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## LAW PRACTICE COVERAGE AGREEMENT

(sole practitioner)

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This Agreement is made as of ***date***.

**Between:**

X (“the Lawyer”) and  
of *address*

**and**

Y (“the Attorney/Trustee”) and  
of *address*

**Background:**

- A. The Lawyer is a practicing lawyer in British Columbia. His/her practice consists mostly of \_\_\_\_\_ files, but also some \_\_\_\_\_ matters.
- B. The Attorney/Trustee is a practicing lawyer in BC.
- C. “Law Practice” means all property, whether real or personal, that is related to or associated with the Lawyer’s law practice in any way, including but not limited to the office premises, furniture and equipment, bank accounts, and closed and open files.
- D. The Lawyer wishes to put a plan in place for the management, sale or winding up of the Law Practice, if he/she is incapacitated or unable to manage the affairs of the Law Practice for any reason or if he/she dies while still in practice.
- E. The Lawyer has appointed the Attorney/Trustee and the Attorney/Trustee has accepted the following appointments by the Lawyer:
  - (1) an appointment as Law Practice Attorney under a Law Practice Power of Attorney executed by the Lawyer on *date*, a copy of which is attached to this Agreement as Schedule A; and
  - (2) an appointment as Practice Trustee under a Will executed by the Lawyer on *date*, an extract of which is attached to this Agreement as Schedule B.
- F. The Lawyer has added the Attorney/Trustee as a signatory on the general and trust accounts of the Law Practice.

- G. The Lawyer has appointed his/her [friend, spouse], **N**, of *address*, the attorney under his/her personal Power of Attorney, and the executor and trustee under his/her Will, both executed on *date* (“the Personal Attorney/Executor”).
- H. The Lawyer has appointed his/her [friend, spouse, office manager, ...], **M**, of *address*, to act as gatekeeper (“the Gatekeeper”) under a Gatekeeper Agreement executed on *date*, attached as Schedule C, to make the decision as to when the Attorney/Trustee will assume his/her duties, if the Lawyer is incapable of making that decision.
- I. To provide all the parties with more certainty of expectations, the intention of this Agreement is to expand on the general powers granted the Attorney/Trustee under the Law Practice Power of Attorney and the Will.

### **Terms of Agreement**

In consideration of the mutual agreements contained in the Agreement, the parties agree as follows:

1. The Lawyer appoints and the Attorney/Trustee agrees to act as Law Practice Attorney under the Law Practice Power of Attorney (Schedule A) and as Practice Trustee under the Will (Schedule B).
2. If the Lawyer or the Gatekeeper requests the Attorney/Trustee to take over the Law Practice, the Attorney/Trustee has two weeks to review the books, records and files of the Law Practice and notify the Lawyer or the Gatekeeper whether or not he/she is able and willing to accept at that time the duties under this Agreement and the attached Schedules. While conducting his/her review of the Law Practice, the Attorney/Trustee will take reasonable steps to deal with urgent matters to protect the interests of the Lawyer and the clients.
3. If the Attorney/Trustee accepts the duties under this Agreement and if the Attorney/Trustee is exempt at the time of this Agreement from the requirement to maintain practicing insurance with the Lawyers’ Insurance Fund, the Attorney/Trustee will obtain practicing insurance before assuming his/her duties.
4. If the Attorney/Trustee accepts the duties under this Agreement and the attached Schedules, the Attorney/Trustee will take possession and control of all of the Law Practice, determine the status of all files and records, arrange for the conduct of all matters and the management of all property, whether real or personal, related to or associated with the Law Practice, and take such steps as he/she decides in his/her discretion to protect the interests of the Lawyer’s clients.
5. If the Lawyer has died or if there is no reasonable expectation, after consultation with the Lawyer, the Lawyer’s immediate family or the Lawyer’s doctor, that the Lawyer will be able to resume the practice of law in a timely manner to retain the clients and preserve the good will of the Law Practice, the Attorney/Trustee will sell or wind down and dispose of the Law Practice.

6. In carrying out his/her duties under this Agreement and the attached Schedules, the Attorney/Trustee will not be liable to the Lawyer or to his/her estate for decisions made by the Attorney/Trustee in good faith which may result in a loss to the Lawyer or to his/her estate.
7. The Lawyer may in the future make changes to his/her Will or replace it or execute a new personal Power of Attorney or Gatekeeper Agreement. The Lawyer will notify the Attorney/Trustee of the changes or new documents. If the changes or replacement documents do not affect the duties of the Attorney/Trustee under this Agreement or the attached Schedules, this Agreement remains in effect and the changes or replacement documents are deemed to be incorporated into this Agreement.
8. If the Attorney/Trustee has any problems or concerns in carrying out the duties under this Agreement and the attached Schedules, and, in particular, in accessing the Law Practice bank accounts, he/she is urged to contact the Custodianship Department of the Law Society of BC for help and support.
9. If a disagreement arises between the Attorney/Trustee and either the Lawyer or the Personal Attorney/Executor as to the handling by the Attorney/Trustee of the Law Practice and such disagreement cannot be resolved in a timely way, the parties are urged to seek help to resolve the matter by mediation or binding arbitration.

### **Practice Management**

10. To not limit the generality of paragraph 4 and the powers and duties under this Agreement and the attached Schedules, the Attorney/Trustee will:
  - (a) notify the Lawyer's clients of the Attorney/Trustee's role and the reasons for it, review the files, complete unfinished work or assist the clients to find new lawyers, account for funds in trust, and prepare accounts for work done;
  - (b) advise all appropriate courts, agencies, opposing and other counsel, the Law Society of BC and other persons or entities, as may be necessary or required, that he/she is taking over the Law Practice and the authority to do so;
  - (c) arrange for long-term storage of and access to the Lawyer's closed files, including original Wills, if any;
  - (d) hire one or more lawyers, additional staff or other professionals, if necessary or advisable, to assist in the management or disposal of the Law Practice;
  - (e) report all claims or potential claims in writing by a client or other party against the Lawyer in his/her professional capacity to the Lawyers' Insurance Fund of the Law Society and cooperate with the insurer respecting any claim arising out of the Law Practice.

