

2026 BC Lawyers Professional Liability Indemnification Policy

Indemnitor:	BC Lawyers Indemnity Association (“BCLIA”)
Address for service:	5th Floor, 845 Cambie Street, Vancouver, BC V6B 4Z9
Administrator:	Law Society of British Columbia (“Law Society”)
Manager:	Lawyers Indemnity Fund
Master Policy number:	LPL 26-01-01

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DECLARATIONS

This Declarations page is part of the policy, but no coverage is provided by the Declarations page, nor does it replace any provisions of the policy. The policy governs **claims** and potential **claims** first made and reported in 2026. Please read the policy carefully.

1. **Individual Covered Party:** As defined in this policy
2. **Policy Period:** January 1, 2026 12:01 a.m. to January 1, 2027 12:01 a.m. (PST)
3. **Individual Coverage Period:** As defined in this policy
4. **Indemnity Fee:** As set by the Law Society
5. **Policy Territory:** Worldwide
6. **Limits of Liability and Deductibles:**

Coverage	Per Error Limit of Liability	Annual Aggregate Limit of Liability	Per Error Deductible	Profession-wide Limit of Liability
Part A: Professional Liability Indemnity (Errors & Omissions)	\$1,000,000 per error for damages, claims expenses , and deductible	\$2,000,000 per individual Covered Party , including all additional Covered Parties	\$5,000 per error resulting in the payment of damages , or \$10,000 for any error reported within 3 years of the report of a Part A error also resulting in a payment of damages	Unlimited
Part B: Trust Protection Coverage (Dishonest Appropriation)	\$300,000 per claimant and error for damages and claims expenses ; except \$250,000 for inter- jurisdictional practice	Not applicable	Nil	\$17,500,000 profession-wide for all claims for damages and claims expenses ; except \$2,000,000 for inter- jurisdictional practice
Part C: Trust Shortage Liability Indemnity (funds transfer fraud or reliance on fraudulent certified cheques)	\$500,000 per error for damages, claims expenses , and deductible	\$500,000 per individual Covered Party , including all additional Covered Parties \$500,000 law firm annual aggregate limit for all claims for damages , claims expenses and deductibles	30% of the total amount of damages and claims expenses paid per error relating to a funds transfer fraud , or 15% of the total amount of damages and claims expenses paid per error relating to a deposited fraudulent cheque	Unlimited

DEFINITIONS

For convenience, all defined words are in bold print. We, us, or our refers to BCLIA. You, your, or the **Covered Party** refers in Parts A and C to the **individual Covered Party** or **additional Covered Party**, and in Part B to the **individual Covered Party** or **innocent Covered Party**. Unless otherwise indicated, all specific statutory references are to statutes of British Columbia. In this policy:

Additional Covered Party means:

- (a) each **law firm** in which the **individual Covered Party** is or was a partner, shareholder, employee or associate counsel or that is or was liable for the **individual Covered Party**;
- (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 Covered Party** or their **spouse** or former **spouse**, and each present or former officer, director, shareholder or limited partner thereof;
- (c) each present or former **licensee** who, at the time of the **error**, was insured or indemnified by us and was the **individual Covered Party**'s partner personally or through a **law corporation**, or liable for the **individual Covered Party**;
- (d) each present or former employee of the **individual Covered Party**, or of any **law firm**, **law corporation**, law office management corporation or law office management limited partnership described in (a) or (b) above, provided such employee was acting within the scope of their duties and acting under the supervision of, in a supporting role to and not independent of the **individual Covered Party**; and
- (e) each present or former **MDP partner** who, at the time of the **error**, was insured or indemnified by us and was 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 **licensees** 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 lawyer admitted as a Canadian legal advisor member by the Law Society.

Certificate means: a document issued by the Law Society to a **licensee** as proof of insurance or indemnity under any previous plan of professional liability insurance or indemnity for **licensees** of the Law Society.

Claim means: a demand for money, or the threat or institution of an action or other proceeding against you.

Claimant means:

- (a) under Part A or C: a person or **organization** who has made or may make a **claim**; and
- (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) (i) fees and disbursements charged by defence counsel appointed by us; and

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- (ii) 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 Part A 2, Part B 2 and Part C 2, and all fees, costs and expenses we incur in any recovery efforts, but does not include salaries of our officers, directors and employees, or those of the Law Society; or
- (b) for the purposes of Part A 2.9 and 2.10 only, reasonable fees and disbursements charged by independent defence counsel and payable by you.

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.

Costs means: costs payable to a party pursuant to the Supreme Court Civil Rules, or the civil rules of court of any other Canadian or US jurisdiction, by agreement or by Order, except for **special costs**.

Covered Party means:

- (a) under Part A or Part C: an **individual Covered Party** or **additional Covered Party**; and
- (b) under Part B: an **individual Covered Party** or **innocent Covered Party**.

Cybercrime means: criminal activity including, but not limited to, social engineering fraud, **funds transfer fraud**, business email compromise, identity theft, ransomware, spoofing, or phishing that either targets or uses a computer, a computer network, a digital network, or a networked device.

