2016 BC LAWYERS’ COMPULSORY PROFESSIONAL LIABILITY INSURANCE
POLICY NUMBER: LPL 16-01-01

INSURER:
THE LSBC CAPTIVE INSURANCE COMPANY LTD.
(the “Company”)
Administrative Offices, 8th Floor, 845 Cambie Street
Vancouver, BC V6B 4Z9

ADMINISTRATOR:
THE LAW SOCIETY OF BRITISH COLUMBIA
(the “Law Society”)

INSURANCE CONSULTANT:
JARDINE LLOYD THOMPSON CANADA INC.

DECLARATIONS

1. Individual Insured
    As defined in this policy.

2. Policy Period
    From January 1, 2016 to January 1, 2017 (12:01 a.m. standard time).

3. Limits of Liability
    PART A: Professional Liability (for negligence)
    (a) $1,000,000 All claims arising out of an error for damages, claims expenses and deductibles.
    (b) $2,000,000 Annual Aggregate Limit for damages, claims expenses and deductibles, including any payments under Part C.

    PART B: Trust Protection (for dishonest appropriation)
    (c) $300,000 All claims for damages by a claimant arising out of an error or related errors except for inter-jurisdictional practice as provided in Conditions 1.4.3 and 1.6.
(d) $17,500,000  Profession-Wide Annual Aggregate Limit for all claims for damages and claims expenses.

PART C: Trust Shortage Liability (for reliance on fraudulent certified cheques)

(e) $500,000  All claims arising out of an error for damages, claims expenses and deductibles.

(f) $500,000  Annual Aggregate Limit for damages, claims expenses and deductibles.

(g) $500,000  Law Firm Annual Aggregate Limit for all claims for damages, claims expenses and deductibles.

(h) $2,000,000  Profession-Wide Annual Aggregate Limit for all claims for damages, claims expenses and deductibles.

4. Deductibles

Applicable to PARTS A and C only

Part A: Professional Liability (for negligence)

(a) $5,000  Each error resulting in the payment of damages, except an error arising out of your performance of sanctioned services or a protocol error.

(b) $10,000  Each additional error reported within a three year period resulting in the payment of damages, except an error arising out of your performance of sanctioned services or a protocol error.

PART C: Trust Shortage Liability (for reliance on fraudulent certified cheques)

35% of the total amount of damages paid under this policy, subject to Condition 2.2.

5. Insurance Fee

As agreed between the Company and the Law Society.

This policy governs claims and potential claims reported in 2016 — read carefully. Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act.
DEFINITIONS

For convenience, all defined words are in bold print. We, us or our refers to the Company. You, your or the Insured refers in Parts A and C to the Individual Insured or the Additional Insured, and in Part B to the Individual Insured or the Innocent Insured. Unless otherwise indicated, all specific statutory references are to statutes of British Columbia. In this policy:

Additional Insured means:

(a) each law firm in which the Individual Insured is or was a partner, employee or associate counsel or that is or was liable for the Individual Insured;

(b) each law corporation, law office management corporation and law office management limited partnership, which is or was owned wholly or partly, directly or indirectly, by the Individual Insured or his or her spouse, and each present or former officer, director, shareholder or limited partner thereof;

(c) each present or former member who, at the time of the error, was insured by us and was the Individual Insured's partner or liable for the Individual Insured;

(d) each present or former employee of the Individual Insured, or of any law firm, law corporation, law office management corporation and law office management limited partnership described in (a) or (b) above, provided such employee was acting within the scope of his or her duties and acting under the supervision of, in a supporting role to and not independent of the Individual Insured; and

(e) each present or former MDP partner who, at the time of the error, was insured by us and a partner in a multi-disciplinary practice in which all of the members were in compliance with Law Society Rules 2-38 through 2-49.

Apparent partnership means: an expense sharing or other arrangement in which two or more members or law corporations, or a combination thereof, are or were held out to the public as partners whether or not the partnership in fact exists or existed.

Canadian legal advisor means: a member admitted as a Canadian legal advisor by the Law Society.

Certificate means: a certificate issued by the Law Society to a member as evidence of insurance under any previous plan of professional liability insurance for members of the Law Society.

Claim means: a demand for money, an action, a claim or institution of proceedings against you.

Claimant means:

(a) under Part A or C: a person or organization who has made or may make a claim; or

(b) under Part B: a person who has or alleges to have suffered a monetary loss, and who provides a statutory declaration relating to that loss in a form satisfactory to us.
Claims expenses means:

(a) fees and disbursements charged by defence counsel appointed by us; and

(b) all other fees, costs and expenses incurred by us, or by you with our written consent, resulting from the investigation, adjustment, defence and appeal of a claim or potential claim, including all sums payable under Insuring Agreements A 2, B 2 and C 2. Claims expenses does not include salaries of our officers, directors and employees, or those of the Law Society.

Common-law spouse means: a person not married to the Individual Insured, who has lived with the Individual Insured in a marriage-like relationship, including a similar relationship between persons of the same gender, for a period of not less than one year.

Compensation program means: those statutory compensation programs as provided for by any current or former legislative act, including but not limited to: funds established to compensate victims of lawyer defalcation; the “Assurance Fund” as provided under the Land Title Act; similar funds as established for general public protection against loss consequent on the unlawful acts of third parties under other legislation as may now or subsequently be established; and any substantially similar or equivalent compensation programs established by any government.

Confidentiality Protocol means: the Law Society’s protocol for the preservation of confidentiality of professional liability insurance claims information, as amended from time to time.

