



Cover Pages

A guide to insurance for private practitioners

As a lawyer in private practice, you face risks. And because potential risks can turn into unpleasant realities, effective risk management begins with understanding what's covered under the compulsory Policy — and what's not. By appreciating your exposure to uncovered risks, you can either avoid them entirely or buy other insurance that will respond if you do get tripped up. "Cover Pages" gives you the information you need to get started.

Where to find what in the guide

On the inside pages, you'll find a handy summary of the risks that you face as a practitioner and as a business person, and the insurance that's either provided through the Policy — compulsory for all BC lawyers in private practice — or available for purchase on the commercial market. On the back page, you'll find a list of what's covered and what's not under Part A of the Policy, Professional Liability (for negligence).

A few cautions before you begin

"Cover Pages" is intended only as a guide to assist lawyers. The actual wording of any policy, including terms, conditions, exclusions, limits and deductibles, governs and applies to any claim or potential claim. In terms of excess and other commercial

insurance, you will want to talk to one or more brokers for more information and to determine what is best for your firm. There are different insurance options available and the risks the policies cover, as well as limits, sub-limits, aggregates and deductible amounts, will vary between insurers and brokers. And remember, if you are insured for a claim or activity under the Policy, don't jeopardize that coverage by not reporting in time or meeting your other duties as an insured.

Additional web resources, including a list of excess and other commercial insurance brokers

Visit [LIF's section](#) of the Law Society's website at www.lawsociety.bc.ca, under Support and Resources for Lawyers, for more information. The [Insurance Program](#)

and [Coverage](#) sections include information about the Policy, coverage and your duties as an insured (see [My Insurance Policy: Questions & Answers](#)), optional Business Innocent Insurance Coverage (BIIC) and commercial liability insurance, including a list of excess and other commercial insurance brokers. The [Fraud Prevention](#) section includes risk management tips for social engineering and other fraud risks.



Risks and insurance for the private practitioner

An overview

Here's an overview of the risks in practice and the insurance available through the compulsory or commercial policies. In this table, red means insurance is available and purple means it's not. Grey means it's qualified in some way.

For a closer look at any of the insurance policies **bolded** below, see the next page.

Risks		Insurance	
		Compulsory policy	Commercial policies
NEGLIGENCE	Negligence in acting as a lawyer, arbitrator or mediator or, if the services are connected with and incidental to your practice of law, as an executor, trustee or patent/trademark agent, even if the mistake is not discovered until after you stop paying the insurance fee.	Part A insures you. Optional BIIC coverage insures you for your partner's claims that trigger Exclusion 6.2, the "business exclusion."	Excess extends the Part A limits. Discovery period excess policies extend the Part A limits for mistakes discovered after you leave practice.
	Defamation.	Part A insures you for defence costs only.	Commercial General Liability (CGL) insures you.
FRAUD	Criminal, dishonest, fraudulent or malicious acts unrelated to theft of trust funds or property.	No insurance for your own bad acts.	Excess may insure you for defence costs.
	Loss of trust funds as a result of fraud, including the "bad certified cheque" and other social engineering frauds.	Part A insures you for liability for the bad acts of a firm lawyer.	Excess extends the Part A limits.
		Part C insures you for the "bad certified cheque" and certain other social engineering frauds.	Social Engineering and Funds Transfer Frauds – part of Crime (fidelity) – insure you.
		Some Excess extends the Part C limits.	
THEFT	Stealing trust funds or property.	Part B insures you but you must repay.	Some Excess extends the Part B limits but you must repay.
		Part B insures you for liability for a theft by a firm lawyer.	Crime (fidelity) insures you.
	A non-lawyer employee or third party steals trust funds or property.	No insurance.	Some Excess extends the Part B limits.
DATA BREACH	A data breach that leads to the misuse of information by a third party, or a malware transmission.	No insurance.	Cyber insures you.
	A data breach that leads to a claim that is based on a compromised ability to provide your client with legal services.	Part A insures you.	Excess extends the Part A limits.
DAMAGE	Bodily injury and property damage to third parties arising from your operations and premises.	No insurance.	Commercial General Liability (CGL) insures you.
	Loss of office property and assets, and business interruption, due to fire, theft, vandalism, flood, earthquake or other perils.	No insurance.	Property insures you.
EMPLOYER DIRECTOR	Claims against you as a law firm employer for wrongful dismissal, breach of contract, sexual harassment and other wrongful employment practices.	No insurance.	Employment Practices Liability (EPL) insures you.
			Some Excess may insure you.
	Claims against you as a director or officer of a law firm for mismanagement of the company, conflicts of interests and other allegations.	No insurance.	Directors & Officers Liability (D&O) insures you.

Risks and insurance for the private practitioner

A closer view

Here's a closer look at the insurance available through the Law Society (pink) and on the commercial market (grey).