Damages means:

- (a) under Part A: any compensatory damages award or settlement, including any related pre-judgment or post-judgment interest or **costs**, 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, fees for professional services including legal fees, or disbursements that you received, even if claimed as compensatory or general damages;
- (ii) any order for punitive, exemplary or aggravated damages, even if claimed as compensatory or general damages;
- (iii) any fine, sanction or penalty;
- (iv) any order or indemnification for **costs** made against you in litigation in which you are or were counsel of record or counsel for any other party;
- (v) any order for **special costs**; or
- (vi) any order for declaratory, injunctive or other non-monetary relief.

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(b) under Part B: the direct loss of no more than the money, or the actual cash value of other property, dishonestly appropriated by the **individual Covered Party**, and any related pre-judgment or post-judgment interest, or **costs**.

Damages does not include:

(i) any monetary award, settlement or sum for which the **claimant or Covered Party**:

- is entitled to claim indemnity under any other policy or form of insurance (including title insurance); or

- 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;

(ii) any order or indemnification for **costs** made against you in litigation in which you are or were counsel of record or counsel for any other party; or

(iii) any order for **special costs**.

(c) under Part C: any monetary award or settlement, including any related pre-judgment or post-judgment interest or **costs**, for the direct loss of no more than the amount by which the **trust account** is short, and any **repair costs** or compensatory damages directly related to covered allegations.

Damages does not include:

(i) any monetary award, settlement or sum for which the **claimant or Covered Party** is entitled to claim indemnification under any other policy or form of insurance that would cover such loss in whole or in part in the absence of this policy;

(ii) any order or indemnification for **costs** made against you in litigation in which you are or were counsel of record or counsel for any other party;

(iii) any order for **special costs**; or

(iv) any order for declaratory, injunctive or other non-monetary relief.

Data breach means: an incident wherein information in your care, custody or control is exposed or taken without your knowledge or consent.

Dependent contractor means: whether as an individual or through a law corporation, a **licensee** who is providing **professional services** to an **organization** in a manner that is effectively equivalent to an employer and employee relationship, as determined by us and considering factors such as:

- the **licensee** actively marketing or advertising their availability and services in connection with the **organization**;
- the **licensee's** ability to accept or refuse work offered by the **organization**;
- a requirement that the **licensee** personally do the work, or restrictions on the **licensee's** ability to assign or sub-contract to other professionals;

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- (d) primary or alternate contact information of the **licensee**, such as phone number, email, and mailing address that are similar to that of the **organization's** employees;
- (e) communications to external parties that suggest that the **licensee** is an employee rather than working at arm's length under a retainer;
- (f) whether work is done on the premises of the **organization** versus the **licensee's** own workspace;
- (g) the **licensee's** direct access to the **organization's** computer network;
- (h) the **licensee's** required compliance with the organization's policies and procedures;
- (i) how the **licensee** is remunerated, or whether the **licensee** participates in benefit plans or profit-sharing schemes;
- (j) withholding or payment of payroll taxes and other expenses by the **organization**; or
- (k) the **licensee** benefits from a hold-harmless, waiver, or similar agreement with the **organization**.

Deposited fraudulent cheque means: a counterfeit, forged or materially altered cheque that purported to be, and the **individual Covered Party** believed to be, a genuine certified cheque, bank draft, credit union official cheque, **law firm** trust cheque, or money order and was deposited into a **trust account**.

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 error**. 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 **Covered Party(ies)** 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 or a 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 **Covered Party** or by **Covered Parties** 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 Covered Party** or a third party, that was entrusted to and received by the **individual Covered Party** in their capacity as a barrister and solicitor and in connection with the performance of **professional services** for others.

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- (c) under Part C: a payment to a third party that creates an unintended shortage in trust funds that are held in a **trust account** in connection with the performance of **professional services** for others, provided that such payment was either:
 - (i) the result of a **deposited fraudulent cheque**; or
 - (ii) the result of a **funds transfer fraud** and made only because the **individual Covered Party** believed the payment was legitimate and duly authorized, and did not relate in any way to the mistaken belief that funds had been deposited into the **trust account**.

Family means: spouse, children, parents, or siblings.

Funds transfer fraud means: the misleading of a person into sending or paying money based on false information that is provided to that person.

Individual coverage period means:

- (a) under Part A:
 - (i) any period prior to January 1, 1971 during which the **individual Covered Party** was a **licensee**;
 - (ii) any period between January 1, 1971 and January 1, 1998 during which the **individual Covered Party** was a **licensee** and held a **certificate**;
 - (iii) any period after January 1, 1998 during which the **individual Covered Party** paid the annual insurance or indemnity fee; or
 - (iv) any period after January 1, 2002 during which the **individual Covered Party** was a **licensee** and was performing **sanctioned pro bono services**.
- (b) under Part B: any period during which the **individual Covered Party** was a **licensee**.
- (c) under Part C: any period after January 1, 2012 during which the **individual Covered Party** paid the annual insurance or indemnity fee.