Damages means:

(a) under Part A: any compensatory damages award including any related pre-judgment or post-judgment interest or costs, settlement, or repair costs, relating to covered allegations. Damages does not include:

(i) an order of set-off or any order for the return or reimbursement of, or accounting for or disgorgement of, any property, benefit, legal fees or disbursements that you received, even if claimed as general damages;

(ii) any order for punitive, exemplary or aggravated damages;

(iii) any fine, sanction or penalty; or

(iv) any order for costs or indemnification for costs made against you in litigation in which you are not a party, or any order for special costs;

(b) under Part B: any monetary award including any related pre-judgment or post-judgment interest or costs, or settlement, for the direct loss only of no more than the value of money or the deemed value of other property dishonestly appropriated. Damages does not include:

(i) any amount for which the claimant or Insured:

a. is entitled to claim indemnity under any other policy or form of insurance (including title insurance); or
INSURANCE POLICIES

b. has recourse through any compensation program or other source of recovery including set-offs whether legal or equitable;

that would cover such loss in whole or in part in the absence of this policy as this coverage is intended to be last-resort insurance; or

(ii) any order for costs or indemnification for costs made against you in litigation in which you are not a party, or any order for special costs; or

(c) under Part C: any monetary award including any related pre-judgment or post-judgment interest or costs, or settlement, for the direct loss only of no more than the amount of the trust shortage.

Deemed individual coverage period means: any period after January 1, 2002, 12:01 a.m. standard time during which the Individual Insured was a member and was performing sanctioned services.

Deemed value means: the equivalent of the property’s actual cash value or, if the property is not convertible into money, the actual cash value of the property at the time of dishonest appropriation.

Error means:

(a) under Part A: an actual or alleged negligent act, negligent error or negligent omission, including a protocol error, or a personal injury. Where actual or alleged errors are related, they will be deemed to be one error. Errors are related when they:

(i) are logically or causally connected;

(ii) cause a single loss to one or more claimants;

(iii) occur in the course of the Insured(s) acting as an administrator, executor, guardian, trustee or committee; or

(iv) occur in relation to the same or similar underlying facts, events, transactions, activities or undertakings, which, without limiting the generality of the foregoing, include accidents, investment programs or schemes, loan agreements, offerings of ownership interest or debt, corporate reorganizations, tax plans, estates, real estate developments, leases, licences, commercial ventures and litigation matters;

regardless of whether they are made by more than one Insured or by Insured(s) acting in more than one capacity, occur at different times or in the course of more than one professional service, retainer or client matter, or give rise to claims by more than one claimant;

(b) under Part B: a dishonest appropriation of money or other property, whether to the use of the Individual Insured or a third party, which was entrusted to and received by the Individual Insured in his or her capacity as a barrister and solicitor and in relation to the provision of professional services to others; or
(c) under Part C: a payment to a third party that, as a result of the deposit into a trust account of what purports and appears and the Individual Insured believes to be a genuine certified cheque, bank draft, credit union official cheque, law firm trust cheque or money order that ultimately proves to be counterfeit, forged or materially altered, creates an unintended shortage in client funds that are held in that trust account in connection with the performance of professional services for others.

Family means: spouse (including common-law spouse), children, parents or siblings.

Individual coverage period means: any period prior to January 1, 1971, 12:01 a.m. standard time during which the Individual Insured was a member, any period between January 1, 1971, 12:01 a.m. standard time and January 1, 1998, 12:01 a.m. standard time during which the Individual Insured was a member and held a certificate, and any period after January 1, 1998, 12:01 a.m. standard time for which the Individual Insured has paid the annual insurance fee.

Individual Insured means: each member or former member who made or allegedly made the error or, for the purposes of Part A of this policy only, each MDP partner or former MDP partner who made or allegedly made the error, provided that all of the members of the multi-disciplinary practice were in compliance with Law Society Rules 2-38 through 2-49 at the time of the error.

Ineligible portion means: that portion that equals the proportionate beneficial ownership of the organization held individually or collectively, directly or indirectly, at the time of the error by the persons listed in subparagraphs 6.2.1, 6.2.2 and 6.2.3 of Exclusion 6.2 of this policy.

Innocent Insured means: each present or former member who:

(a) is or may be liable for the Individual Insured;

(b) did not personally commit, participate in committing, or acquiesce in the error; and

(c) was insured by us at the time of the error.

Insured means:

(a) under Part A or Part C: an Individual Insured or Additional Insured; or

(b) under Part B: an Individual Insured or Innocent Insured.

Law corporation means: a law corporation as defined in the Legal Profession Act.

Law firm means: a sole proprietorship owned by a member, a law corporation, a partnership of members or law corporations or a combination thereof, a multi-disciplinary practice or an apparent partnership.

MDP partner means: a non-lawyer partner in a multi-disciplinary practice in which permission to practise law was granted under Rule 2-41 of the Law Society Rules.

Member means: a member, other than a Canadian legal advisor, in good standing shown on the records of the Law Society.

**Organization** means: any business, business venture, joint venture, proprietorship, partnership, limited partnership, cooperative, society, syndicate, corporation, association or any legal or commercial entity.

**Personal injury** means: malicious prosecution, libel or slander, or a publication or utterance in violation of an individual’s right of privacy.

**Policy period** means: the period stated in Declaration 2.

**Professional services** means:

(a) the practice of law as defined in the *Legal Profession Act*;

(b) *pro bono* legal services;

(c) acting as an Official Administrator, a custodian under Part 6 of the *Legal Profession Act*, an arbitrator, mediator or conciliator, by a **member**;

(d) acting as:

(i) an administrator, executor, guardian, trustee or committee or in any similar fiduciary capacity;

(ii) a patent or trademark agent; or

(iii) agent for any record keeping or filing duty imposed by any provincial or federal statute; provided that such services are connected with and incidental to the **Individual Insured**’s practice of law and, for the purposes of Part B of this policy only, the **Individual Insured** is also providing legal services;

(e) performing any other activity deemed to be the practice of law by the **Law Society**; or

(f) 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 **member**.

**Professional services** does not include:

(a) the mere receipt and/or distribution of funds, from trust or otherwise; or

(b) acting merely as a bailee.

**Protocol error** means: a building location defect that is not disclosed as a result of an opinion given in compliance with and pursuant to the terms and conditions of the Western Law Societies Conveyancing Protocol (British Columbia) issued by the **Law Society**, Version 2, February 2, 2001 as amended from time to time.

**Reciprocal Jurisdiction** means: the province, but not the territory, of a reciprocating governing body as defined in the **Law Society** Rules, other than the Barreau du Québec.
Related claimants in Part B means: claimants are related if the money or other property dishonestly appropriated was jointly provided or jointly owned by the claimants.

