LawPRO®

2011

Professional Liability Insurance for LAWYERS

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Insurance Policy No. 2011-001

DECLARATIONS (SAMPLE)

ITEM 1 **INSURED**

LSUC No. LAWYER Name
Firm Number
Firm Name
Address

ITEM 2 **NAMED INSURED**

Name The Law Society of Upper Canada
Address Osgoode Hall, 130 Queen Street West
Toronto, Ontario M5N 2H6

ITEM 3 **POLICY PERIOD**

From January 1, 2011, 12:01 a.m., to December 31, 2011, 11:59 p.m., Standard Time at the address of the NAMED INSURED.

ITEM 4 **BASE-RATED INSURANCE PREMIUM FOR THE POLICY PERIOD**

ITEM 5 **LIMIT OF LIABILITY**

$1,000,000 per CLAIM, subject to Part IV Condition A and any POLICY endorsement(s) that apply to the INSURED.

ITEM 6 **AGGREGATE LIMIT OF LIABILITY**

$2,000,000 per POLICY PERIOD, subject to Part IV Condition B and any POLICY endorsement(s) that apply to the INSURED.

ITEM 7 **DEDUCTIBLE**

$ per CLAIM…

ITEM 8 **MODIFICATIONS TO COVERAGE**

Innocent Party Coverage – SUBLIMIT OF LIABILITY of $ per CLAIM and in the aggregate per POLICY PERIOD, shall apply pursuant to Endorsement No. 5.

[and/or]

Restricted Area of Practice Option shall apply.

[and/or]

Part-Time Practice Option shall apply.

[and/or]

Real Estate Practice Coverage Option – Endorsement No. 6 shall apply.

[and/or]

CLAIMS brought by CORPORATE EMPLOYERS – Endorsement No. 11 shall apply.

[and/or]

MULTI-DISCIPLINE PARTNERSHIPS – Endorsement No. 12 shall apply.

[or]

None.

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Lawyers' Professional Indemnity Company (LAWPRO®)
Tel: (416) 598-5899 or 1-800-410-1013
Fax: (416) 599-8341 or 1-800-286-7639
E-mail: service@lawpro.ca
www.lawpro.ca

Throughout this POLICY certain words have been capitalized to indicate that they have a specific meaning as defined in this POLICY or as set out in the POLICY Declarations.

Lawyers' Professional Indemnity Company in consideration of the payment of the premium and in reliance on the Declarations of the INSURED and subject to the LIMIT OF LIABILITY, AGGREGATE LIMIT OF LIABILITY, SUBLIMITS OF LIABILITY, DEDUCTIBLE and all other terms and conditions of this POLICY, agrees with the INSURED and NAMED INSURED, as follows:

Part I
INSURANCE COVERAGE

A. DAMAGES:

To pay on behalf of the INSURED all sums which the INSURED shall become legally obligated to pay as DAMAGES arising out of a CLAIM, provided the liability of the INSURED is the result of an error, omission or negligent act in the performance of or the failure to perform PROFESSIONAL SERVICES for others.

B. Defence, settlement, expenses:

1. Subject to subparagraph no. 2 herein, the INSURER will, in respect of such coverage as provided by this POLICY:
   (a) defend any CIVIL SUIT against the INSURED;
   (b) investigate any CLAIM against the INSURED and have the right to make such settlement of any CLAIM in the INSURER'S sole and absolute discretion, after giving notice of its intention to settle to the INSURED;
   (c) pay,
      (i) all expenses incurred by the INSURER for investigation and defence;
      (ii) all costs awarded against the INSURED in any CIVIL SUIT defended by the INSURER;
      (iii) in any CIVIL SUIT, premiums on required appeal bonds and premiums on bonds to release attachments, for bond amounts not exceeding the applicable LIMIT OF LIABILITY, AGGREGATE LIMIT OF LIABILITY or SUBLIMIT(S) OF LIABILITY of this POLICY, provided that the INSURER shall not have any obligation to apply for or furnish any such bonds; and
   (d) pay all reasonable expenses, other than loss of earnings, incurred by the INSURED at the INSURER'S request.
2. Notwithstanding the INSURER'S obligations pursuant to Part I Coverage B, paragraph 1, i.e. its obligation to defend, investigate and pay certain expenses and costs, the INSURER may decline to so defend, investigate or pay the expenses or costs as set out in Part I Coverage B, subparagraph no. 1 where it determines on reasonable grounds that the CLAIM does not arise out of an error, omission or negligent act in the performance of or failure to perform PROFESSIONAL SERVICES for others, or that the CLAIM does not comply with Part II or IV of the POLICY, or is excluded pursuant to Part III of the POLICY.

   In the event that the INSURED shall disagree with the decision of the INSURER, the dispute or disagreement may be heard by an arbitrator pursuant to Part IV Condition P or upon application or action by either party to the Ontario Superior Court of Justice. The INSURER or the INSURED may introduce evidence relating to the issues of coverage and the activities of the INSURED at such arbitration or on the application or action, which evidence shall be considered by the arbitrator or judge in making his or her determination of the respective obligations of the INSURED and INSURER.

C. PRESCRIBED PENALTY expenses:

The INSURER will reimburse an individual NAMED LAWYER, after final resolution, for expenses in investigation and/or defence reasonably incurred by her/him in the successful defence of any CLAIM regarding a PRESCRIBED PENALTY assessed against the NAMED LAWYER which arises out of her/his performance of or failure to perform PROFESSIONAL SERVICES for others.

For clarity, no coverage is available in respect of this Part I Coverage C for any PRESCRIBED PENALTY awarded, nor for any expenses incurred, where the PRESCRIBED PENALTY remains awarded after final resolution. The assessment of a PRESCRIBED PENALTY against an individual NAMED LAWYER will be deemed to be a CLAIM, upon first assessment, for the purposes of the POLICY.

The INSURER'S obligations pursuant to Part I Coverages A, B and C cease as soon as the LIMIT OF LIABILITY, AGGREGATE LIMIT OF LIABILITY or SUBLIMIT(S) OF LIABILITY have been exhausted.

Part II
SPECIAL PROVISIONS

A. Territory:

The insurance afforded by this POLICY applies:

(i) to the performance of PROFESSIONAL SERVICES anywhere in Canada, where such services are performed with respect to the laws of Canada, its provinces and territories; and

(ii) to the performance of PROFESSIONAL SERVICES outside of Canada where such services are performed with respect to the laws of Canada, its provinces and territories, provided either that:

(a) such services occupy less than ten per cent (10%) of an INSURED'S time docketed or gross billings for PROFESSIONAL SERVICES in each calendar year; or

(b) the CLAIM or CIVIL SUIT brought in relation thereto is made in Canada, and the issues thereon, including liability and DAMAGES, are adjudicated on their merits in Canada pursuant to the laws of Canada or a Province thereof, by a court in Canada.

B. POLICY PERIOD:

The insurance afforded by this POLICY covers CLAIMS made against the INSURED for the first time during the POLICY PERIOD, no matter when the actual or alleged error, omission or negligent act took place, and so long as the INSURED shall:

(i) report the CLAIM to the INSURER during the POLICY PERIOD;

(ii) not know or ought not to have known prior to the POLICY PERIOD of such CLAIM or of the circumstances giving rise to such CLAIM;

(iii) not have any other valid and collectible insurance available concerning such CLAIM; and

(iv) have been a PRACTISING LAWYER at the time that the error, omission or negligent act took place.