	Policy	Limits/deductibles	Risks
COMPULSORY	Part A Professional Liability (for negligence)	<ul style="list-style-type: none"> » \$1 million per error/\$2 million annual aggregate » \$5,000 or \$10,000 	Negligence, defamation (defence costs), liability for fraud by a firm lawyer.
	Part B Trust Protection (for dishonest appropriation)	<ul style="list-style-type: none"> » \$300,000 per error/\$17.5 million annual profession-wide aggregate » No deductible 	Lawyer theft, but you must repay if your own theft. Part B replaces the Special Compensation Fund.
	Part C Trust Shortage Liability (for reliance on fraudulent certified cheques or misrepresentations)	<ul style="list-style-type: none"> » \$500,000 per error and annual individual and law firm aggregate/\$2 million annual profession-wide aggregate » 35% of indemnity payments, reduced by any overdraft 	Loss of trust funds caused by the "bad certified cheque" and certain other social engineering frauds.
OPTIONAL	Optional BIIC Business Innocent Insured Coverage	<ul style="list-style-type: none"> » \$1 million per error/\$2 million annual aggregate » 10% of total payments 	Partnership or vicarious liability for negligence, if the business exclusion excludes Part A coverage.
COMMERCIAL	Excess	As arranged and depending on firm needs. Limits may be \$1, \$2, \$4 million or more in excess of \$1 million.	Negligence claims that result in defence and/or indemnity payments that exceed the Part A limits.
			May respond to risks that Part A does not cover (e.g. defence costs if you are sued in fraud), or provide Crime (fidelity) or EPL , subject to the aggregate.
			May respond to theft or social engineering claims that exceed the Part B or Part C limits.
	Crime (fidelity), Social Engineering and Funds Transfer Frauds	As arranged and depending on firm size. Limits are generally \$1 to \$5 million.	Theft of trust funds or securities by a law firm employee or other third party. Includes coverage for other types of criminal losses typically excluded under Property , such as employee forgery and alteration, computer fraud, loss of money and securities.
			May include Social Engineering Fraud that will respond if you are defrauded through a social engineering fraud (the intentional misrepresentation of some material fact), and Funds Transfer Fraud that will respond if your bank is defrauded. These coverages are not available as stand-alone policies.
	Cyber	As arranged and depending on firm size. Limits are generally \$1 to \$5 million. May include sub-limits.	A data breach that leads to the misuse of information by a third party, or a malware transmission, although this newer coverage is constantly evolving.
			Insures you for your own losses in the event of a hack or virus, such as notification costs if personal information is stolen, cyber extortion (ransomware), IT forensics, the cost to rebuild IT infrastructure and associated PR costs.
			Insures you for third party claims as a result of stolen data or confidential information.
			Often includes assistance from experts such as data breach consultants.
	Commercial General Liability (CGL)	As arranged. Limits are generally \$2 to \$5 million. CGL and Property are often purchased as a combined policy.	Bodily injury and property damage to third parties arising from your operations and premises, including injuries to clients and other visitors.
Includes insurance for advertising liability, tenants' liability, defamation and other personal injury claims.			
Property	Depends entirely on the value of the firm's assets. Property and CGL are often purchased as a combined policy.	Loss of physical assets including buildings (if owned), office contents, equipment and valuable papers/records, and business income/interruption as a result of perils including fire, theft, vandalism, flood and earthquake.	
Employment Practices Liability (EPL)	Depends entirely on firm size. EPL and D&O are often purchased as a combined policy.	Employment related risks. Responds to a wide range of allegations related to wrongful employment practices, including wrongful dismissal claims, breach of contract, sexual harassment and discrimination.	
Directors & Officers Liability (D&O)	Depends entirely on firm size. D&O and EPL are often purchased as a combined policy.	Management related risks. Protects the law firm and its individual directors and officers in their capacity as such from risks such as mismanagement of the firm. Protects the personal assets of those individuals in the event of a bankruptcy.	

Part A Professional Liability (for negligence)

A summary of what's covered under the Policy, and what's not

Here's a summary of Part A's coverage for different claims and activities. If a claim or activity is covered, Part A pays compensatory damages awarded against you, including interest, or funds a settlement or a repair.

For details of the coverage summarized below, go to our web resource, [My Insurance Policy: Questions and Answers](#).

	Risks	Covered – yes or no?
WHAT CLAIMS	Negligence, including negligent breach of fiduciary duty	Yes
	Business or personal interest claims	No, although the optional BIIIC policy insures innocent partners, if purchased
	Data breaches that lead to the misuse of information by a 3rd party, or a malware transmission	No
	Defamation	Defence cover only
	Dishonest, criminal, fraudulent or malicious acts	No, except for innocent partners
	Dispute resolution agreements reached with clients in advance of a claim	May jeopardize negligence coverage
	Fees and benefits	No
	Indemnities given to clients in advance of a claim	No, and may jeopardize negligence coverage
	Punitive and other damages, sanctions, special costs and costs ordered against you in third-party litigation	No
	Thefts, trust shortages caused by frauds, and losses caused by dishonest employees	No, although Part B insures lawyer theft and Part C provides some insurance for trust shortages caused by certain frauds
WHAT ACTIVITIES	Practising law	Yes
	Acting as a bailee (holding personal property)	No, unless held in relation to legal services you provide
	Acting as a conduit for funds	No, unless disbursed in relation to legal services you provide
	Arbitrator or mediator (includes family dispute resolution professionals)	Yes
	Custodian, practice trustee/attorney, winding up caretaker or locum	Yes
	Director or officer	No
	Executor or trustee (includes similar fiduciary capacities)	Yes, if connected with and incidental to your law practice
	In-house counsel through secondment	No
	Investment advice or services	No, unless given as part of your legal services
	Patent or trademark agent	Yes, if connected with and incidental to your law practice
	Practice in breach of a Law Society restriction	Yes, but you must repay all amounts paid
	Pro bono services	Yes
	Research	Yes
	Selling real estate	Yes, for the most part, if part of your law practice
WHEN	Mistakes made while in private practice, even if not discovered until after you leave	Yes
WHERE	Practice outside of BC (includes mobility within Canada)	Yes, unless it arises out of your permanent practice as a member of another jurisdiction or your practice in contravention of another jurisdiction's rules
WHO	You, law firm employees you supervise and who make mistakes, and partners who are vicariously liable for your mistakes	Yes