Related errors in Part B means: errors are related if the money or other property dishonestly appropriated was received in relation to the provision of the same professional services, retainer or client matter.

Repair costs means: any costs, other than claims expenses, approved or paid by us, incurred attempting to avoid or mitigate a loss arising out of an error.

Sanctioned services means: pro bono legal services provided to an individual known to you only as a result of performing these services through a pro bono legal services program, provided that both the services and the program are approved for the purposes of this policy by the Law Society, and that the services are provided solely through the program.

Trust account means: a trust account operated pursuant to and in accordance with Part 3, Division 7, Trust Accounts and Other Client Property, of the Law Society Rules.

Unauthorized practice means: the practice of law by an Individual Insured:

(a) in breach of an undertaking given to the Law Society or in contravention of a condition or limitation of practice imposed or agreed to under the Law Society Rules, for the purposes of Condition 3.3; or

(b) in contravention of the rules of any other law society or bar, for the purposes of Exclusion 9.
This policy is a contract between each Insured and the Company.

In consideration of the payment of the insurance fee and subject to the terms of this policy, we agree with you that:

**INSURING AGREEMENTS**

**PART A: PROFESSIONAL LIABILITY (FOR NEGLIGENCE)**

1. **INSURING AGREEMENT A 1**

   We shall pay on your behalf all sums which you become legally obligated to pay as damages because of any claim first made against you and reported to us during the policy period arising out of an error by you in performing or failing to perform professional services for others.

2. **INSURING AGREEMENT A 2**

   2.1 With respect to any claim first made or suit first brought within Canada or the United States of America seeking damages for which you are entitled to indemnity under Part A of this policy, we shall have the right:

      2.1.1 and the duty to defend any suit against you, even if any of the allegations of the suit are groundless, false or fraudulent; and

      2.1.2 to select and instruct defence counsel and to investigate and settle any claim including the right to elicit, or instruct defence counsel to elicit, offers of settlement. If you object to any settlement recommended by us, we may:

         (a) settle the claim without your consent and you will remain liable to pay the deductible stated in Declaration 4; or

         (b) give you the right to negotiate or defend the claim or suit if you provide security for any damages for which you may be liable. The amount and form of security required will be determined by us, in our sole discretion. If we give you the right to negotiate or defend the claim or suit, any duty we may have had to defend the claim ceases and the damages and claims expenses in excess of the amount for which we could have settled will not be recoverable under this policy.

   2.2 With respect to any claim that is made or suit that is brought elsewhere than within Canada or the United States of America seeking damages for which you are entitled to indemnity under Part A of this policy:

      2.2.1 we shall have the right, but not the duty, to investigate, settle, defend or pay claims expenses in accordance with Insuring Agreement A 2.1.2; and
2.2.2 if we elect not to investigate, settle or defend a claim or suit, you will, under our supervision, investigate and defend as is reasonably necessary and, if we deem prudent you will settle such claim or suit. Subject to Insuring Agreement A 2.3, we shall reimburse you for the reasonable cost of such investigation, settlement or defence.

2.3 For any part of a claim for which you are not entitled to coverage under Part A of this policy, you agree that you are responsible for:

2.3.1 any claims expenses that are solely or substantially attributable to that part; and

2.3.2 an equal or, if we agree, less than equal share of any claims expenses that are attributable both to that part, and any other part of the claim for which you are entitled to coverage under Part A.

2.4 The allocation of claims expenses under Insuring Agreement A 2.3 shall be determined following final determination of the claim.

2.5 Notwithstanding Insuring Agreement A 2.4 we may, at any time prior to final determination of a claim, require that you contribute, on an interim basis, to claims expenses in any proportion or amount that we determine is reasonable having regard to Insuring Agreement A 2.3. Any such payment, demand or failure to make a demand by us shall be without prejudice to our respective rights under Insuring Agreement A 2.4.

2.6 Any allocation or advancement of claims expenses shall not apply to or create any presumption with respect to the allocation between covered and uncovered loss.

2.7 Notwithstanding Exclusion 2, we shall have the right and the duty to defend, in accordance with Insuring Agreement A 2.1.2, any claim first made against you and reported to us during the policy period arising out of a personal injury while you were performing or failing to perform professional services for others.

2.8 Notwithstanding our obligations pursuant to Insuring Agreements A 2.1, A 2.2 and A 2.7, we may decline, at any time, to defend, continue to defend, investigate or pay claims expenses where we determine on reasonable grounds that a claim does not arise out of an error by you in performing or failing to perform professional services for others, or that you are not entitled to coverage for a claim because of any exclusion, breach of a condition or any other term of this policy. If you disagree with our decision you agree that, at the arbitration of the dispute, each of us may introduce evidence relating to the issues of coverage and your activities and that such evidence shall be considered by the arbitrator in making his or her determination of our respective obligations.

3. INSURING AGREEMENT A 3

3.1 Part A of this policy applies only to claims arising out of errors that occurred either during the individual coverage period or in relation to sanctioned services performed during the deemed individual coverage period, and provided that:
3.1.1 the claim or potential claim is first made against you during the policy period and reported to us in writing during the policy period; and

3.1.2 you had no knowledge, prior to January 1, 1989 of the claim or of an error or circumstances occurring prior to January 1, 1986 which you knew or could have reasonably foreseen might be the basis of a claim.

3.2 A claim is first made against you during the policy period if during the policy period:

3.2.1 you become aware of an error or any circumstance which could reasonably be expected to be the basis of a claim, however unmeritorious; or

3.2.2 a claim is made against you seeking damages for which you are entitled to indemnity under this policy.

3.3 If Part A of this policy replaces, without interruption of coverage, a policy issued previously by us then a claim which was first made against you after January 1, 1989, and reported to us within the policy period, will be deemed to be first made against you within the policy period of this policy.

3.4 Except as provided in Condition 6, if you are not entitled to indemnity or a defence for a claim, Part A of this policy will not provide indemnity or a defence for such or similar claim to any other Insured.