Individual Covered Party means: each **licensee** or former **licensee** who:

- (a) made or allegedly made the **error**; or
- (b) for the purposes of Part A 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: the proportion of 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 Covered Party means: each present or former **licensee** who:

- (a) is or may be liable for the **individual Covered Party**;
- (b) did not personally commit, participate in committing, or acquiesce in the **error**; and

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- (c) was indemnified by us at the time of the **error**.

Law corporation means: an entity incorporated under the *Business Corporations Act* that is governed by, and a valid permit has been issued under, the *Legal Profession Act*.

Law firm means: a sole proprietorship through which a **licensee** provides **professional services**, a **law corporation**, a partnership of **licensees** or **law corporations** or a combination thereof, a **multi-disciplinary practice** or an **apparent partnership**.

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

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

Multi-disciplinary practice means: a multi-disciplinary practice as defined in the Law Society Rules.

Network Security breach means:

- (a) the electronic receipt or transmission of malicious software by, to, from, or within a computer or digital network or system; or
- (b) the failure or violation of the security of a computer or a computer or digital network or system, including other equipment actually or intended to connect or communicate with the computer or network.

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 error means: malicious prosecution or defamation.

Policy period means: the period stated on the Declarations page.

Privacy breach means: any loss of, improper or unauthorized access to, or disclosure or production of confidential information or data, howsoever arising, or any violation of your privacy policy or a statute arising from the gathering, storage, or use of confidential information or data.

Professional services means:

- (a) the practice of law as defined in the *Legal Profession Act*;
- (b) *pro bono* legal services or **sanctioned pro bono services**;
- (c) acting as a custodian under Part 6 of the *Legal Profession Act* or in a similar role, or as an arbitrator, mediator or parenting coordinator;
- (d) performing any other activity deemed to be the practice of law by the Law Society;
- (e) 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 **licensee**; or
- (f) acting as:

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- (i) 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;
- (ii) a patent or trademark agent; or
- (iii) an agent for any record keeping or filing duty imposed by any provincial or federal statute

provided that such services, and the related appointment or retainer, are connected and incidental to the **individual Covered Party**'s practice of law and, for the purposes of Part B of this policy only, the **individual Covered Party** is also providing legal services,

but does not include:

- (g) (i) acting as a bailee, or
- (ii) providing investment advice or investment services

unless such services, and the related appointment or retainer, are performed in consequence of and incidental to the **individual Covered Party**'s practice of law;

- (h) publishing or communicating on a website, blog or social media platform unless directly connected and incidental to the **individual Covered Party**'s practice of law;
- (i) acting as a conduit of funds, from trust or otherwise, unless such services and the related appointment or retainer are incidental to the individual Covered Party's provision of substantive legal services;
- (j) the services or activities of a "mortgage broker" as defined in the *Mortgage Brokers Act*; or
- (k) with respect to Part A and Part C only, any **unauthorized practice**.

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 3, November 1, 2006 as amended from time to time.

Reciprocal Jurisdiction means: a province or territory of Canada whose legal profession governing body is a signatory to the National Mobility Agreement, as amended from time to time.

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.

Related organization means: an **organization** that controls, is controlled by, or is under common control with another **organization**.

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 pro bono services means: *pro bono* legal services provided to an individual or organization 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.

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Secondary verification means: action by a **Covered Party** or person acting under the supervision of the **Covered Party**, having received initial or amended payment instructions by means other than in person, to subsequently contact the person who purportedly gave such instructions, either in person, by telephone to a trusted number, or by videoconference, and confirm that the instructions are genuine and accurate. Videoconference verification must be in accordance with the procedures set out in the Law Society Rules of Part 3, Division 11 – Client Identification and Verification.

Seconded lawyer means: an **individual Covered Party** who is a member of a **law firm**, but who, at the request of the **law firm**, temporarily acts in the capacity of in-house counsel for an **organization**.

Special costs means: party and party costs ordered to be assessed as special costs (formerly called “solicitor and client costs”) pursuant to Supreme Court Civil Rule 14-1(1), or another similar term in the civil rules of court of any other Canadian or US jurisdiction, or an equivalent type of punitive costs.

Spouse means: the person to whom a person is married or has been living with in a marriage-like relationship for a period of time of not less than one year.

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 Covered Party**:

- (a) in breach of an undertaking given to the Law Society,
- (b) in contravention of a condition or limitation of practice imposed or agreed to under the Law Society Rules; or
- (c) in contravention of the rules of any other law society or bar.

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This policy is a contract between each **Covered Party** and BCLIA.

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

PART A: PROFESSIONAL LIABILITY INDEMNITY AGREEMENTS (ERRORS & OMISSIONS)

1. PRIMARY INDEMNITY AGREEMENT

We will pay on your behalf **damages** that you become legally obligated to pay because of any **claim** first made against you and reported to us in writing during the **policy period** arising out of an **error** by the **individual Covered Party** in performing or failing to perform **professional services** for others.