Further, if during the POLICY PERIOD, the INSURED first reports to the INSURER a CLAIM or circumstances of an error, omission or negligent act which any reasonable person or LAW FIRM would expect to subsequently give rise to a CLAIM, the INSURER shall consider these a CLAIM first reported during this POLICY PERIOD, even if a CLAIM is only advanced as against the INSURED after the POLICY PERIOD, and even if a related CLAIM or related circumstances of an error(s), omission(s) or negligent act(s) are reported after the POLICY PERIOD.

Part III
Exclusions to the Insured's Coverage

This POLICY does not apply:

(a) to any CLAIM in any way relating to or arising out of any dishonest, fraudulent, criminal or malicious act or omission of an INSURED;

(b) to any CLAIM by:

(i) an EMPLOYER who is an INSURED hereunder, against another INSURED who is an EMPLOYEE of such EMPLOYER, with respect to any alleged or actual damage to the goodwill or reputation of the EMPLOYER;

(ii) an EMPLOYER who is not an INSURED hereunder, against an EMPLOYEE who is an INSURED hereunder; or

(iii) a PERSONAL LAW CORPORATION in which the INSURED is an officer, director, and/or shareholder;

(c) to any CLAIM made by or in connection with a business enterprise or corporation in which the INSURED and/or the INSURED'S spouse and/or the INSURED'S LAW PARTNERSHIP partner(s) and/or LAW PARTNERSHIP partner's(s') spouse(s) have or, at the time of the error, omission or negligent act, or thereafter, had beneficial ownership in an amount greater than ten per cent (10%), to the extent that such payment or judgment represents the share of ownership held by the INSURED and/or the INSURED'S spouse and/or the INSURED'S LAW PARTNERSHIP partner(s) and/or LAW PARTNERSHIP partner's(s') spouse(s);

(d) to any CLAIM in any way relating to or arising out of an INSURED providing investment advice and/or services, including without limitation, investment advice and/or services relating to or arising out of a business, commercial, or real property investment, unless as a direct consequence of the performance of PROFESSIONAL SERVICES;

(e) to any CLAIM in any way relating to or arising out of INJURY to any person, or to mental anguish, shock, humiliation or sickness, disease or death of any person, or destruction or loss of any tangible property, including the loss of use thereof, unless as a direct consequence of the performance of PROFESSIONAL SERVICES;

(f) to any CLAIM in any way relating to or arising out of any undertaking, agreement or promise by an INSURED, in which the INSURED assumes responsibility for her/his own or another's performance of an undertaking, agreement, promise or payment of a debt, including an OVERDRAFT relating to or arising out of a COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S);

(g) to any CLAIM in any way relating to or arising out of an INSURED acting as a MORTGAGE BROKER, or to any CLAIM in any way relating to or arising out of circumstances in which an INSURED provided before July 1, 2008, PROFESSIONAL SERVICES in conjunction therewith;

(h) to any CLAIM in any way relating to or arising out of legal fees, accounts or any fee arrangement involving the INSURED, or any CLAIM in any way relating to or arising out of any business venture(s) and/or any investment(s) which does not directly relate to the INSURED'S practice of law;

(i) to any CLAIM in any way relating to or arising out of an INSURED'S law practice located in a RECIPROCATING JURISDICTION and/or a jurisdiction now considered to be a RECIPROCATING JURISDICTION, where the INSURED was a practising member of the law society of that jurisdiction, was maintaining coverage in respect of her/his law practice under that law society's mandatory professional liability insurance program, and did not purchase practice coverage under the POLICY or any policy(ies) which preceded it, at the time the PROFESSIONAL SERVICES giving rise to the CLAIM were performed.

Part IV
General Conditions

A. LIMIT OF LIABILITY:

The INSURER'S LIMIT OF LIABILITY shall be governed by this Condition.

With respect to such insurance as is afforded under Part I Coverages A and B of this POLICY, the LIMIT OF LIABILITY stated in the Declarations as ITEM 5, inclusive of DEDUCTIBLE, is the total limit of the INSURER'S liability per CLAIM per POLICY PERIOD, except where coverage is afforded under Endorsement Nos. 5, 6, 7 and 11, in which case the applicable SUBLIMIT OF LIABILITY is the total of the INSURER'S liability in respect of that coverage per CLAIM per POLICY PERIOD. In regard to Endorsement No. 8, the LIMIT OF LIABILITY is $250,000 per claimant per POLICY PERIOD.

With respect to such insurance as is afforded under Part I Coverage C of this POLICY, a SUBLIMIT OF LIABILITY of $100,000 applies, inclusive of DEDUCTIBLE, and is the total limit of the INSURER'S liability per CLAIM per POLICY PERIOD in respect of that coverage.

The inclusion of more than one INSURED in this POLICY shall not operate to increase the INSURER'S LIMIT OF LIABILITY or SUBLIMIT(S) OF LIABILITY per CLAIM, except where one or more CLAIM(S) arising out of the same or related error(s), omission(s) or negligent act(s) were made jointly or severally against two or more INSUREDS who were members of different LAW FIRMS at the time that the same or related error(s), omission(s) or negligent act(s) took place, then the LIMIT OF LIABILITY or SUBLIMIT(S) OF LIABILITY shall apply separately in respect of each LAW FIRM.

For clarity, the inclusion of a LOCUM shall not operate to increase the INSURER'S LIMIT OF LIABILITY or SUBLIMIT(S) OF LIABILITY per CLAIM, in respect of a CLAIM made against the PRACTISING LAWYER (or her/his LAW FIRM) for whom the LOCUM work was done.

B. Annual AGGREGATE LIMIT OF LIABILITY:

The INSURER'S AGGREGATE LIMIT OF LIABILITY, per POLICY PERIOD, shall be governed by this Condition.

The AGGREGATE LIMIT OF LIABILITY stated in the Declarations as ITEM 6, inclusive of DEDUCTIBLE or DEDUCTIBLES, is the total limit of the INSURER'S liability under Part I Coverages A, B and C of this POLICY for all CLAIMS reported under the POLICY by the INSURED. Where coverage is afforded under Endorsement Nos. 5, 6, 7 and 11, the applicable SUBLIMIT(S) OF LIABILITY is subject to the AGGREGATE LIMIT OF LIABILITY.

The AGGREGATE LIMIT OF LIABILITY or applicable SUBLIMIT(S) OF LIABILITY per POLICY PERIOD shall include all CLAIMS in respect of any other INSURED who may have vicarious liability for the CLAIMS of the INSURED, such that the INSURER'S AGGREGATE LIMIT OF LIABILITY or applicable SUBLIMIT(S) OF LIABILITY shall not be increased beyond that otherwise available to a single INSURED.

Further, with regard to Part I Coverage C only, the total sublimit of the INSURER'S liability under Coverage C of this POLICY per CLAIM and for all CLAIMS reported under this coverage by the INSURED and by members of the INSURED'S LAW FIRM (during the POLICY PERIOD and when the PROFESSIONAL SERVICES were first provided) shall be $100,000.

C. DEDUCTIBLE:

The INSURER'S obligation to pay on behalf of the INSURED applies only to those amounts in excess of the INSURED'S DEDUCTIBLE as defined in Part V Definition (f), as applicable to each CLAIM, subject to the following additional provisions:

(i) The terms of the POLICY, including those with respect to notice of CLAIM and the INSURER'S right to investigate, negotiate and settle any CLAIM, apply irrespective of the application of the DEDUCTIBLE amount.