3.5 Where the closest and most real connection to a claim or potential claim is with a Reciprocal Jurisdiction, and the scope of coverage provided by the Reciprocal Jurisdiction’s compulsory lawyers professional liability insurance (the “Reciprocal Jurisdiction’s policy”) is broader than that provided by Part A of this policy, then we shall provide the same scope of coverage as that of the Reciprocal Jurisdiction’s policy. For clarity, however, all claims and potential claims reported under Part A of this policy shall remain subject to the limits of liability stated in Condition 1 and the Declarations of this policy.

The determination of whether a Reciprocal Jurisdiction has the closest and most real connection to a claim or potential claim will be made by us, exercising our discretion reasonably, and considering whether at the time you were performing the professional services giving rise to the claim:

(a) you were practicing the law of a Reciprocal Jurisdiction;

(b) you were performing the professional services in a Reciprocal Jurisdiction;

(c) your client was in a Reciprocal Jurisdiction; and

(d) the subject matter of the professional services was located in or emanated from a Reciprocal Jurisdiction.

We will also consider where the proceedings, if any, to advance the claim are or are likely to be brought.
This Insuring Agreement applies only if, at the time the Individual Insured was performing the professional services giving rise to a claim, the Individual Insured was practicing law either in accordance with the inter-jurisdictional practice provisions of the Rules of the Law Society and the Reciprocal Jurisdiction's law society or as a Canadian legal advisor member of the Barreau du Québec. This Insuring Agreement does not apply if coverage under Part A of this policy would be excluded or limited in any way by the application of Exclusion 7 or 11 to a claim or potential claim.

PART B: TRUST PROTECTION (FOR DISHONEST APPROPRIATION)

1. INSURING AGREEMENT B 1

Notwithstanding Exclusions 1 and 2 of this policy, we shall pay on your behalf all sums which you become legally obligated to pay to a claimant as damages because of any claim first made against you and reported to us during the policy period arising out of an error by the Individual Insured, provided that the error is the sole cause of the damages.

2. INSURING AGREEMENT B 2

2.1 With respect to any claim first made or suit first brought seeking damages that are covered under Part B of this policy:

2.1.1 we shall have the right, but not the duty, to defend any suit against you;

2.1.2 if we elect to defend you, we shall have the right to:

(a) select and instruct defence counsel; and

(b) withdraw from the defence of the suit, without seeking or obtaining your consent, at any time that we, in our sole discretion, deem appropriate;

2.1.3 we shall have the right to investigate any claim or potential claim; and

2.1.4 we shall have the right to settle any claim without seeking or obtaining your consent, on such terms and conditions and at such time as we, in our sole discretion, deem appropriate.

Coverage under this Part B shall only apply to:

1. Claims arising out of errors that occurred while the Individual Insured was a member, and provided that the claim is first made against you during the policy period and reported to us during the policy period. A claim is first made against you during the policy period if during the policy period:

1.1 an Innocent Insured becomes aware of an error or any circumstance which could reasonably be expected to be the basis of a claim, however unmeritorious, or a claim is made against an Innocent Insured seeking damages that are covered under Part B of this policy;
1.2 a claim is made against an Individual Insured seeking damages that are covered under Part B of this policy, and we deem notice of the claim given to us by a third party to be notice given by the Individual Insured; or

1.3 the Law Society gives notice of a claim or potential claim against an Individual Insured, and we deem such notice to be notice given by the Individual Insured.

2. A claim seeking damages that are covered under Part B of this policy that is first made against you and of which written notice is given to us by the claimant within:

2.1 six (6) months of the claimant becoming sufficiently aware of the facts underlying the occurrence of an error such that the claimant had the means of knowing that an error had occurred; and

2.2 in any event, no more than ten (10) years of the time of the error.

We may, in our sole discretion, agree to extend the time limits set out in 2.1 and 2.2.

PART C: TRUST SHORTAGE LIABILITY (FOR RELIANCE ON FRAUDULENT CERTIFIED CHEQUES)

1. INSURING AGREEMENT C 1

We shall pay on your behalf all sums which you become legally obligated to pay as damages because of any claim first made against you and reported to us during the policy period arising out of an error by you.

2. INSURING AGREEMENT C 2

2.1 With respect to any claim first made or suit first brought seeking damages that are covered under Part C of this policy:

2.1.1 we shall have the right, but not the duty, to defend any suit against you;

2.1.2 if we elect to defend you, we shall have the right to select and instruct defence counsel;

2.1.3 we shall have the right to investigate any claim or potential claim; and

2.1.4 we shall have the right to settle any claim including the right to elicit, or instruct defence counsel to elicit, offers of settlement. If you object to any settlement recommended by us, we may:

(a) settle the claim without your consent and you will remain liable to pay the deductible stated in Declaration 4; or

(b) give you the right to negotiate or, if we are defending, defend the claim or suit. In this event, the damages and claims expenses in excess of the
amount for which we could have settled will not be recoverable under this policy.

3. INSURING AGREEMENT C 3

3.1 Part C of this policy applies only to claims arising out of errors that occurred during the individual coverage period, and provided that the claim or potential claim is first made against you during the policy period and reported to us in writing during the policy period.

3.2 A claim is first made against you during the policy period if during the policy period:

3.2.1 you first become aware of an error or any circumstance which could reasonably be expected to be the basis of a claim, however unmeritorious; or

3.2.2 a claim is made against you seeking damages for which you are entitled to indemnity under this policy.

3.3 If Part C of this policy replaces, without interruption of coverage, a policy issued previously by us then a claim which was first made against you after January 1, 2012, and reported to us within the policy period, will be deemed to be first made against you within the policy period of this policy.