2. DEFENCE, EXPENSES AND SETTLEMENT

2.1 With respect to any **claim** made or suit 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 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 Condition 2; 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** made or suit brought other 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 have the right, but not the duty, to investigate, settle, defend or pay **claims expenses** in accordance with Part 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 necessary and, if we deem prudent, you will settle such **claim** or suit. Subject to Part A 2.3, we will 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 will pay:

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- 2.3.1 any settlement or **claims expenses** that are solely or substantially attributable to that part of a **claim**; 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 the part of the **claim** for which you are entitled to coverage under Part A.
- 2.4 The allocation of **claims expenses** under Part A 2.3 will be calculated following final determination of the **claim**.
- 2.5 Notwithstanding Part 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 Part A 2.3. Any such payment, demand or failure to make a demand by us is without prejudice to our respective rights under Part A 2.4.
- 2.6 Any allocation or advancement of **claims expenses** does not apply to or create any presumption with respect to the allocation between covered and uncovered loss.
- 2.7 Notwithstanding Exclusion 2, we have the right and the duty to defend, in accordance with Part A 2.1.2, any **claim** first made against you and reported to us during the **policy period** arising out of a **personal injury error** while you were performing or failing to perform **professional services** for others.
- 2.8 Notwithstanding our obligations pursuant to Part A 2.1, 2.2 and 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 will be considered by the arbitrator in determining our respective obligations.
- 2.9 Notwithstanding (a)(iii) of the definition of **damages**, we will reimburse **claims expenses** up to a maximum sublimit of \$100,000 to the per **error** limit on the Declarations page in the appeal of a penalty assessed against an **individual Covered Party** pursuant to section 163.2, section 237.3, or section 237.4 of the *Income Tax Act*, R.S.C. 1985, c.1 or section 285.1 of the *Excise Tax Act*, R.S.C. 1985, c. E-15, subject to:
 - 2.9.1 the assessment or prosecution occurring in the course of, in consequence of and directly related to the **individual Covered Party**'s practice of law;
 - 2.9.2 our prior written consent to your choice of independent defence counsel; and
 - 2.9.3 an acquittal, a withdrawal of the allegation, or a finding by the Court that the **individual Covered Party** did not commit the acts or omissions that gave rise to the assessment or prosecution.
- 2.10 Notwithstanding Exclusion 9, we will reimburse **claims expenses** up to a maximum sublimit of \$100,000 to the per **error** limit on the Declarations page in the defence of the prosecution of an offence against an **individual Covered Party** under subsection 8(8), section 10.1, or subsection 10.3(1) of the *Personal Information Protection and Electronic Documents Act* (PIPEDA), S.C. 2000, c.5, or under section 6(1) of the *Prohibition on the Purchase of Residential Property by Non-Canadians Act*, S.C. 2022, c.10, s. 235, subject to:

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- 2.10.1 the assessment or prosecution occurring in the course of, in consequence of and directly related to the **individual Covered Party's** practice of law;
- 2.10.2 our prior written consent to your choice of independent defence counsel; and
- 2.10.3 an acquittal, a withdrawal of the allegation, or a finding by the Court that the **individual Covered Party** did not commit the acts or omissions that gave rise to the assessment or prosecution.

2.11 Notwithstanding Exclusion 6.2, we will investigate, defend, and pay **claims expenses** and **damages**, except as otherwise excluded or limited, arising from a **claim** against an **additional Covered Party** if, as a precondition, it is determined solely by us exercising our discretion reasonably that the **additional Covered Party**:

- 2.11.1 had no knowledge of the circumstances giving rise to the application of Exclusion 6.2; and
- 2.11.2 exercised due diligence and made reasonable and regular enquiries, at least annually, that were intended to cause discovery of the circumstances giving rise to the application of Exclusion 6.2.

This Clause 2.11 shall not apply to any **claim**, **error**, or circumstances that occurred prior to January 1, 2024, unless the **additional Covered Party** purchased the Business Innocent Covered Party Endorsement from us, and then only for errors that occurred during the period the **additional Covered Party** was indemnified by a previously effective Business Innocent Covered Party Endorsement.

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

- 2.12.1 the application of Exclusion 1 or 2 to you; or
- 2.12.2 the failure to give timely notice in accordance with Condition 4;

we will cover:

- 2.12.3 each present or former **licensee** or **MDP partner** who, at the time of the **error**, was indemnified by us and was the **individual Covered Party's** partner or liable for the **individual Covered Party's error**, and
- 2.12.4 each **law firm** in which, at the time of the **error**, the **individual Covered Party** is or was a partner, shareholder, employee or associate counsel or that is or was liable for the **individual Covered Party**;

who or which did not commit, participate in committing, acquiesce in or remain passive after having knowledge of the act or **error** which is the subject of the Exclusion or the breach of Part A 3 or Condition 4 (“qualifying **additional Covered Party**”), and provided that the **licensee**, **MDP partner**, or **law firm** has complied with all policy Conditions.

Coverage under this Indemnity Agreement shall be limited to the proportion of each qualifying **additional Covered Party** relative to the total number of **additional Covered Parties**.

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This Indemnity Agreement 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.

Where Exclusion 6.2 applies to a **claim** and, 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**:

2.12.5 occurred after the **error** was made; and

2.12.6 was not related in any way to the **professional services** giving rise to the **error**;

then, pursuant to the terms of this policy, we will cover your partners who were **licensees** 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**.