(ii) The INSURER may pay any part or all of the DEDUCTIBLE amount to effect settlement of a CLAIM and, upon notification of the action taken, the INSURED shall reimburse the INSURER for payment of the DEDUCTIBLE, failing which the NAMED INSURED shall promptly place the INSURER in funds sufficient to satisfy the DEDUCTIBLE.

(iii) In the event of a CLAIM in any way relating to or arising out of a circumstance in which an INSURED provided PROFESSIONAL SERVICES for more than one person or organization having an apparent or alleged conflict in interest, the INSURED'S DEDUCTIBLE shall be double the amount indicated in ITEM 7 of the Declarations for the purposes of the CLAIM.

(iv) Where the amount of the INSURED'S DEDUCTIBLE is indicated in ITEM 7 of the Declarations as being $Nil, it is agreed that the amount of the DEDUCTIBLE shall instead be deemed to be $500.00 and applicable to indemnity payments (including costs of repairs) only, for CLAIMS, if any, relating to a "real estate transaction" for which no real estate transaction levy surcharge was payable in accordance with Endorsement No. 2 Exclusion (v) of the POLICY. Excepting this, the INSURED'S $Nil DEDUCTIBLE amount shall apply.

(v) Subject to subparagraph (iv) above, in the event of a CLAIM relating solely to PRO BONO SERVICES, the amount of the INSURED'S DEDUCTIBLE shall be deemed to be $Nil for the purposes of the CLAIM.

(vi) In the event of a CLAIM in any way relating to or arising out of a COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S), if the amount of the INSURED'S DEDUCTIBLE indicated in ITEM 7 of the Declarations is less than $5,000, the INSURED'S DEDUCTIBLE shall be deemed to be $5,000 and

applicable to CLAIM expenses, indemnity payments and/or costs of repairs together.

D. Premium:

(i) The NAMED INSURED, as agent of the INSUREDS, has arranged for this POLICY and shall pay the premium by levying its LAWYERS and directing them to pay to the INSURER, as may be agreed between the INSURER and the NAMED INSURED, the base-rated insurance premium levy, the Real Estate Transaction Levy Surcharge in accordance with Endorsement No. 2, the Civil Litigation Transaction Levy Surcharge in accordance with Endorsement No. 3, the Claims History Levy Surcharge in accordance with Endorsement No. 4, the Innocent Party Levy Surcharge in accordance with Endorsement No. 5, the Real Estate Practice Coverage Surcharge in accordance with Endorsement No. 6 and the MULTI-DISCIPLINE PARTNERSHIP levy in accordance with Endorsement No. 12. The base-rated insurance premium levy, including Innocent Party Levy Surcharge and Real Estate Practice Coverage Surcharge, shall be in accordance with the INSURER'S rating scheme and Endorsement Nos. 1 and 5, as evidenced in ITEM 4 of the Declarations and invoiced to the INSURED. The Real Estate Transaction Levy Surcharge, the Civil Litigation Transaction Levy Surcharge, the Claims History Levy Surcharge and the MULTI-DISCIPLINE PARTNERSHIP levy, shall be in accordance with Endorsement Nos. 2, 3, 4 and 12, respectively.

(ii) The NAMED INSURED and the INSUREDS shall provide the INSURER with such applications for insurance and other information by way of form as prescribed by the INSURER, as the INSURER may from time to time require for the purpose of collecting premiums, underwriting and rating this POLICY.

E. Extended reporting period:

In the case of cancellation of this POLICY, an extended reporting period of ninety (90) days from the date of cancellation is granted for the purpose of giving notice of any CLAIM or circumstances of an error, omission or negligent act which any reasonable person or LAW FIRM would expect to subsequently give rise to a CLAIM, but then only with respect to and arising out of an error, omission or negligent act occurring prior to the date of cancellation of the POLICY.

F. Notice of CLAIM:

If during the POLICY PERIOD the INSURED first becomes aware of any CLAIM or circumstances of an error, omission or negligent act which any reasonable person or LAW FIRM would expect to subsequently give rise to a CLAIM hereunder, such INSURED shall immediately give notice thereof or cause notice to be given to:

Lawyers' Professional Indemnity Company ("LawPRO")
250 Yonge Street, Suite 3101, P.O. Box 3
Toronto, Ontario M5B 2L7

Phone: (416) 598-5899 or 1-800-410-1013
Fax: (416) 599-8341 or 1-800-286-7639

The INSURED shall furnish promptly thereafter to the INSURER all information on the CLAIM which is in the INSURED'S possession or knowledge.

If a CLAIM is brought against the INSURED, such INSURED shall immediately forward to the INSURER every demand or originating process received by the INSURED.

G. Assistance and cooperation of the INSURED:

The INSURED shall not voluntarily assume any liability or settle any CLAIM, other than in regard to Part 1 Coverage C. The INSURED shall not interfere in the investigation and defence of any CLAIM, including without limitation any negotiations or settlement, but whenever requested by the INSURER shall aid in securing information and evidence and the attendance of any witness, and shall cooperate with the INSURER in the investigation and defence of any CLAIM. The INSURED shall also cooperate with the INSURER in enforcing any right of contribution or indemnity against any person or organization other than an INSURED'S EMPLOYEE who may be liable to the INSURED because of any CLAIM with respect to which insurance is afforded under this POLICY, except where the INSURED EMPLOYEE acted outside the scope of his or her employment.

In the event that any INSURED shall refuse to comply with the terms of this condition or fail to report a CLAIM under the POLICY to the INSURER, the NAMED INSURED may, in its sole and absolute discretion, take the place of the INSURED to ensure such compliance or reporting; provided that any act of the NAMED INSURED in so complying or reporting on behalf of an INSURED with the requirements of this or any other condition in respect of any one CLAIM, shall not affect the rights of the INSURER to rely upon a breach of this or any other condition by such INSURED with respect to the CLAIM in question, nor require the NAMED INSURED to perform such substitute compliance or reporting in respect of any other CLAIM.

H. Release of coverage:

Upon agreement with the INSURER, at the INSURER'S sole and absolute discretion, the INSURER may allow the INSURED to assume all of the responsibilities and obligations of the INSURER under the POLICY and in so doing the INSURED shall release the INSURER from all responsibilities and obligations under the POLICY.

I. Action against INSURER:

No proceeding by the NAMED INSURED or the INSURED shall lie against the INSURER unless, as a condition precedent thereto, the NAMED INSURED or INSURED shall have fully complied with all the terms of this POLICY.

J. Other insurance:

(i) with RECIPROCATING JURISDICTIONS

If the INSURED LAWYER, and/or any other individual and/or INSURED relating to the same LAW FIRM, has insurance (other than that specifically arranged to apply as excess insurance over this POLICY or any RECIPROCATING JURISDICTION'S POLICY) under a RECIPROCATING JURISDICTION'S(S') POLICY(IES) that applies to a CLAIM covered by this POLICY, the total amount of insurance provided under these policies, together, will not exceed the total value of the CLAIM or the most which is available under either (any one) of these policies alone, which ever is less. The decision as to which of these policies shall respond, or as to any allocation between (or amongst) these policies, shall be made by the INSURER and/or NAMED INSURED, together with the RECIPROCATING JURISDICTION'S(S') law society(ies) and/or insurer(s), and each INSURED agrees to be bound by their decision.