3.4 Except as provided in Condition 6, if you are not entitled to indemnity or a defence for a claim, Part C of this policy will not provide indemnity or a defence for such or similar claim to any other Insured.
INSURANCE POLICIES

EXCLUSIONS

This policy does not apply to:

1. a **claim** arising out of or in any way connected to your actual or alleged criminal act;

2. a **claim** arising out of or in any way connected to your actual or alleged dishonest, fraudulent or malicious act;

3. a **claim** arising out of or in any way connected to any injury to, physical contact with, sickness, disease or death of any person or injury to or destruction of any tangible property, including the loss of use thereof;

4. a **claim** arising out of or in any way connected to your activity as a fiduciary with respect to an employee benefit plan or pension plan;

5. a **claim** arising out of or in any way connected to your activities as an officer or director except your activities as an officer or director of a law corporation or law office management corporation;

6. a **claim**:

   6.1 arising out of an **error** of an **Individual Insured**, the payment of which would benefit, in whole or in part, directly or indirectly, the **Individual Insured** or the **Individual Insured’s family** or **law firm**, provided that this Exclusion 6.1 does not apply to any benefit derived solely from the ownership of an **organization**; or

   6.2 by or in any way connected to any **organization** in which:

      6.2.1 the **Individual Insured**;

      6.2.2 the **Individual Insured’s family**; or

      6.2.3 the partners, associates or associate counsel of the **Individual Insured** or of the **Individual Insured’s law firm**;

      individually or collectively, directly or indirectly, had at the time of the **error** or thereafter, effective management or control of the **organization** or beneficial ownership of the **organization** in an amount greater than ten per cent (10%), provided that with respect to any payment resulting from a **claim** that falls within Part B of this policy, this Exclusion 6.2 applies only to exclude the ineligible **portion** of such payment.

6.3 If a **claim** arises out of an **error** which occurred before January 1, 1991, family shall be read without the words “(including common-law spouse)” and “parents or siblings”.

7. a **claim** arising out of or in any way connected to your activity as an employee, dependent contractor or partner of any **organization** other than:
7.1 a **law firm**; or

7.2 a trade union, society or not-for-profit **organization** that provides *pro bono* legal services to the public, provided that:

7.2.1 the **claim** arises out of an **error** that occurred during the **individual coverage period**; and

7.2.2 the **claim** is not brought against you by or on behalf of such trade union, society or not-for-profit **organization**;

except a **claim** that falls within Part B of this policy and is not brought against you by or on behalf of such **organization**; or

8. a **claim** against you where the **Individual Insured** is a member of any other jurisdiction’s law society or bar, except a law society of another province or territory of Canada, arising out of or in any way connected to that **Individual Insured’s** permanent practice in the other jurisdiction. For the purposes of Part B of this policy, this Exclusion 8 shall be read with the words “the Barreau du Québec” substituted for the words “a law society of another province or territory of Canada” and without the word “permanent”.

With respect to Part A: Professional Liability (for negligence) only, the following additional exclusions apply.

Part A of the policy does not apply to:

9. a **claim** against you where the **Individual Insured** is engaged in **unauthorized practice**, arising out of or in any way connected to that **unauthorized practice**;

10. a **claim** arising out of or in any way connected to your provision of investment advice or investment services unless as a direct consequence of the performance of **professional services**;

11. a **claim** arising out of or in any way connected to:

11.1 the dishonest appropriation of money or other property; or

11.2 an **error** under Part C of this policy, or any other shortage of funds held in a **trust account** if that shortage is caused by or in any way connected to a dishonest or fraudulent act; or

12. a **claim** arising out of or in any way connected to the collection, use and/or disclosure of any information by a third party, or the receipt by or transmission to a third party of malware or malicious code.
With respect to Part B: Trust Protection (for dishonest appropriation) only, the following additional exclusions apply.

Part B of this policy does not apply to:

13. a claim arising out of or in any way connected to the wrongful or unlawful conduct, fault or neglect of the claimant or the claimant’s spouse (including common-law spouse);

14. a claim by an organization arising out of or in any way connected to the wrongful or unlawful conduct, fault or neglect of an officer, director, employee or agent of the organization or an individual who had, directly or indirectly, effective management or control of the organization or beneficial ownership of the organization in an amount greater than ten per cent (10%);

15. a claim where the money or property that was dishonestly appropriated had been unlawfully obtained by the claimant;

16. a claim brought by a claimant who:
   16.1 knew prior to the time of the error of any dishonest act by the Individual Insured; or
   16.2 committed, participated in committing, consented to expressly or impliedly, acquiesced in or was reckless or wilfully blind to the error; or

17. a claim arising out of or in any way connected to an investment, a purported investment or a Ponzi scheme.

With respect to Part C: Trust Shortage Liability (for reliance on fraudulent certified cheques) only, the following additional exclusions apply.

Part C of this policy does not apply to:

18. a claim arising out of or in any way connected to the wrongful or unlawful conduct of a present or former employee of the law firm or contractor for the law firm;

19. a claim arising out of circumstances in which you were required but failed to comply with the client identification and verification procedures set out in Part 3, Division 11, Client Identification and Verification, of the Law Society Rules; or

20. errors that occurred prior to January 1, 2012.
CONDITIONS

1. LIMITS OF LIABILITY

1.1 LIMIT OF LIABILITY PART A — EACH ERROR

1.1.1 The limit of liability stated in Declaration 3(a) shall be the maximum amount payable under Part A of this policy for all damages, claims expenses and deductibles for all claims arising out of an error.

1.1.2 If a claim or potential claim is reported to us by or on behalf of any Insured during the policy period, all additional claims or potential claims reported subsequently that arise out of the same error shall be:

(a) part of the claim or potential claim first made and reported to us; and

(b) deemed to be reported within this policy period;

and all such claims or potential claims shall be subject to the terms of this policy and to the one limit of liability applicable to the claim or potential claim first reported.

1.2 LIMIT OF LIABILITY PART A — ANNUAL AGGREGATE LIMIT

1.2.1 The limit of liability stated in Declaration 3(b) is the maximum amount payable under Part A of this policy on behalf of each Individual Insured, including all related Additional Insureds, for all damages, claims expenses and deductibles arising out of all claims and potential claims first reported during the policy period.

1.2.2 All payments of damages, claims expenses and deductibles reduce the limits of our liability stated in Declarations 3(b) and 3(f).

