit



The screenshot shows a web browser window with the address bar displaying "https://www.practicepro.ca/cpd/". The page title is "CPD - practicePRO". The main content area features a purple and yellow graphic with the text "LAWPRO CPDs practicePRO". To the right of the graphic, there is a paragraph: "View our on demand CPD recordings here. Each presentation offers qualifying LSO professionalism hours and is approved for the LAWPRO Risk Management Credit program (which must be [declared separately here](#))."

Managing your practice in the time of COVID-19

LAWPRO, NCA Network, and Toronto Lawyer's Association bring you a timely and informative webinar that looks at the the particular claims risks during COVID and how to avoid them, technology and working from home, and more.

Real estate fraud: Keeping up the fight

Join Nadia Dalimonte, Manager, TitlePLUS Claims and Counsel, as she reviews various types of fraud, and provides tips and resources to help you avoid them. This program is eligible for 30 minutes Professionalism (applicable to the Law Society of Ontario's CPD hours), and is approved for the LAWPRO Risk Management Credit. Here are links to...

[Read More »](#)

AvoidAClaim.com

Get the latest news on claims prevention and practice management

AvoidAclaim.com

Report a fraud at
fraudinfo@lawpro.ca

The screenshot shows the AvoidAClaim.com website interface. A red line highlights the navigation bar, which includes links for Home, practicePRO Resources, All Fraud Warnings, About, Contact, and Subscribe. Another red line points to the 'REPORT A FRAUD' button in the top right corner. A third red line points to the 'Search AvoidAClaim.com' box, which contains a search input field and a 'SEARCH »' button. A fourth red line points to the 'Subscribe' button in the bottom right corner. The main content area features a 'Latest Blog Posts' section with a post titled 'Always up-to-date LTT and NRST Frequently Asked Questions' and a 'Latest Fraud Warnings' section with several entries about equipment purchase scams.

Search AvoidAClaim.com

enter search term(s) **SEARCH »**

Subscribe

Questions please!

Thank you and stay in touch!

Dan Pinnington

President & CEO, LAWPRO

dan.pinnington@lawpro.ca

Web: www.practicepro.ca and www.lawpro.ca

Blogs: AvoidAClaim.com

Twitter: @LAWPRO and @practicePRO