2.13 Part A applies to **claims** made if the **error** occurred during the **individual coverage period**, even if, at the time the **claim** is made, the **individual Covered Party** is exempt from paying the indemnity fee or the indemnity fee is not applicable.

3. CLAIMS FIRST MADE AND REPORTED

3.1 Part A of this policy applies only to **claims** arising out of **errors** that occurred during the **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** or potential **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 professional liability policy issued previously by us, then a **claim** that 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**.

3.4 Except as provided in Part A 2.12, 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 the **claim** to any other **Covered Party**.

4. RECIPROCAL JURISDICTIONS

4.1 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 or indemnity policy (the “**Reciprocal Jurisdiction's** policy”) is broader than that provided by Part A of this policy, we will provide the same scope of compulsory coverage as that of the **Reciprocal Jurisdiction's** policy. For clarity, however, all **claims** and potential **claims** reported under Part A of this policy remain subject to the limits of liability stated in Condition 1 and on the Declarations page of this policy.

4.2 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**:

- 4.2.1 you were practising the law of a **Reciprocal Jurisdiction**;
- 4.2.2 you were performing the **professional services** in a **Reciprocal Jurisdiction**;
- 4.2.3 your client was in a **Reciprocal Jurisdiction**; and
- 4.2.4 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.

4.3 Part A 4.1 and 4.2 apply only if, at the time the **individual Covered Party** was performing the **professional services** giving rise to a **claim**, the **individual Covered Party** was practising 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.

4.4 Part A 4.1 and 4.2 do not apply if coverage under Part A of this policy would be excluded or limited in any way by the application of Exclusion 7, 11, or 12 to a **claim** or potential **claim**.

**PART B: TRUST PROTECTION COVERAGE INDEMNITY AGREEMENTS
(DISHONEST APPROPRIATION)**

1. PRIMARY INDEMNITY AGREEMENT

Notwithstanding Exclusions 1 and 2 of this policy, we will pay on your behalf **damages** that you become legally obligated to pay to a **claimant** because of any **claim** first made against you and reported to us during the **policy period** arising out of an **error** by the **individual Covered Party**, provided that the **error** is the sole cause of the **damages**.

2. DEFENCE AND SETTLEMENT

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 have the right, but not the duty, to defend any suit against you;
- 2.1.2 if we elect to defend you, we 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 have the right to investigate any **claim** or potential **claim**;
- 2.1.4 we 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; and
- 2.1.5 if you fail to cooperate in the investigation or defence of a **claim**, or you prejudice our ability to investigate or argue potential defences, we have the right to deny coverage for the **claim**.

3. CLAIMS FIRST MADE AND REPORTED

3.1 Part B of this policy applies only to:

- 3.1.1 **claims** arising out of **errors** that occurred while the **individual Covered Party** was a **licensee**, 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**:
 - (a) an **innocent Covered Party** becomes aware of an **error** or any circumstance that could reasonably be expected to be the basis of a **claim**, however unmeritorious, or a **claim** is made against an **innocent Covered Party** seeking **damages** that are covered under Part B of this policy;
 - (b) a **claim** is made against an **individual Covered Party** 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 Covered Party**; or

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- (c) the Law Society gives notice of a **claim** or potential **claim** against an **individual Covered Party**, and we deem such notice to be notice given by the **individual Covered Party**; or
- 3.1.2 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:
 - (a) 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
 - (b) in any event, no more than ten (10) years of the date of the **error**.
- 3.2 We may, in our sole discretion, agree to extend the time limits set out in Part B 3.1.

PART C: TRUST SHORTAGE LIABILITY INDEMNITY AGREEMENTS

1. PRIMARY INDEMNITY AGREEMENT

We will pay on your behalf **damages** that you become legally obligated to pay because of any **claim** first made against you and reported to us during the **policy period** arising out of an **error** by the **individual Covered Party**.

2. DEFENCE, EXPENSES AND SETTLEMENT

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 have the right, but not the duty, to defend any suit against you;
- 2.1.2 if we elect to defend you, we have the right to select and instruct defence counsel;
- 2.1.3 we have the right, but not the duty, to investigate any **claim** or potential **claim**; and
- 2.1.4 we 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 Condition 2; or
 - (b) give you the right to negotiate or 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. CLAIMS FIRST MADE AND REPORTED

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** or potential **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 that 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** that 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**.

3.4 Except as provided in Part A 2.12, 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 the **claim** to any other **Covered Party**.

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:
 - 3.1 any injury to, physical contact with, sickness, disease or death of any person, except for emotional distress or humiliation of a **claimant** directly resulting from an **error**; or
 - 3.2 injury to or destruction of any tangible property, including the loss of use thereof unless arising out of the performance of **professional services** for others;
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 Covered Party**, the payment of which would benefit, in whole or in part, directly or indirectly, the **individual Covered Party** or their **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 Covered Party**;
 - 6.2.2 the **individual Covered Party's family**; or
 - 6.2.3 the partners, associates or associate counsel of the **individual Covered Party** or their **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.
7. a **claim** made against you by:
 - 7.1 an **organization** or its **related organization** at which, at the time the error was made, you were an employee, **dependent contractor**, or **seconded lawyer**; or
 - 7.2 a **law firm** at which, at the time the **error** was made, you were a partner.