1.3 MULTIPLE INSURODS, CLAIMS OR CLAIMANTS — PART A

Notwithstanding any other provision of this policy, one or more claims resulting from an error shall be subject to one limit of liability and shall not increase our limits of liability regardless of whether the error is made by more than one Insured or by Insured(s) acting in more than one capacity and regardless of whether the claims are made against more than one Insured or made by more than one claimant.

1.4 LIMIT OF LIABILITY PART B — EACH ERROR

1.4.1 The limit of liability stated in Declaration 3(c) or, if Condition 1.4.3 applies, then as stated there, shall be the maximum amount payable under Part B of this policy for all damages for all claims by a claimant arising out of an error or related errors.
1.4.2 If a claim or potential claim is reported to us by or on behalf of any Insured during the policy period, all additional claims or potential claims reported subsequently that arise out of the same error or related errors shall be:

(a) part of the claim or potential claim first made and reported to us; and

(b) deemed to be reported within this policy period;

and all such claims or potential claims shall be subject to the terms of this policy and to the limit of liability stated in Declaration 3(c) or, if Condition 1.4.3 applies, then as stated there, applicable to the claim or potential claim first reported.

1.4.3 If the error or related errors arise out of either your temporary practice in or with respect to the law of a Reciprocal Jurisdiction of which you are not a member, or your practice as a Canadian legal advisor member of the Barreau du Québec, the limit of liability stated in Declaration 3(c) shall be $250,000, and Conditions 1.4.1, 1.4.2 and 1.5 shall be read as if the amount in Declaration 3(c) was $250,000.

1.5 MULTIPLE INSUREDS, CLAIMS, CLAIMANTS OR ERRORS — PART B

One or more claims, resulting from an error or related errors made by one or more Insureds, made against one or more Insureds by a claimant or by related claimants, shall be subject to the one limit of liability stated in Declaration 3(c) or, if Condition 1.4.3 applies, then as stated there. In no case will the limit of coverage for an error or related errors exceed the limit set out in Declaration 3(c).

1.6 LIMIT OF LIABILITY PART B — INTER-JURISDICTIONAL PRACTICE ANNUAL AGGREGATE LIMIT

The limit of liability that is the maximum amount payable under Part B of this policy on behalf of each Individual Insured, including all related Additional Insureds, for all damages arising out of all claims and potential claims first reported during the policy period arising out of either your temporary practice in or with respect to the law of a Reciprocal Jurisdiction of which you are not a member, or your practice as a Canadian legal advisor member of the Barreau du Québec, is $2,000,000. This limit shall be included within the limit set out in Declaration 3(d).

1.7 LIMIT OF LIABILITY PART B — PROFESSION-WIDE ANNUAL AGGREGATE LIMIT

1.7.1 The limit of liability stated in Declaration 3(d) is the maximum amount payable under this policy for the policy period on an aggregate basis for all Insureds covered by Part B of this policy. For clarity, all Insureds covered by Part B of this policy means all present and former members of the Law Society. All payments by us of damages and claims expenses arising out of all claims and potential claims first reported during the policy period reduce the Profession-Wide Aggregate Limit for that policy period in the amount of the payments.
1.7.2 The **Individual Insureds** and **Innocent Insureds** agree that we may make payments of **damages** and **claims expenses** in reduction of the Profession-Wide Aggregate Limit, even though such payments will reduce or eliminate the limit otherwise available to **Individual Insureds** or **Innocent Insureds** for the **policy period**.

1.8 **LIMIT OF LIABILITY PART C — EACH ERROR**

1.8.1 The limit of liability stated in Declaration 3(e) shall be the maximum amount payable under Part C of this policy for all **damages**, **claims expenses** and deductibles for all **claims** arising out of an **error**.

1.8.2 If a **claim** or potential **claim** is reported to us by or on behalf of any **Insured** during the **policy period**, all additional **claims** or potential **claims** reported subsequently that arise out of the same **error** shall be:

(a) part of the **claim** or potential **claim** first made and reported to us; and

(b) deemed to be reported within this **policy period**;

and all such **claims** or potential **claims** shall be subject to the terms of this policy and to the one limit of liability applicable to the **claim** or potential **claim** first reported.

1.9 **LIMIT OF LIABILITY PART C — ANNUAL AGGREGATE LIMIT**

1.9.1 The limit of liability stated in Declaration 3(f) is the maximum amount payable under Part C of this policy on behalf of each **Individual Insured**, including all related **Additional Insureds**, for all **damages**, **claims expenses** and deductibles arising out of all **claims** and potential **claims** first reported during the **policy period**.

1.9.2 All payments of **damages**, **claims expenses** and deductibles reduce the limits of our liability stated in Declarations 3(b) and 3(f).

1.10 **LIMIT OF LIABILITY PART C — LAW FIRM ANNUAL AGGREGATE LIMIT**

The limit of liability stated in Declaration 3(g) is the maximum amount payable under this Part C of this policy for the **policy period** on an aggregate basis for all **Insureds** who, at the time of the **error**, were at the same **law firm**, for all **damages**, **claims expenses** and deductibles arising out of all **claims** and potential **claims** first reported during the **policy period**.

1.11 **MULTIPLE INSURED, CLAIMS OR CLAIMANTS — PART C**

Notwithstanding any other provision of this policy, one or more **claims** resulting from an **error** shall be subject to one limit of liability and shall not increase our limits of liability regardless of whether the **error** is made by more than one **Insured** or by **Insured(s)** acting in more than one capacity and regardless of whether the **claims** are made against more than one **Insured** or made by more than one **claimant**.
1.12 LIMIT OF LIABILITY PART C — PROFESSION-WIDE ANNUAL AGGREGATE LIMIT

1.12.1 The limit of liability stated in Declaration 3(h) is the maximum amount payable under this policy for the policy period on an aggregate basis for all Insureds covered by Part C of this policy. For clarity, all Insureds covered by Part C of this policy means all present and former members of the Law Society. All payments by us of damages and claims expenses arising out of all claims and potential claims first reported during the policy period reduce the Profession-Wide Aggregate Limit for that policy period in the amount of the payments.