(ii) with others

If the INSURED LAWYER, and/or any other individual and/or INSURED relating to the same LAW FIRM, has insurance (other than that, with a self-insured retention of $1,000,000 per CLAIM or more, specifically arranged to apply as excess insurance over this POLICY or any RECIPROCATING JURISDICTION'S POLICY) under a policy which is not a RECIPROCATING JURISDICTION'S POLICY that applies to a CLAIM covered by this POLICY, this POLICY will apply only as excess insurance over such other insurance to the extent that the other insurance is valid and collectable, and will not be called upon in contribution or otherwise.

K. Subrogation:

In case of payment or liability for payment of any CLAIM by the INSURER, the INSURER shall be subrogated to the INSURED'S right of recovery related thereto against any other person. The INSURED shall cooperate with the INSURER, including executing all papers to secure such rights, and the INSURED shall do nothing to prejudice such rights.

If the INSURED or NAMED INSURED has been required to pay all or part of the DEDUCTIBLE, or any part of any settlement or judgment in respect of which the INSURER has paid, and the net amount recovered pursuant to the INSURER'S subrogated right, after deducting the cost of recovery, is not sufficient to provide a complete indemnity for each of the INSURER, the NAMED INSURED and the INSURED, the net amount shall be apportioned first to the INSURER, then to the NAMED INSURED and finally to the INSURED until each is respectively made whole.

The INSURER shall not, by way of subrogation to the rights of an INSURED or the NAMED INSURED, seek to recover from another INSURED, the NAMED INSURED or EMPLOYEES of either, except to the extent that the INSURER has been prejudiced by the failure of such other INSURED or the NAMED INSURED to comply with the terms of this POLICY, or in the event of any dishonest, fraudulent, criminal or malicious act or omission on the part of another INSURED, the NAMED INSURED or EMPLOYEES of either.

L. Changes:

The terms of this POLICY shall not be waived or changed except by an endorsement issued to form a part of this POLICY, signed by the INSURER and accepted by the NAMED INSURED.

M. Assignment:

The interest hereunder of any INSURED and/or the NAMED INSURED is not assignable. If the INSURED shall die, be adjudged incapable of managing the INSURED'S own affairs or become bankrupt or insolvent, this POLICY shall cover the INSURED'S legal representative as an INSURED with respect to coverage provided by this POLICY. Bankruptcy or insolvency of the INSURED or of the INSURED'S estate shall not relieve the INSURER of any of its obligations hereunder.

N. Cancellation and exemption:

This POLICY may be cancelled prior to its natural expiry by the NAMED INSURED on behalf of all INSUREDS at any time by written notice delivered or sent by registered mail, to the INSURER. Such notice shall be delivered to the INSURER at 250 Yonge Street, Suite 3101, P.O. Box 3, Toronto, Ontario M5B 2L7.

This POLICY may be cancelled by the INSURER by giving sixty (60) days prior notice in writing to the NAMED INSURED. Such notice shall be delivered or sent by registered mail to the NAMED INSURED at Osgoode Hall, Toronto.

In the event of cancellation the NAMED INSURED shall advise all INSUREDS. Upon cancellation, all coverage under this POLICY afforded to any and all INSUREDS and/or the NAMED INSURED shall terminate concurrently except as provided under Part IV Condition E.

Upon cancellation of this POLICY, the POLICY premium in regard to each INSURED shall be adjusted *pro rata* to the effective date of the POLICY cancellation, subject to a minimum premium equal to 60 days' premium.

Any optional coverage elected or non-mandatory POLICY coverage provided to an INSURED may be cancelled by the INSURER by giving thirty (30) days prior notice in writing to that INSURED. Such notice shall be delivered or sent by registered mail to the INSURED at the address set out in the Declarations, or such other address indicated in the records of the INSURER at the time of cancellation. Premiums relating to the cancelled coverage shall be adjusted *pro rata* to the effective date of the cancellation of coverage, without any minimum premium adjustment.

Upon exemption of an INSURED by the NAMED INSURED or the INSURER from payment of insurance premium levies under the POLICY, the INSURED'S POLICY premium shall be adjusted *pro rata* to the date of exemption, subject to a minimum premium or adjustment equal to 60 days' premium applicable to each period of practice or exemption. In no event shall an INSURED be liable to pay more than 365 days' premium as a PRACTISING LAWYER during the POLICY PERIOD.

O. Compromise or settlement:

The INSURER may, in its sole and absolute discretion, upon notice to the INSURED, compromise any CLAIM or settle any CIVIL SUIT without the consent of the INSURED who shall nevertheless remain liable to contribute the INSURED'S DEDUCTIBLE(S) as required by the relevant POLICY terms.

If the INSURED objects to a recommended compromise or settlement by the INSURER, the INSURER may, in its sole and absolute discretion, permit the INSURED to investigate and defend the CLAIM at the INSURED'S own cost in connection with such CLAIM, but only on the condition that the amount payable by the INSURER under this POLICY for such CLAIM or CIVIL SUIT shall be limited to the amount for which such CLAIM or CIVIL SUIT could have been compromised or settled, inclusive of costs and expenses incurred up to the date of such objection, subject to all other terms and conditions of this POLICY.

P. Arbitration:

Subject to Part I Coverage B, subparagraph no. 2, in the event of a dispute between (among) the INSURED(S) and INSURER or between two or more INSUREDS, such dispute shall be decided by binding arbitration before a single arbitrator as mutually agreed upon by the parties in dispute. The INSURED(S) and INSURER each agree that the procedure to be followed in every arbitration under this condition shall be set and determined by the arbitrator appointed by the parties in dispute, and that each party shall bear its own costs.

Q. Reporting to The Law Society:

The INSURED agrees that, if the INSURER reasonably believes the INSURED to be or to have engaged in activities which the INSURER, in its sole and absolute discretion, considers may be dishonest or criminal or in activities which have had or may have the effect of causing someone to suffer serious damage as a consequence of an apparent breach of the rules of professional conduct, the INSURER may, in its sole and absolute discretion, report such activities to the NAMED INSURED and may, in its sole and absolute discretion, deliver to the NAMED INSURED such information and documents relating thereto that the INSURER, in its sole and absolute discretion, deems appropriate.

R. Law, jurisdiction and currency:

The POLICY is issued in Ontario, and is subject to the laws of the Province of Ontario and any applicable federal laws of Canada. Subject to Part I Coverage B, subparagraph no. 2 and Part IV Condition P, the parties irrevocably attorn to the jurisdiction of the courts of Ontario in the interpretation and enforcement of this POLICY.

Any reference to dollar amounts or monies payable in this POLICY shall only be in the lawful currency of Canada.

S. Inter-jurisdictional considerations:

Where the closest and most real connection to a CLAIM is with a RECIPROCATING JURISDICTION, and the scope of coverage provided by the RECIPROCATING JURISDICTION'S POLICY is broader than that provided by this POLICY, then the INSURER shall provide the same scope of coverage as that of the RECIPROCATING JURISDICTION'S POLICY in respect of the CLAIM.

For clarity, all such CLAIMS reported under this POLICY shall remain subject to the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY. For the purposes of this Condition only, however, the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY shall not be considered to be less than $1,000,000 per CLAIM and $2,000,000 in the aggregate, respectively.