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8. a **claim** against you where the **individual Covered Party** is a member of any other jurisdiction's law society or bar, except a law society of another province or territory of Canada, and arising out of or in any way connected to that **individual Covered Party**'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 Indemnity only, the following additional exclusions apply.

Part A does not apply to:

9. a **claim** arising out of or in any way connected to a **privacy breach** or **data breach**, however this exclusion shall not apply to a **privacy breach** arising from a communication made by an **individual Covered Party** that results in an actual or alleged breach of privilege or confidentiality and was not caused or induced by **cybercrime**;
10. a **claim** arising out of or in any way connected to a **network security breach** or **cybercrime**;
11. a **claim** arising out of or in any way connected to the dishonest appropriation of money or other property by a **Covered Party**, including but not limited to an **error** under Part B of this policy;
12. a **claim** arising out of or in any way connected to any shortage of trust funds held in a **trust account** if that shortage is caused by or in any way connected to a dishonest or fraudulent act by any person including but not limited to an **error** under Part C of this policy; or
13. a **claim** arising out of or in any way connected to any contractual liability (express or implied, including an indemnity) unless there would be tort liability in the absence of the contract and only to the extent **damages** arise solely from that tort liability.

With respect to Part B: Trust Protection Coverage only, the following additional exclusions apply.

Part B does not apply to:

14. 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**. For purposes of this exclusion, **spouse** shall include a former **spouse**;
15. 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%);
16. a **claim** where the money or property that was dishonestly appropriated had been unlawfully obtained by the **claimant**;
17. a **claim** brought by a **claimant** who:
 - 17.1 knew prior to the time of the **error** of any dishonest act by the **individual Covered Party**; or
 - 17.2 committed, participated in committing, consented to expressly or impliedly, acquiesced in or was reckless or wilfully blind to the **error**; or
18. a **claim** arising out of or in any way connected to an actual or purported investment.

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With respect to Part C: Trust Shortage Liability only, the following additional exclusions apply.

Part C does not apply to:

19. a **claim** arising out of or in any way connected to the wrongful or unlawful conduct of a present employee of the **law firm** or contractor for the **law firm**;
20. 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
21. **errors** that occurred prior to January 1, 2012.

CONDITIONS

1. LIMITS OF LIABILITY

1.1 PART A — PER ERROR

- 1.1.1 The limit of liability stated on the Declarations page 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 **Covered Party** 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.

- 1.1.3 Notwithstanding the limit of liability stated on the Declarations page, the maximum amount payable for all **damages** and **claims expenses** for **claims** arising out of **sanctioned pro bono services** to a charity or not-for-profit organization is \$250,000.

1.2 PART A — ANNUAL AGGREGATE

- 1.2.1 The limit of liability stated on the Declarations page is the maximum amount payable under Part A of this policy on behalf of each **individual Covered Party**, including all **additional Covered Parties**, 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 under Part A or Part C reduce the limits of our liability stated on the Declarations page.

1.3 PART A — MULTIPLE COVERED PARTIES, CLAIMS OR CLAIMANTS

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 **Covered Party** or by **Covered Party(ies)** acting in more than one capacity and regardless of whether the **claims** are made against more than one **Covered Party** or made by more than one **claimant**.

1.4 PART B — PER CLAIMANT AND ERROR

- 1.4.1 The limit of liability stated on the Declarations page 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** and **claims expenses** for all **claims** by a **claimant** arising out of an **error or related errors**.

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1.4.2 If a **claim** or potential **claim** is reported to us by or on behalf of any **Covered Party** 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 on the Declarations page 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 on the Declarations page shall be \$250,000, and Conditions 1.4.1, 1.4.2 and 1.5 shall be read as if the amount on the Declarations page was \$250,000.

1.5 PART B — MULTIPLE COVERED PARTIES, CLAIMS, CLAIMANTS OR ERRORS

One or more **claims**, resulting from an **error or related errors** made by one or more **Covered Parties**, made against one or more **Covered Parties** by a **claimant** or by related claimants, shall be subject to the one limit of liability stated on the Declarations page or, if Condition 1.4.3 applies, then as stated there. **Claimants** are related if the money or other property dishonestly appropriated was jointly provided or jointly owned by the **claimants** or if the **claimants** are members of one **family**. For purposes of this Condition, **family** shall include a former **spouse**. In no case will the limit of coverage for an **error or related errors** exceed the limit set out on the Declarations page.

1.6 PART B — INTER-JURISDICTIONAL PRACTICE ANNUAL AGGREGATE

The limit of liability that is the maximum amount payable under Part B of this policy on behalf of all **individual Covered Parties**, including all related **additional Covered Parties**, 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 a sublimit to the Profession-Wide Annual Aggregate Limit set out on the Declarations page and Condition 1.7.