1.12.2 The Individual Insureds and Additional Insureds agree that we may make payments of damages and claims expenses in reduction of the Profession-Wide Aggregate Limit, even though such payments will reduce or eliminate the limit otherwise available to Individual Insureds or Additional Insureds for the policy period.

1.13 OBLIGATION TO PAY PART C

We shall not be obliged to pay any damages or claims expenses, or to undertake or continue the defence of any proceeding until you have complied with your obligation to eliminate a trust shortage under Rule 3-74 (1) of the Law Society Rules.

1.14 PRIORITY OF PAYMENTS

All claims expenses will be subtracted first from the applicable limit of our liability, with the remainder being the amount available to pay damages.

1.15 EXHAUSTION OF LIMITS

We shall not be obliged to pay any damages or claims expenses, or to undertake or continue the defence of any proceeding after the applicable limit of our liability has been exhausted by payment of damages, claims expenses and deductibles or after deposit of the balance of the applicable limit of our liability in a court of competent jurisdiction. In such a case, we shall have the right to withdraw from the further defence by tendering control of the defence to you.

2. DEDUCTIBLES

2.1 If damages are payable pursuant to Part A of this policy, you will pay the deductible stated in Declaration 4.

2.2 If damages are payable pursuant to Part C of this policy, you will pay the deductible stated in Declaration 4, reduced by the amount you are legally obligated to pay and have paid a savings institution to satisfy any overdraft created in the trust account.

2.3 Our obligation to pay damages applies only to damages in excess of the deductible and we shall be liable only for the difference between the deductible and the limit of liability.
2.4 When one or more claims arising out of an error are made jointly or severally against two or more law firms or Individual Insureds at separate law firms, the deductible will apply separately to each law firm.

2.5 All the terms and conditions of this policy apply notwithstanding that the amount of the claim, potential claim or damages may be less than the deductible stated in Declaration 4.

2.6 If we request, you will make direct payments for claims or potential claims within the deductible to us or to other parties.

2.7 There is no deductible payable by you if damages or claims expenses are paid pursuant to Part B of this policy.

3. REIMBURSEMENT

3.1 Damages or claims expenses may be paid in excess of the limit of liability or within the deductible and you will repay such amounts to us on demand.

3.2 If you are not entitled to coverage for a claim or any part of a claim because of any exclusion, breach of a condition, or any other term of this policy and damages or claims expenses are paid on behalf of you or any other Insured pursuant to this policy, you will reimburse us for all such amounts on demand.

3.3 If you are engaged in unauthorized practice and a claim or any part of a claim that falls within Part A or C of this policy relates to the unauthorized practice, and damages or claims expenses are paid on behalf of you or any other Insured pursuant to this policy, the Individual Insured will reimburse us for all such amounts on demand.

3.4 If damages or claims expenses are paid on behalf of you or any other Insured pursuant to Part B of this policy:

3.4.1 the Individual Insured will reimburse us for all such amounts on demand; and

3.4.2 if any other Insured received a benefit from the error, that Insured will reimburse us on demand for the portion of the damages paid that is commensurate with the amount of the benefit.

3.5 In relation to Conditions 3.1, 3.2, 3.3 and 3.4:

3.5.1 if payments are made on behalf of two or more of you, your liability to us will be joint and several; and

3.5.2 the timing of any demand made shall be in our sole discretion.
4. NOTICE OF CLAIM OR SUIT

4.1 If you become aware of an error or any circumstance which could reasonably be expected to be the basis of a claim, however unmeritorious, you will give written notice immediately, along with the fullest information obtainable, during the policy period to:

Lawyers Insurance Fund
8th Floor, 845 Cambie Street
Vancouver, BC V6B 4Z9
Attention: Claims Manager
Fax: 604-682-5842

Such notice is necessary to settle, or defend, any claim or anticipated claim against you which may be covered under this policy.

4.2 If a claim is made or suit is brought against you, you will forward immediately to us every demand, notice of civil claim or other process with the fullest information obtainable.

4.3 We may deem notice of an error, claim or potential claim given by a third party to be notice given by you.

5. ASSISTANCE AND COOPERATION

5.1 You will cooperate with us and with any counsel we retain and assist us in investigating coverage for and the facts and circumstances of claims and potential claims, in efforts to repair errors, in making settlements and in the conduct of suits. Upon request, you will also:

5.1.1 give written statements, information and documents to and meet with us or any counsel we retain for the purpose of determining or reviewing coverage;

5.1.2 provide information and documents as necessary to investigate and defend any claim or potential claim;

5.1.3 submit to examination and interview by us or any counsel we retain, under oath if we request;

5.1.4 attend hearings, examinations for discovery and trial;

5.1.5 assist in securing and giving evidence, including obtaining the attendance of witnesses in the conduct of suits; and

5.1.6 assist in effecting all rights of indemnity, contribution or apportionment available to you or us;

all without cost to us.

5.2 You will notify us immediately of any settlement offer made on any claim or potential claim.
5.3 You will not, except at your own cost, admit liability, make any payment, settle a claim or potential claim, assume any obligation, directly or indirectly assist in making or proving a claim against you, take any other action that might prejudice our ability to avoid or minimize any damages, agree to arbitration or any similar means of resolution of any dispute, waive any rights or incur any expenses without our prior written consent.

5.4 We shall keep any information that you provide us confidential in accordance with the Confidentiality Protocol. You consent to any permitted disclosure, and agree that such disclosure does not constitute a waiver of privilege with respect to any third parties or, if it does, constitutes a limited waiver of privilege only for the purpose for which it is disclosed.

6. INNOCENT ADDITIONAL INSURED

6.1 Whenever coverage under Part A of this policy would be excluded, suspended or lost because of:

6.1.1 the application of Exclusion 1 or 2 to you; or

6.1.2 the failure to give timely notice in accordance with Condition 4;

we shall cover each Additional Insured who did not personally commit, participate in committing, acquiesce in or remain passive after having personal knowledge of the act or error which is the subject of the Exclusion or the breach of Condition 4 and provided that those Additional Insureds who are entitled to the benefit of this Condition comply with all conditions promptly.