The determination of whether a RECIPROCATING JURISDICTION has the closest and most real connection to a CLAIM will be made by the INSURER, exercising its discretion reasonably, and considering whether at the time the INSURED was performing the PROFESSIONAL SERVICES giving rise to the CLAIM:

(i) the INSURED was practising the law of a RECIPROCATING JURISDICTION;

(ii) the INSURED was performing the PROFESSIONAL SERVICES in a RECIPROCATING JURISDICTION;

(iii) the INSURED'S client was in a RECIPROCATING JURISDICTION; and

(iv) the subject matter of the PROFESSIONAL SERVICES was located in or emanated from a RECIPROCATING JURISDICTION.

The INSURER will also consider where the proceedings, if any, to advance the CLAIM are or are likely to be brought.

This Condition only applies where the INSURED, at the time the PROFESSIONAL SERVICE(S) giving rise to a CLAIM were performed, was practising law in accordance with the inter-jurisdictional practice provisions of the by-laws and/or rules of The Law Society of Upper Canada and law society(ies) of the RECIPROCATING JURISDICTION(S).

Part V
DEFINITIONS

(a) **CANADIAN FINANCIAL INSTITUTION** means a "Canadian financial institution" as defined under the *Bank Act*, S.C. 1991, c.46, but does not include an entity that is primarily engaged in dealing in securities, including portfolio management and investment counselling.

(b) **CIVIL SUIT** means an action, application or arbitration in which a CLAIM for DAMAGES is asserted against an INSURED.

(c) **CLAIM(S)** means:

(i) a written or oral demand for money or services; or

(ii) a written or oral allegation of breach in the rendering or failure to render PROFESSIONAL SERVICES;

received by the INSURED and resulting from a single or related error(s), omission(s) or negligent act(s) in the performance of or failure to perform PROFESSIONAL SERVICES.

All CLAIMS, or circumstances of an error, omission or negligent act which any reasonable person or LAW FIRM would expect to subsequently give rise to a CLAIM, which arise from a single or related error(s), omission(s) or negligent act(s), shall be considered a single CLAIM regardless of the number of INSUREDS or the number of persons or organizations making a CLAIM or the time or times the error(s), omission(s) or negligent act(s) took place.

(d) **COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S)** means a fake instrument purported to be drawn upon a CANADIAN FINANCIAL INSTITUTION that resembles a certified cheque or bank draft to such an extent that it is reasonably capable of passing for a certified cheque or bank draft, but not a certified cheque or bank draft that has merely been altered and/or signature of endorsement forged.

(e) **DAMAGES** means compensatory damages that the INSURED is legally obligated to pay arising out of a CLAIM, provided the INSURED'S liability is the result of an error, omission or negligent act in the performance of PROFESSIONAL SERVICES for others to which this insurance applies, and shall include subject to the INSURER'S LIMIT OF LIABILITY, AGGREGATE LIMIT OF LIABILITY and SUBLIMIT(S) OF LIABILITY pre-judgment and post-judgment interest, but shall exclude fines or penalties, legal fees, punitive damages, exemplary damages, or aggravated damages, and any interest thereon.

(f) **DEDUCTIBLE(S)** means that amount set out in ITEM 7 of the Declarations, subject to Part IV Condition C, and shall be the responsibility of the INSURED and the partner(s) and/or shareholder(s) of the LAW FIRM in which the INSURED practises as of the date of the CLAIM.

The INSURED'S DEDUCTIBLE shall apply as follows:

(i) to judgments and/or CLAIM settlements (if any) including those expenditures (if any) incurred in the rectification of any error, omission or negligent act covered within the terms of this POLICY, to be payable at the time the judgment, settlement or rectification expenditure is due;

(ii) unless otherwise indicated in ITEM 7 of the Declarations, to investigation and/or defence expenses and costs as described in Part I Coverage B on the basis that 50 per cent of the INSURED'S DEDUCTIBLE shall be payable at such time as a Statement of Defence or responding material is filed to a CLAIM, and that the remaining 50 per cent of the INSURED'S DEDUCTIBLE shall be payable at the time of commencement of examinations for discovery or once examination begins or once a pre-trial conference is conducted if no examination for discovery is held; and/or

(iii) unless otherwise indicated in ITEM 7 of the Declarations, to investigation and/or defense expenses and costs as described in Part I Coverage C, to the extent incurred upon final resolution and successful defence of the matter.

(g) **EMPLOYEE(S)** means a person who provides services for another under either a contract of service or contract for services on a full-time basis.

(h) **EMPLOYER(S)** means a person or party for whom an INSURED may provide services as an EMPLOYEE and shall include an affiliated company, a controlled company or a subsidiary company, all as defined under the *Securities Act*, R.S.O. 1990, c.S.5.

(i) **INJURY** means bodily injury, false arrest, wrongful detention or imprisonment, libel, slander, defamation of character, invasion or violation of privacy, assault, battery, sexual misconduct, harassment, discrimination or wrongful dismissal.

(j) **INSURED(S)** means both NAMED LAWYER(S) and UNNAMED LAWYER(S).

NAMED LAWYER(S) means:

(i) each LAWYER who is engaged in the practice of law and has applied for and been granted coverage under this POLICY and who is named in the Declarations as an INSURED;

(ii) such other LAWYERS or former LAWYERS, as well as former members of The Law Society of Upper Canada immediately before May 1, 2007, who have been granted coverage under this POLICY and who are named in the Declarations as an INSURED;

(iii) each LAW PARTNERSHIP, other than a MULTI-DISCIPLINE PARTNERSHIP, but only with respect to the rendering of PROFESSIONAL SERVICES by the partner(s) and/or EMPLOYEE(S) of such LAW PARTNERSHIP who are INSURED(S) under this POLICY and named in ITEM 1 of the Declarations as INSURED(S), and then only to the extent of coverage afforded to such partner(s) and/or EMPLOYEE(S) in their respective capacities as such; and

(iv) each LAW CORPORATION, and its officer(s), director(s), shareholder(s) and/or EMPLOYEE(S) who are LAWYERS, but only with respect to the rendering of PROFESSIONAL SERVICES by the officer(s), director(s), shareholder(s) and/or EMPLOYEE(S) of such LAW CORPORATION who are INSURED(S) under this POLICY and named in ITEM 1 of the Declarations as INSURED(S), and then only to the extent of coverage afforded to such officer(s), director(s), shareholders and/or EMPLOYEE(S) in their respective capacities as such.

Such LAWYERS, however, who during the POLICY PERIOD become deceased, suspended or disbarred, resign from The Law Society of Upper Canada, become a judge or retired, or become exempt or eligible for exemption from the payment of insurance premium levies pursuant to the by-laws of the *Law Society Act*, R.S.O. 1990, c.L.8, or cease for any reason to be a LAWYER, will instead be considered to be an UNNAMED LAWYER for the remaining period in time that the POLICY is in force, unless that LAWYER (or legal representative on behalf of the LAWYER) subsequently reapplies for coverage and is then named in the Declarations for that remaining period in time that the POLICY is in force.

UNNAMED LAWYER(S) means each LAWYER and former LAWYER, as well as each former member of The Law Society of Upper Canada immediately before May 1, 2007, who has not applied for coverage and is not named in the Declarations.

(k) **INSURER** means Lawyers' Professional Indemnity Company.

(l) **LAW CORPORATION(S)** means a professional corporation incorporated under the *Business Corporations Act*, R.S.O. 1990, c.B.16 for which practice is governed and a valid certificate of authorization issued under the *Law Society Act*, R.S.O. 1990, c.L.8.

