

Coverage Information



500 – 845 Cambie Street, Vancouver, BC, V6B 4Z9
t 604.669.2533 | BC toll-free 1.800.903.5300
LIF 604.682.8911 | f 604.682.5842
TTY 604.443.5700
Email indemnity@lif.ca | www.lif.ca

What's covered under the Professional Liability Indemnification Policy

This information sheet explains the coverage available under the [BC Lawyers Professional Liability Indemnification Policy](#)¹ (the “Policy”). The wording of the Policy governs any claim or potential claim.

Type of coverage, limits of liability and deductibles

Part A: professional liability indemnity coverage for negligence

Part A protects you if you are liable for negligence and ensures that clients receive compensation to which they are entitled. As a covered lawyer, you have \$1 million of coverage for each error, and an annual maximum of \$2 million for all errors reported during the year.

The consequences of a paid claim are:

- a deductible of \$5,000 for the first paid claim and \$10,000 for each subsequently paid claim within three years of the report date of the first claim, and
- for each of the next five years, a surcharge of \$1,000 is applied to the indemnity fee and you are ineligible for the part-time discount.²

Part B: trust protection coverage for dishonest appropriation

Part B ensures that innocent members of the public do not suffer a financial loss through theft by you.

¹ www.lif.ca/your-policy/the-policy-wording/

² These consequences are waived if the payment relates to sanctioned pro bono services or a real estate lawyer's advice given pursuant to the [Conveyancing Protocol](#).

Trust protection coverage offers a profession-wide annual aggregate limit of \$17.5 million. Each claimant may recover up to \$300,000 per claim. If the claim arises out of your inter-jurisdictional practice, different limits apply.

You will be responsible for reimbursing the Law Society for all amounts paid on your behalf.

Part C: trust shortage liability coverage

Part C provides some protection for you if you fall victim to a “bad certified cheque” or other “social engineering” scam, helping ensure that clients do not suffer a financial loss. This coverage is contingent upon compliance with the Law Society’s client identification and verification rules

Trust shortage liability coverage provides most firms with an annual per claim, lawyer, and firm excess limit of \$325,000 to the [Cyber and Privacy Insurance Policy](#)³ limit of \$175,000, and any other coverage the firm may have. If a firm loses or does not have coverage, the Policy limit is increased to \$500,000 with a 15% deductible. This coverage has a profession-wide annual aggregate of \$2 million.

Coverage territory

You may sometimes practise law outside of BC or give advice on the law of another jurisdiction. Part A of the Policy usually covers you for your practice of any type of law, anywhere in the world, including practising law in another Canadian jurisdiction in accordance with the provisions of the National Mobility Agreement (see [Mobility in Canada](#)). There are only a few exceptions to this broad coverage, as follows:

- If you have a permanent practice in another jurisdiction outside of Canada **and** are a member of that other jurisdiction’s law society or bar, there is no coverage for any claims arising out of or in any way connected to your permanent practice in that other jurisdiction. In determining whether the practice is permanent, we will consider factors such as office space, advertising, contact information, letterhead, and client base. However, your occasional practice in or advice on the law of another jurisdiction of which you are a member will not, without more, constitute a permanent practice in that other jurisdiction.
- Coverage is not available if the claim arises out of or is in any way connected to your practice that is in contravention of the rules of another law society or bar.
- If you give advice on the law of another jurisdiction that is beyond your level of competence, you may risk losing coverage under the policy.

³ [https://www.lif.ca/LIF/media/Shared/docs/cyber/Cyber - Privacy info sheet.pdf](https://www.lif.ca/LIF/media/Shared/docs/cyber/Cyber_-_Privacy_info_sheet.pdf)

Extended reporting period / tail coverage

The Policy will respond to claims made after you retire or are no longer practising law, so long as the your error occurred while you were paying the indemnity fee.⁴

Professional services

Services covered by the Policy are:

- the practice of law as defined in the *Legal Profession Act*,
- *pro bono* legal services or approved (i.e., “sanctioned”) *pro bono* services⁵,
- acting as a custodian under Part 6 of the *Legal Profession Act* or in a similar role,
- acting as an arbitrator, mediator or parenting coordinator (includes family dispute resolution professionals),
- performing any other activity deemed to be the practice of law by the Law Society, and
- acting as an MDP partner, provided that such services support or supplement the practice of law by the law firm and are provided under the supervision of a lawyer.