## Financial Management

11. The Lawyer, in addition to maintaining a line of credit for the use of the Law Practice, will purchase disability and life insurance for the purpose of paying the Attorney/Trustee and funding the expenses of the Law Practice. The Lawyer will name the Attorney/Trustee as the beneficiary of such policies.
12. The Attorney/Trustee will:
  - (a) hold the proceeds received from the disability and life insurance policies referred to in paragraph 11 in trust and use those proceeds for paying the expenses of the Law Practice, which includes his/her fees;
  - (b) account for the proceeds of the disability and life insurance policies and their use as part of the reporting requirements under this Agreement;
  - (c) give to the Lawyer, if capable of managing his/her affairs, or to the Personal Attorney/Executor any proceeds remaining after the Lawyer returns to practice or the practice is sold or wound up.
13. To not limit the generality of paragraph 4 and the powers and duties this Agreement and the attached Schedules, the Attorney/Trustee will:
  - (a) replace the Lawyer as signatory on all the accounts of the Law Practice with any bank or financial institution, including general accounts, trust accounts and special interest-bearing trust accounts, if not previously done;
  - (b) access any line of credit for the Law Practice as necessary for the purpose of paying the expenses of the Law Practice;
  - (c) pay the expenses of the Law Practice until the Lawyer resumes the practice of law or the Law Practice is wound down or sold, including:
    - (i) staff salaries and rent;
    - (ii) the fees and expenses of any other lawyers, staff or other professionals he/she may need to hire to manage or to dispose of the Law Practice;
    - (iii) Law Society of BC fees and insurance;
    - (iv) any insurance needed for fire, theft and liability;
    - (v) the Lawyer's personal life insurance;
    - (vi) the Attorney/Trustee's fees and expenses;
  - (d) collect accounts receivable;
  - (e) return any unused trust account balances owed to the Lawyer's clients;
  - (f) assess the unbilled work to date for any files to be turned over to clients or to new counsel and provide an account, which, for contingency fee files, may be a portion of the agreed percentage; if appropriate, the Attorney/Trustee may assert a retaining or charging lien until the account is paid or accept appropriate undertakings from new counsel; and

- (g) prepare, execute and file income tax returns and other filings required by Canada Revenue Agency and the Province of BC for the Law Practice.
- 14. If the Attorney/Trustee wishes to buy some part or all of the Law Practice, he/she may do so, if acceptable terms can be reached with the Lawyer, if he/she is capable of managing his/her affairs, or the Personal Attorney/Executor.
- 15. If the Law Practice is sold or wound up, the Law Practice Attorney is to pay the net proceeds and provide a full accounting to:
  - (a) the Lawyer, if capable of managing his/her affairs; or
  - (b) the Personal Attorney/Executor.

### **Reporting**

- 16. The Attorney/Trustee will provide quarterly written reports to the Lawyer, if his/her absence from the Law Practice is not due to incapacity, or to the Personal Attorney/Executor, if the Lawyer is incapable of managing his/her affairs or has passed away, with the first quarter to start from the date the Attorney/Trustee assumed his/her duties.
- 17. The quarterly written reports are to include, but not limited to, an accounting for accounts billed, accounts collected and expenses paid, and any decision to sell or otherwise dispose of the Law Practice.
- 18. If the Attorney/Trustee has decided to sell or wind down the Law Practice, the Attorney/Trustee will provide a written explanation to the Lawyer, if capable of managing his/her affairs, or to the Personal Attorney/Executor.

### **Termination of this Agreement**

- 19. If, after assuming the duties under this Agreement, the Attorney/Trustee decides that he/she can no longer continue to act, he/she will:
  - (a) give the Lawyer or the Personal Attorney/Executor two weeks notice of this decision;
  - (b) prepare to hand over the Law Practice or what remains of it and any funds he/she holds in trust from insurance proceeds;
  - (c) provide a written report to the Lawyer or the Personal Attorney/Executor as described in paragraph 16;
  - (d) take any steps necessary in this two week period to deal with urgent matters to protect the interests of the Lawyer and the clients;
  - (e) advise the Custodianship Department of the Law Society of BC of the decision to withdraw and the existence of any client or practice matters needing urgent attention; and
  - (f) provide any additional information requested by the lawyer taking over the duties outlined in this Agreement.

- 20. If the Attorney/Trustee has not assumed any duties under this Agreement, the Lawyer may terminate this Agreement by delivering a letter to that effect to the Attorney/Trustee.
- 21. If the Attorney/Trustee has assumed duties under this Agreement and the Lawyer is capable of managing his/her affairs and decides to terminate this Agreement, the Lawyer will give the Attorney/Trustee two weeks notice of this decision. The Attorney/Trustee will cooperate with the Lawyer in returning the Law Practice to the Lawyer and follow the steps in paragraph 19(b), (c) and (d).

**The parties have agreed to its terms and signed this Agreement as of the date written above.**

SIGNED BEFORE ME )  
 at \_\_\_\_\_ )  
 on \_\_\_\_\_ )  
 \_\_\_\_\_ )

\_\_\_\_\_  
**The Lawyer**

SIGNED BEFORE ME )  
 at \_\_\_\_\_ )  
 on \_\_\_\_\_ )  
 \_\_\_\_\_ )

\_\_\_\_\_  
**The Attorney/Trustee**