(m) **LAW FIRM(S)** means a law firm, including a sole proprietorship, association, LAW PARTNERSHIP or LAW CORPORATION but does not mean a PERSONAL LAW CORPORATION.

(n) **LAW PARTNERSHIP(S)** means a law partnership, in such form(s) permitted by The Law Society of Upper Canada, and including a MULTI-DISCIPLINE PARTNERSHIP.

(o) **LAWYER(S)** means each person who holds a Class LI licence pursuant to the by-laws of the *Law Society Act*, R.S.O. 1990, c.L.8.

(p) **LOCUM** means a PRACTISING LAWYER who substitutes for another, on a temporary basis, in the performance of PROFESSIONAL SERVICES for the clients of the other PRACTISING LAWYER or his or her LAW FIRM. For the purposes of such work, the LOCUM is deemed to be a member of the LAW FIRM to which the other PRACTISING LAWYER belongs.

(q) **MORTGAGE BROKER** means:

(i) in respect of services performed before July 1, 2008, a person who lends money on the security of real estate, whether the money is the person's money or that of another person, or holds himself, herself or itself out as or who by an advertisement, notice or sign indicates that the person is a mortgage broker, or a person who carries on the business of dealing in mortgages, or who acts as an intermediary arranging any financial transaction usual to mortgage lending; and

(ii) in respect of services performed on or after July 1, 2008, a person performing services for which a licence is required under the *Mortgage Brokerages, Lenders and Administrators Act*, 2006, S.O. 2006, c.29.

(r) **MULTI-DISCIPLINE PARTNERSHIP(S)** means a multi-discipline partnership, authorized by The Law Society of Upper Canada in accordance with By-Law 7 of the *Law Society Act*, R.S.O. 1990, c.L.8, and which is not dissolved.

(s) **OVERDRAFT** means a negative balance in the INSURED'S trust account to the extent directly caused by a COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S).

(t) **PERSONAL LAW CORPORATION** means a LAW CORPORATION through which a LAWYER acts in private practice in a LAW FIRM (other than the LAW CORPORATION) as more fully described in question 6 of the 2011 Application Form for this insurance.

(u) **POLICY** means this policy numbered 2011-001 issued by the INSURER to the NAMED INSURED, as well as any related application and exemption forms including attachments, as well as Declarations pages, endorsements and forms issued by the INSURER.

(v) **PRACTISING LAWYER(S)** means a LAWYER who is engaged in the practice of law and is not exempt from the payment of insurance premium levies pursuant to the by-laws of the *Law Society Act*, R.S.O. 1990, c.L.8.

(w) **PRESCRIBED PENALTY(IES**) means a penalty assessed against an individual NAMED LAWYER on or after January 1, 2003, pursuant to section 163.2 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.

(x) **PRO BONO SERVICE(S)** means approved pro bono PROFESSIONAL SERVICES provided by the INSURED after January 1, 2003, through an approved *pro bono* PROFESSIONAL SERVICES program, where the approved *pro bono* PROFESSIONAL SERVICES and PROFESSIONAL SERVICES program are approved by the INSURER in advance in writing.

(y) **PROFESSIONAL SERVICES** means the practice of the Law of Canada, its provinces and territories, and specifically, those services performed, or which ought to have been performed, by or on behalf of an INSURED in such INSURED'S capacity as a LAWYER or member of the law society of a RECIPROCATING JURISDICTION, subject to Part II Special Provision A; and shall include, without restricting the generality of the foregoing, those services for which the INSURED is responsible as a LAWYER arising out of such INSURED'S activity as a trustee, administrator, executor, arbitrator, mediator, patent or trademark agent.

(z) **RECIPROCATING JURISDICTION(S)** means as defined in paragraph 9(4) under By-Law 6 of the *Law Society Act*, R.S.O. 1990, c.L.8.

(aa) **RECIPROCATING JURISDICTION'S(S') POLICY(IES)** means the mandatory professional liability insurance program policy(ies) for lawyers of the law society of a RECIPROCATING JURISDICTION.

(bb) **SOLE PRACTITIONER(S)** means a LAWYER who practises on her/his own, without partners, associates or employed LAWYERS, and without other LAWYERS practising in a LAW CORPORATION.

Signed on behalf of Lawyers' Professional Indemnity Company

Kathleen A. Waters
President and Chief Executive Officer

Endorsements to Insurance Policy No.

2011-001

This section contains POLICY endorsements including the following information:

- **Definitions of real estate and civil litigation transactions for the purpose of determining surcharges**
- **Definition and description of surcharge that applies to innocent party coverage**
- **Exclusions with respect to the above**
- **Explanations of amounts payable in respect of surcharges and methods of calculation**
- **Due dates for the payment of surcharges**
- **Declarations Page for those insured as UNNAMED LAWYERS (GENERAL)**
- **Declarations Page for those insured as UNNAMED LAWYERS (MOBILITY)**
- **Real Estate Practice Coverage for ELIGIBLE INSUREDS who practise REAL ESTATE LAW**
- **Details concerning limited trust account OVERDRAFT liability coverage**
- **Details concerning innocent party coverage under mobility**
- **Defence cost coverage to IN-HOUSE CORPORATE COUNSEL for CLAIMS brought by CORPORATE EMPLOYERS**
- **Coverage concerning MULTI-DISCIPLINE PARTNERSHIPS**

Endorsement No. 2
Real Estate Transaction Levy Surcharge

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part IV Condition D (i), shall include the following:

A. Definition of real estate transaction:

For the purposes of this rule, "real estate transaction" means a transaction that directly or indirectly results in the transfer, charging or insuring of title to land in Ontario, and shall include any one or more of the following services by a LAWYER: the receipt of instructions, preparation of documents, searches and/or the providing of one or more opinions or certificates with respect to the title, transfer or charge, and/or with respect to the issuance of any title insurance policy.

B. Levy surcharge payable:

(i) Subject to subparagraphs B(ii), (iii), and (iv), and any exclusions contained within this endorsement, each LAWYER required pursuant to By-Law 6 of the *Law Society Act*, R.S.O. 1990, c.L.8, to pay a professional liability insurance premium levy, shall pay to The Law Society of Upper Canada $65 inclusive of taxes, in respect of each real estate transaction in which the LAWYER acted for one or more of the following parties, namely the transferor, transferee, chargee, chargor or the title insurer, in respect of either or both of the transferee and chargee.

(ii) Where more than one LAWYER from the same LAW FIRM acted on behalf of the same party on the same real estate transaction, only one LAWYER is required to pay the $65 levy surcharge.

(iii) Where more than one transfer, charge or title insurance policy is given by or received by the same party in respect of the same real estate transaction, the levy surcharge shall be limited to $65.

(iv) Where a real estate transaction involves more than one transferor, transferee, chargor, chargee, or one or more title insurer(s) and two or more of any of them are represented by different LAWYERS in different LAW FIRMS, each LAWYER shall pay the levy surcharge of $65.