6.2 Condition 6.1 does not apply if the act or error which is the subject of Exclusion 1 or 2 is an error for the purposes of Part B of this policy.

6.3 Where Exclusion 6.2 applies to a claim because, individually or collectively, directly or indirectly, the acquisition by you or your family of effective management or control or beneficial ownership greater than 10% of an organization:

6.3.1 occurred after the time of the error; and

6.3.2 was not related in any way to the legal services giving rise to the error;

then, pursuant to the terms of this policy, we shall cover your partners who were members at the time of the error, or the law firm employing you (excluding any law corporation wholly owned by you or your family) at the time of the error.
7. CONFLICTS

Any duty that we may have to defend or indemnify you shall not give rise to an obligation on our part to pay any cost you may incur in relation to:

7.1 a dispute arising out of or in connection with this policy or the breach thereof; or

7.2 any other actual or potential conflict between us.

You agree that you are solely responsible for any such cost without recourse to us.

8. ARBITRATION OR MEDIATION

We shall be entitled to exercise all your rights in the choice of arbitrators or mediators and in the conduct of any arbitration or mediation proceeding involving a claim covered by this policy.

9. OTHER INSURANCE OR RECOURSE

9.1 This insurance is excess over any other valid and collectible insurance, or right of indemnity, whether primary, contributing, contingent or otherwise, and we will not pay any loss or claim until such insurance or recourse is exhausted.

9.2 Condition 9.1 does not apply to insurance specifically arranged to apply as excess insurance over the insurance provided by this policy.

9.3 If you or any non-member lawyer or non-lawyer partner practising in your law firm has lawyers professional liability insurance (other than insurance specifically arranged to apply as excess insurance over the insurance provided by this or any other Canadian jurisdiction’s policy) under another Canadian jurisdiction’s policy (or Canadian jurisdictions’ policies) that applies to a claim covered by this policy, the total amount of insurance provided under these policies, together, will not exceed the total value of the claim or the most that is available under either (any one) of these policies alone, whichever is less. The decision as to which of these policies shall respond, or as to any allocation between (or amongst) the policies, shall be made by us together with the other Canadian jurisdiction, and you agree to be bound by the decision. For clarity, a Reciprocal Jurisdiction is also a Canadian jurisdiction.

9.4 To further clarify the intent and effect of the definition of damages under Part B, if the Insured, claimant or any other party at interest in any loss covered by Part B of this policy has any bond, right of indemnity, insurance or recourse to any other source of recovery including set-offs whether legal or equitable, which would cover such loss in whole or in part in the absence of this policy, this policy shall be null and void to the extent of the amount of such other bond, right of indemnity, insurance or recourse to any other source of recovery including set-offs whether legal or equitable; but this policy shall cover such loss, subject to its exclusions, conditions and other terms, only to the extent of the amount of such loss in excess of the amount of such other bond, right of indemnity, insurance or recourse to any other source of recovery including set-offs whether legal or equitable.
10. **PROCEEDINGS AGAINST US**

10.1 No proceeding will lie against us unless, as a condition precedent, you have complied with all the terms of this policy, and until the amount of your obligation to pay has been finally determined either by judgment against you after actual trial or by binding arbitration ruling or by written agreement between you, the claimant and us. Neither you nor any other person shall have any right to join us in any proceeding against you.

10.2 All disputes arising out of or in connection with this policy or the breach thereof, except in relation to reimbursement as provided in Condition 3, and the allocation of claims expenses under Insuring Agreement A 2.4 shall be determined by arbitration in Vancouver, British Columbia, before a single arbitrator. You agree to keep all communications, meetings, evidence, materials and hearings relating to the arbitration, and any reasons or award arising from the arbitration, strictly confidential unless we agree otherwise or disclosure is required by law.

11. **INSOLVENCY, BANKRUPTCY, INCAPACITY OR DEATH**

Your insolvency, bankruptcy, incapacity or death will not relieve us or you or your estate of any of our respective obligations under this policy.

12. **SUBROGATION**

In the event of any payment under this policy, we shall be subrogated to all your rights of recovery against any person or organization and you will do whatever is necessary to secure such rights. You will do nothing after loss to prejudice such rights, and shall reasonably cooperate with us.

13. **CHANGES**

Nothing will effect a waiver or a change in any part of this policy or estop us from asserting any right under this policy, nor will the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by our authorized officer.

14. **ASSIGNMENT**

Your interest in this policy is not assignable.

15. **RELEASE OF COVERAGE**

We may, in our sole discretion, agree to allow you to assume all of our responsibilities and obligations under this policy and in so doing you shall release us from all such responsibilities and obligations.

16. **INSURANCE FEE ADJUSTMENT**

16.1 If you become insured during the policy period, the insurance fee payable will be determined by the Law Society and us on a pro rata basis.
16.2 If, during the policy period, you cease to be a member or you are exempted from this compulsory professional liability insurance plan, the insurance fee will be adjusted by the Law Society and us on a short-rate basis.

16.3 If you are suspended or disbarred, the insurance fee will be deemed to be fully earned and will not be the subject of adjustment.

17. CANCELLATION OF POLICY

17.1 This policy may be cancelled by the Law Society on your behalf by giving us written notice stating when after the notice the cancellation shall be effective.

17.2 This policy may be cancelled by us by giving the Law Society not less than 30 days written notice of such cancellation.

17.3 If we cancel this policy, earned insurance fees will be computed on a pro rata basis.

18. APPLICABLE LAW

This policy, and any dispute arising out of or in connection with it or the breach thereof, will be exclusively governed by and interpreted in accordance with the laws of British Columbia and any applicable federal laws of Canada and, in the event any dispute is not governed by Condition 10.2 of this policy, it shall be submitted to and be subject to the exclusive jurisdiction of the Courts of British Columbia in Vancouver, British Columbia.

19. CURRENCY

The deductibles and limits are expressed in Canadian currency.

20. TERRITORY

This policy applies to errors occurring anywhere in the world.

IN WITNESS WHEREOF, we have caused this policy to be executed.

LSBC Captive Insurance Company Ltd.

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Susan I. Forbes, QC, Secretary