

No Time Like the Present

Over time, you may find your practice has changed enough that you want to consider higher E&O limits. Below, are some of the most common ways the effect of time has encouraged law firms to apply for LAWPRO Excess coverage, which currently offers limits of \$1M/\$2M/\$3M/\$4M and \$9M beyond the base \$1M per claim and \$2M in the aggregate.

Reason #1: Growing value of client assets

Some practice areas, such as real estate, have seen substantial change in recent years. In 2018, the average house price in Ontario was \$570,000. Fast forward six years and the average house price is now approximately \$870,000. Recent projections estimate that the average house price in Ontario will eclipse \$900,000 in 2025. Practically, this means Ontario real estate lawyers are handling larger transactions, leaving them potentially more exposed to claims that may breach the LAWPRO primary limit.

In 2023, real estate claims represented 28% of all claims reported to LAWPRO, the highest volume by area of practice.

The change in marketplace conditions is not unique to real estate, lawyers working in wills & estates may see a trickledown effect in working with clients with larger estates since real estate assets often form the largest part of the estate.

One of the key considerations for purchasing excess insurance is the potential quantum of damages that may arise in the event of a claim. As house prices and estate values rise, so too does the risk to lawyers for an over-limits claim. All this to say, lawyers may consider purchasing excess insurance to better protect themselves in this changing landscape.

Reason #2: Client Requirements

Outside of the changing marketplace conditions, lawyers and law firms may find that clients require firms to have a certain level of insurance protection before agreeing to a retainer. It may be that an institutional lender requires a level of insurance coverage that matches the proposed loan advance. It may also be an institutional client that requires a minimum level of coverage beyond the \$1 million per claim and \$2 million in the aggregate limits as a condition of the retainer because the scope of work may involve large sums of money. If coverage is needed by a certain date, please be proactive in applying to ensure that you meet any client requirements on time.

Please remember that if you are purchasing excess insurance to meet a client requirement, there is a 60-day waiting period from the date of application

Reason #3: Peace of Mind

Last but not least, having an excess policy is not only part of a good risk management policy, but can bring about a certain level of peace of mind. There is so much that goes into operating a law firm beyond the provision of legal services such as marketing, client retention, and administrative duties that have the compounding effect of diverting a law firm's resources away from the actual practice of law. In this environment, mistakes can happen to even the most prudent lawyers and law firms. Having an excess policy is a simple way law firms can protect themselves. ■



Changing marketplace conditions and increasing demands on law firm resources have made excess insurance a "must-have" instead of a "nice to have".

Law firms are increasingly taking on higher dollar value cases that may go beyond the base coverage. Having that extra layer of protection can give you peace of mind and make the firm more competitive in the marketplace.

One of the benefits of purchasing excess insurance at LAWPRO is that in the event of a claim, notification at the primary level automatically triggers notification

at the excess level, reducing the administrative burden of notifying another carrier. In addition, the excess policy is renewed automatically from one year to the next, so firms do not need to re-apply each year.

If your firm is interested in applying for excess coverage or increasing its limit, it can do so through the MyLAWPRO portal. For more information on LAWPRO's excess insurance program please visit our website (lawpro.ca/Excess), contact us at service@lawpro.ca or call us at (416) 598-5800 or 1-800-410-1013.