C. Exclusions:

No levy surcharge is payable by a LAWYER under this endorsement in respect of a real estate transaction if:

(i) a person transfers land to his or her spouse or to himself or herself and his or her spouse;

(ii) a person transfers land to any other person(s) in consideration of natural love and affection;

(iii) a body corporate transfers land to another body corporate of which it is an affiliate within the meaning of "affiliate" in the *Business Corporations Act*, R.S.O. 1990, c.B.16;

(iv) a personal representative or its, his or her successor acting as an executor, administrator or trustee, transfers land to a beneficiary or to a successor personal representative; or

(v) the real estate transaction closes on or after January 1, 1998, and a title insurance policy(ies) is(are) issued in favour of all of the transferees and chargees obtaining an interest in or charge against the land which is the subject of the real estate transaction, provided that:

(a) the LAWYER does not act for the transferor in respect of the transaction;

(b) the title insurer(s) issuing the title insurance policy(ies) has(have) in all cases entered into a Release and Indemnity Agreement with LAWYERS, in a form acceptable to The Law Society of Upper Canada, wherein the title insurer(s) irrevocably agrees(agree) to:

(i) indemnify and save harmless the LAWYER from and against any claims arising under the title insurance policy(ies), except for the LAWYER'S gross negligence or willful misconduct; and

(ii) release its right to maintain a negligence claim against the LAWYER(S) acting as LAWYER(S) for the transferee(s), chargee(s) and/or the title insurer(s), except for the LAWYER'S gross negligence or willful misconduct; and

(c) the LAWYER(S) is(are) not obliged to pay any deductible amount to the title insurer(s) in respect of one or more claims made under the title insurance policy(ies) where the deductible amount is or may be the subject of recovery under the POLICY.

D. Filings and payments:

(i) The real estate transaction levy surcharges payable by a LAWYER under this endorsement shall be accumulated, remitted and paid, with the corresponding Real Estate Transaction Summary Form, quarterly within thirty (30) days of the quarterly period ending on the last day of March, June, September and December. The 2011 Exemption Form from the Real Estate Transaction Levy Surcharge shall be due and remitted to the INSURER by April 30, 2011.

(ii) The levy surcharge imposed by this endorsement applies to a LAWYER in respect of real estate transactions in which files are opened on or after January 1, 2011.

Endorsement No. 3

Civil Litigation Transaction Levy Surcharge

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part IV Condition D (i), shall include the following:

A. Definitions of civil litigation transaction:

For the purposes of this endorsement "civil litigation transaction" means:

(i) the commencement of a proceeding in Ontario by way of notice of action, statement of claim, originating process, application, petition, notice of appeal, a form prescribed by statute; or

(ii) the response to a commencement of a proceeding in Ontario by way of statement of defence, defences to third party or subsequent party claims, answers to petitions, a response to an originating process, or notice of appearance in response to an application.

B. Levy surcharge payable:

(i) Subject to subparagraphs B(ii), (iii), and (iv) and any exclusions contained within this endorsement, each LAWYER required pursuant to By-Law 6 of the *Law Society Act*, R.S.O. 1990, c.L.8, to pay a professional liability insurance premium levy, shall pay to The Law Society of Upper Canada $50 inclusive of taxes in respect of each civil litigation transaction in which the LAWYER acted for a party in a proceeding as defined in subparagraph A(i) or (ii).

(ii) Where more than one LAWYER from the same LAW FIRM acts on behalf of the same party on the same civil litigation transaction, only one LAWYER is required to pay the $50 levy surcharge.

(iii) Where more than one proceeding is commenced as per A(i) or responded to as per A(ii) by the same party to a civil litigation transaction, the levy surcharge shall be limited to $50.

(iv) Where a civil litigation transaction involves more than one claimant, defendant, or other party, and two or more of them are represented by different LAWYERS in different LAW FIRMS, each LAWYER shall pay the levy surcharge of $50.

C. Exclusions:

No levy surcharge is payable by a LAWYER pursuant to this endorsement in respect of a civil litigation transaction if:

(i) proceedings are commenced in Small Claims Court;

(ii) proceedings are commenced pursuant to Residential Landlord and Tenant matters;

(iii) proceedings are funded by Legal Aid Ontario, Office of the Children's Lawyer, Office of the Official Public Guardian and Trustee, or the Family Responsibility Office; or

(iv) proceedings for divorce or adoption are commenced and are not opposed on any issue.

D. Filings and payments:

(i) The civil litigation transaction levy surcharges payable by a LAWYER under this endorsement shall be accumulated, remitted and paid, with the corresponding Civil Litigation Transaction Summary Form, quarterly within thirty (30) days of the quarterly period ending on the last day of March, June, September and December. The 2011 Exemption Form from the Civil Litigation Transaction Levy Surcharge shall be due and remitted to the INSURER by April 30, 2011.

(ii) The levy surcharge imposed by this endorsement applies to a LAWYER in respect of civil litigation transactions in which files are opened on or after January 1, 2011.

Endorsement No. 4
CLAIMS HISTORY LEVY SURCHARGE

A. Surcharge:

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part IV Condition D(i), shall include the following:

A claims history levy surcharge is payable by an INSURED, in addition to the INSURED'S base levy and any other applicable surcharges, for CLAIMS PAID during the period over the last five years in which the INSURED was a PRACTISING LAWYER, in an amount as set out below:

(i) One CLAIM PAID:	$2,500
(ii) Two CLAIMS PAID:	$5,000
(iii) Three CLAIMS PAID:	$10,000
(iv) Four CLAIMS PAID:	$15,000
(v) Five CLAIMS PAID:	$25,000
(vi) Six CLAIMS PAID: plus $10,000 per CLAIM PAID in excess of six.	$35,000

B. Definition:

For the purposes of this endorsement only, the following definition shall apply:

CLAIM(S) PAID means a payment made by the INSURER on behalf of the INSURED:

(i) pursuant to a judgment, or by way of repair or settlement of a CLAIM; or

(ii) for CLAIM(S) reported on or after January 1, 2004, where payment is made in respect of a CLAIM resulting in the LIMIT OF LIABILITY per CLAIM under the POLICY being exhausted, even though no payment has been made on the INSURED'S behalf under the POLICY pursuant to a judgment, repair or settlement, unless the INSURED can establish that no final judgment has as yet been made against the INSURED, and no payment has as yet been made on the INSURED'S behalf outside of the POLICY pursuant to a judgment, repair or settlement.

No CLAIM payment, however, shall be considered to result in a CLAIM PAID where the CLAIM relates solely to PRO BONO SERVICES.

Endorsement No. 5

Innocent Party Coverage & Levy Surcharge

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part I Coverages A and B as well as Part IV Condition D(i), shall include the following where so indicated in ITEM 8 of the INSURED'S Declarations:

A. Coverage:

Subject to the SUBLIMIT OF LIABILITY, exclusions and other terms and conditions contained herein, any dishonest, fraudulent, criminal or malicious act or omission (hereinafter referred to as an "OTHERWISE EXCLUDED ACT(S) OR OMISSION(S)") of an INSURED, or the INSURED'S vicarious liability for the OTHERWISE EXCLUDED ACTS OR OMISSIONS of others, arising out of the provision of PROFESSIONAL SERVICES for others, is deemed to be an "error, omission, or negligent act" as referred to in Part I Coverage A and throughout the POLICY, notwithstanding Part III Exclusion (a) of the POLICY.

(i) **SUBLIMIT OF LIABILITY**

The amount of coverage provided with respect to this endorsed coverage shall be as set out in ITEM 8 of the INSURED'S Declarations as the SUBLIMIT OF LIABILITY. For greater clarity, this SUBLIMIT OF LIABILITY is included within the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY of the INSURER, as set out in ITEMS 5 and 6 of the Declarations. This SUBLIMIT OF LIABILITY is also included within the SUBLIMIT OF LIABILITY for Endorsement No. 8.