1.7 PART B — PROFESSION-WIDE ANNUAL AGGREGATE

1.7.1 The limit of liability stated on the Declarations page is the maximum amount payable under this policy for the **policy period** on an aggregate basis for all **Covered Parties** covered by Part B of this policy. For clarity, all **Covered Parties** covered by Part B of this policy means all present and former **licensees** 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.

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1.7.2 The **individual Covered Parties** and **innocent Covered Parties** 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 Covered Parties** or **innocent Covered Parties** for the **policy period**.

1.8 PART C — PER ERROR

1.8.1 The limit of liability stated on the Declarations page 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 **Covered Party** 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 PART C — ANNUAL AGGREGATE

1.9.1 The limit of liability stated on the Declarations page is the maximum amount payable under Part C of this policy on behalf of each **individual Covered Party**, including all related **additional Covered Parties**, 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 on the Declarations page.

1.10 PART C — LAW FIRM ANNUAL AGGREGATE

The limit of liability stated on the Declarations page is the maximum amount payable under this Part C of this policy for the **policy period** on an aggregate basis for all **Covered Parties** 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 PART C — MULTIPLE COVERED PARTIES, CLAIMS OR CLAIMANTS

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 **Covered Party** or by **Covered Party(ies)** acting in more than one capacity and regardless of whether the **claims** are made against more than one **Covered Party** or made by more than one **claimant**.

1.12 PARTS A, B AND C – CLAIMS EXPENSES WITHIN LIMITS

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All **claims expenses** are within, not in addition to, the applicable limit of liability set out on the Declarations page. **Claims expenses** will be subtracted first from the applicable limit of our liability, with the remainder being the amount available to pay **damages**, subject to deductibles.

1.13 PARTS A, B AND C - EXHAUSTION OF LIMITS

We will not pay any **damages** or **claims expenses**, or 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 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 on the Declarations page on our request. The **Individual Covered Party** and all **additional Covered Parties** in paragraphs a) and c) of the definition of **additional Covered Party** are jointly liable for the deductible.
- 2.2 If **damages** or **claims expenses** are paid pursuant to Part B of this policy, no deductible will be paid by you.
- 2.3 If **damages** or **claims expenses** are payable pursuant to Part C of this policy, you will pay the deductible stated on the Declarations page, applicable as follows:

- (a) 30% of the total amount of **damages** and **claims expenses** paid per **error** for a **claim** arising from a **funds transfer fraud**; or
- (b) 15% of the total amount of **damages** and **claims expenses** paid per **error** for a **claim** arising from a **deposited fraudulent cheque**, or 15% per error for a **claim** arising from a **funds transfer fraud** if **secondary verification** is made and is proven by you. **Secondary verification** is not required for payment instructions that have been previously verified by a successful transaction.

The deductible will be 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**.

- 2.4 Our obligation to pay **damages** applies only to **damages** in excess of the deductible and we will be liable only for the difference between the deductible and the limit of liability.
- 2.5 When one or more **claims** arising out of an **error** are or may be made jointly or severally against two or more:
 - 2.5.1 **individual Covered Parties** at the same **law firm** as at the time of the **error**, we shall have the sole discretion to determine how the deductible applies to each **individual Covered Party**, based on our assessment of each **individual Covered Party**'s responsibility for the **error**; or
 - 2.5.2 **law firms**, or **individual Covered Parties** at separate **law firms**, the deductible applies separately to each **law firm**.
- 2.6 All of the terms and conditions of this policy apply even if the amount of the **claim**, potential **claim** or **damages** may be less than the deductible stated on the Declarations page.

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2.7 On our request, you will make direct payments for **claims** or potential **claims** within the deductible to the Law Society or to other parties.

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 reimburse the Law Society for all such amounts 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 we settle the **claim** on an *ex gratia* basis or pay any **repair costs, claims expenses**, settlement, or judgment, you will reimburse the Law Society for all such amounts on demand.

3.3 If **damages or claims expenses** are paid on behalf of you or any other **Covered Party** pursuant to Part B of this policy:

3.3.1 the **individual Covered Party** will reimburse the Law Society for all such amounts on demand; and

3.3.2 if any other **Covered Party** received a benefit from the **error**, that **Covered Party** will reimburse the Law Society on demand for the portion of the **damages** paid that is commensurate with the amount of the benefit.

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

3.4.1 if payments are made on behalf of two or more **Covered Parties**, your liability to us will be joint and several; and

3.4.2 the timing of any demand made is in our sole discretion.

4. NOTICE OF CLAIM OR SUIT

4.1 If you become aware of an **error** or any circumstance that 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 Indemnity Fund
5th Floor, 845 Cambie Street
Vancouver, BC V6B 4Z9
Attention: Director of Claims

or

Email: LIFclaims@lif.ca

Such notice and the information collected in the notice is necessary to settle or defend any **claim** or anticipated **claim** against you, and you are providing it to us for the dominant purpose of litigation.

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.