Other professional services are covered if the services, and the related appointment or retainer, are connected and incidental to your practice of law. Such professional services are acting as:

- an executor or personal representative of a deceased,
- an administrator,
- an escrow holder,
- an attorney appointed under a Power of Attorney, a guardian, a trustee, a committee, or in any similar fiduciary capacity,
- a patent or trademark agent,
- a filing or record keeping agent,
- a researcher, or
- a realtor.

⁴ www.lif.ca/our-program/exemptions/tail-coverage/

⁵ LIF Coverage Information – Pro Bono Legal Services (www.lif.ca/LIF/media/Shared/docs/insurance/LIF-probono.pdf)

Services not covered by the Policy are:

- acting as a bailee (holding personal property) or as a conduit for funds, or providing investment advice or services unless such services, and the related appointment or retainer, are performed in consequence of and incidental to your practice of law,
- mortgage brokering, and
- publishing or communicating on a website, blog or social media.

Exclusions***Excluded from all parts of the Policy coverage are:***

- a claim related to:
 - criminal, dishonest, fraudulent or malicious acts,
 - personal injury or property damage,
 - employee benefit or pension plans,
 - acting as an outside officer or director, and
 - an organization if you, your family and colleagues control or own more than 10% of it;
- a claim by your employer or organization that is related to your employer; and
- a claim where payment would benefit you or your family or colleagues,

Additional exclusions to the Part A coverage are:

- claims related to a privacy, data or network security breach, or a cybercrime,
- liability assumed by contract, and
- a claim covered by Part B or C of the Policy.

Additional exclusions to the Part B coverage are:

- claims where the claimant is at fault or the property was unlawfully obtained, and
- a claim that is connected to an investment.

Additional exclusions to the Part C coverage are:

- a claim where someone at your firm was involved in the fraud, and
- a claim where you did not follow the Law Society client identification or verification Rules.

Excess professional liability coverage

The \$1 million per error limit offers generous financial protection for the majority of claims you face; however, this may not be enough. If a mistake leads to a claim that may cost more than \$1 million to defend and pay, both you and your firm are at risk. You can increase the limits of your coverage by purchasing [excess insurance](#)⁶ privately. [Commercial insurance](#)⁷ that protects you from risks not covered by the Policy is also available.

Optional professional liability coverage

Firms may purchase optional coverage from the Law Society by endorsement that is designed to protect innocent lawyers in firms who may face claims that are otherwise not covered because the business interest of another lawyer at your firm triggers Exclusion 6.2 (the “business exclusion”) of the Policy. The coverage will apply when partners are unaware, despite reasonable and regular enquiries, that another lawyer in your firm was providing legal services in circumstances where the business exclusion would apply.

More information on Exclusion 6 is available at [LIF Coverage Information: The Benefit and Business Exclusion \(Exclusion 6\)](#)⁸, and more information about the optional coverage is available at [LIF Coverage Information: the Business Innocent Covered Party Endorsement](#)⁹.

Lawyers Indemnity Fund

Please contact the Lawyers Indemnity Fund with any questions regarding the Policy and coverage: [Contact us by types of inquiries | LIF](#).

⁶ www.lif.ca/our-program/excess-and-other-insurance/excess-insurance/

⁷ www.lif.ca/our-program/excess-and-other-insurance/

⁸ www.lif.ca/your-policy/optional-coverage/

⁹ www.lif.ca/LIF/media/Shared/docs/indemnity/BIC-info-sheet.pdf