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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**, and in efforts to repair **errors**, establish defences, make settlements, and in the defence of claims, including:

- 5.1.1 giving written statements, information and documents to and meeting with us or any counsel we retain for the purpose of determining or reviewing coverage;
- 5.1.2 submitting to examination and interview by us or any counsel we retain, under oath if we request it;
- 5.1.3 making all reasonable efforts to obtain the consent of your client or another party to effect a repair;
- 5.1.4 providing information and documents as necessary to investigate and defend any **claim** or potential **claim**;
- 5.1.5 attending hearings, examinations for discovery and trial;
- 5.1.6 assisting in securing and giving evidence, including making all reasonable efforts to obtain the attendance of witnesses in the conduct of suits; and
- 5.1.7 assisting in effecting all rights of indemnity, contribution or apportionment available to you or us, including as against your current and former partners;

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 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 strictly confidential in accordance with the Law Society's Confidentiality Protocol for the preservation of confidentiality of professional liability insurance or indemnification claims information, as amended from time to time. 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. CONFLICTS

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

- 6.1 a dispute arising out of or in connection with this policy or the breach thereof; or
- 6.2 any other actual or potential conflict between us.

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

7. ARBITRATION OR MEDIATION

We are 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.

8. OTHER COVERAGE OR RE COURSE

- 8.1 With respect to Part A, this indemnification policy is excess and we will not pay any **claim**, **damages** or **claims expenses** until any other valid and collectible insurance or right of indemnity, whether primary, excess, contributing, contingent or otherwise, except for insurance or indemnity that is specifically arranged to pay amounts in excess of the limits of liability provided by this policy, is exhausted.
- 8.2 With respect to Part B, and to further clarify the intent and effect of the definition of **damages** under Part B, if a **Covered Party**, **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 will 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 will cover such loss, subject to its 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.
- 8.3 With respect to Part C, and to further clarify the intent and effect of the definition of **damages** under Part C, if other valid insurance, collectible bond, right of indemnity or recourse to any other source of recovery exists and protects the **individual Covered Party** or any other **Covered Party**, other than insurance or indemnity specifically arranged to pay amounts in excess of the limits of liability provided by this policy, this policy will be null and void in respect of such hazards that are otherwise covered by the other valid coverage, whether the **Covered Party** is specifically named in that coverage or not. However, if the loss exceeds the collective limits of all other valid coverage, whether primary, contributing, excess, contingent or on any other basis at law or in equity, then this policy shall apply as excess, subject to its terms including limits and deductibles, and we will not pay any **claim**, **damages** or **claims expenses** until such other valid coverage is exhausted.
- 8.4 If any **Covered Party** has lawyers professional liability insurance or indemnification coverage (other than insurance specifically arranged to pay amounts in excess of the limits of liability 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 or indemnity 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 will respond, or as to any allocation between (or amongst) the policies, will be made by us together with the other Canadian jurisdiction(s), and you agree to be bound by the decision. For clarity, a **Reciprocal Jurisdiction** is also a Canadian jurisdiction.

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9. PROCEEDINGS AGAINST US

- 9.1 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 will have any right to join us in any proceeding against you.
- 9.2 All disputes arising out of or in connection with this policy or the breach thereof shall proceed pursuant to the Arbitration Act, S.B.C. 2020, and will be determined by arbitration in Vancouver, British Columbia, before a single arbitrator agreed to by both parties and according to procedural rules set by the arbitrator. Each party shall have the right to appeal on questions of law, fact, or mixed law and fact. 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.

10. 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.

11. SUBROGATION

In the event of any payment under this policy, we will 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 you have notice of a **claim** or potential **claim** to prejudice such rights, and will reasonably cooperate with us.

12. 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.

13. ASSIGNMENT

Your interest in this policy is not assignable.

14. 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 will release us from all such responsibilities and obligations.

15. INDEMNITY FEE ADJUSTMENT

- 15.1 If you become indemnified during the **policy period**, the indemnity fee payable will be determined by the Law Society and us on a *pro rata* basis.
- 15.2 If, during the **policy period**, you cease to be a **licensee** or you are exempted from the compulsory professional liability indemnification program, the indemnity fee will be adjusted by the Law Society and us on a *pro rata* basis.

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15.3 If you are suspended or disbarred, the indemnity fee will be deemed to be fully earned and will not be adjusted.

16. CANCELLATION OF POLICY

- 16.1 This policy may be cancelled by the Law Society on your behalf at any time.
- 16.2 This policy may be cancelled by us by giving the Law Society not less than 30 days written notice of such cancellation.
- 16.3 If we cancel this policy, earned indemnity fees will be computed on a *pro rata* basis.

17. 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 9.2 of this policy, it will be submitted and subject to the exclusive jurisdiction of the Courts of British Columbia in Vancouver, British Columbia.

18. PAYMENT INTO COURT

If we cannot obtain a sufficient discharge for money for which we admit liability, we may apply to the court without notice to any person for an order for the payment of it into court, and the court may order the payment into court to be made on terms as to costs and otherwise the court directs, and may provide to what fund or name the amount must be credited.

The receipt of the registrar or other proper officer of the court is a sufficient discharge to us for the money paid into court, and the money must be dealt with according to the orders of the court.

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.

BC Lawyers Indemnity Association



Susan I. Forbes, KC, Director