(ii) **Exclusions**

This endorsed coverage shall not apply to any CLAIM (or that part of any CLAIM) arising out of:

(a) those OTHERWISE EXCLUDED ACTS OR OMISSIONS which are actually committed by the INSURED prior to January 1, 1998, or such later date that this endorsement coverage first came into force with respect to that INSURED; or

(b) those OTHERWISE EXCLUDED ACTS OR OMISSIONS of others of which the INSURED had actual knowledge prior to January 1, 1998, or such later date that this endorsement coverage first came into force with respect to that INSURED.

(iii) **Notice of CLAIM and waiver**

In the event that the INSURED fails to give notice to the INSURER of a CLAIM or to cooperate with the INSURER in the investigation or defence of a CLAIM under this endorsed coverage, the INSURER agrees to waive its right to rely on the INSURED'S breach of POLICY condition for the purposes of this endorsed coverage. In either circumstance, the INSURER agrees to accept notice of such CLAIM under this endorsed coverage from the NAMED INSURED.

(iv) **Subrogation**

If the INSURER pays any part of any settlement or judgment arising directly or indirectly from any actual or alleged OTHERWISE EXCLUDED ACT OR OMISSION of an INSURED, the INSURER shall be subrogated to the CLAIMANT'S rights, including its right of action against that INSURED.

B. Mandatory Innocent Party Coverage & Levy Surcharge:

Each INSURED, other than an INSURED acting as a SOLE PRACTITIONER who does not practise in circumstances where she/he is vicariously responsible for the acts or omissions of other LAWYERS with whom the INSURED practises, is required by The Law Society of Upper Canada to purchase innocent party SUBLIMIT OF LIABILITY coverage of $250,000 per CLAIM and in the aggregate and to pay the required Innocent Party Levy Surcharge in the amount of $250 per calendar year.

C. Definition:

For the purposes of this endorsement only, the following definition shall apply:

CLAIMANT means a person (or entity) who has or alleges to have suffered DAMAGES by reason of an INSURED'S OTHERWISE EXCLUDED ACTS OR OMISSIONS in the performance or failure to perform PROFESSIONAL SERVICES for others, where these OTHERWISE EXCLUDED ACTS OR OMISSIONS are alleged to be dishonest, fraudulent, criminal, or malicious.

Endorsement No. 6

Real Estate Practice Coverage Surcharge

(Modified Innocent Party Coverage For Real Estate Registration Fraud)

This endorsement shall apply in respect of an INSURED where so indicated in ITEM 8 of the INSURED'S Declarations, upon application and approval for such coverage.

Where this endorsement is applicable to the INSURED, this endorsement modifies the innocent party coverage provided under Endorsement No. 5, to provide coverage in respect of CLAIM(S) arising out of the INSURED effecting the registration of a FRAUDULENT INSTRUMENT under the *LAND TITLES ACT*.

Where Endorsement No. 5 does not provide coverage to the INSURED, Endorsement No. 5 is nonetheless deemed to apply in respect of the INSURED effecting the registration of a FRAUDULENT INSTRUMENT under the *LAND TITLES ACT* on or after April 1, 2008, subject to an innocent party SUBLIMIT OF LIABILITY of $250,000 per CLAIM and in the aggregate, and then only while coverage for the INSURED under this endorsement is in force.

A. Modifications to Innocent Party Coverage:

Subject to the SUBLIMIT OF LIABILITY, exclusions and other terms and conditions contained herein, the effecting of registration of a FRAUDULENT INSTRUMENT under the *LAND TITLES ACT* shall be deemed to be the performance of PROFESSIONAL SERVICES for others, and if the registration should cause DAMAGES that arise out of any dishonest, fraudulent, criminal or malicious act or omission of the INSURED, such act or omission shall be deemed to be an "error, omission or negligent act" as referred to in the POLICY, notwithstanding Part III Exclusion (a) of the POLICY, for the purposes of this endorsement.

(i) **SUBLIMIT OF LIABILITY**

The amount of coverage provided to the INSURED with respect to this endorsed coverage shall be $250,000 per CLAIM and $1 million in the aggregate per POLICY PERIOD. This SUBLIMIT OF LIABILITY is inclusive of, and not in addition to, any other SUBLIMIT OF LIABILITY, as well as the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY contained in this POLICY. For greater clarity, this SUBLIMIT OF LIABILITY is included within the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY of the INSURER, as set out in ITEMS 5 and 6 of the Declarations. This SUBLIMIT OF LIABILITY is also included within the SUBLIMIT OF LIABILITY for the Endorsement No. 5.

(ii) **Exclusions**

This endorsed coverage shall not apply to any CLAIM (or that part of any CLAIM) arising out of:

(a) any registration under the *LAND TITLES ACT* occurring prior to April 1, 2008;

(b) any registration under the *LAND TITLES ACT* that has not been completed, save and except for CLAIMS under the *LAND TITLES ACT* by the Land Titles Assurance Fund in the name of the Director of Titles;

(c) any CLAIM arising out of or pertaining to, directly or indirectly, any policy of title insurance, or for which coverage would apply under any policy of title insurance;

(d) any CLAIM advanced pursuant to an assignment, subrogation or other transfer of a right or interest, save and except for CLAIMS under the *LAND TITLES ACT* by the Land Titles Assurance Fund in the name of the Director of Titles.

B. Mandatory Real Estate Practice Coverage:

Each ELIGIBLE INSURED who practises REAL ESTATE LAW in Ontario is required by The Law Society of Upper Canada to have this endorsed coverage. This endorsed coverage shall not apply to any other INSUREDS.

C. Definitions:

For the purposes of this endorsement only, the following definitions shall apply:

ELIGIBLE means eligible to practise REAL ESTATE LAW in Ontario, as permitted by The Law Society of Upper Canada.

LAND TITLES ACT means the *Land Titles Act*, R.S.O. 1990, c. L.5, as amended.

FRAUDULENT INSTRUMENT means a "fraudulent instrument" as defined under the *LAND TITLES ACT*.

REAL ESTATE LAW means the practice of the law of Canada, its provinces and territories, that concerns:

(i) the registration of any instrument under the *LAND TITLES ACT*; and/or

(ii) the actual or contemplated transfer, charging, insuring, or otherwise affecting, an estate, right or interest in land;

and may include, without limitation, any one or more of the following services by a solicitor: the receipt of instructions, preparation of documents, searches and/or the providing of one or more opinions or certificates with respect to the title, transfer or charge, and/or with respect to the issuance of any title insurance policy.

All other terms, conditions, exclusions and limitations of the POLICY not in conflict with this endorsement remain unchanged. In particular, the terms and conditions of Endorsement No. 5 of the POLICY not in conflict with this endorsement are specifically incorporated in this endorsement as though expressly set out herein.

Endorsement No. 7

Limited Trust Account Overdraft Liability Coverage

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part I Coverages A and B, shall include the following:

A. Coverage:

Subject to the SUBLIMIT OF LIABILITY, exclusions and terms and conditions contained herein, liability for an OVERDRAFT resulting from the handling of a COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S) in the INSURED'S capacity as a PRACTISING LAWYER is deemed to be liability resulting from an error, omission or negligent act in the performance of or the failure to perform PROFESSIONAL SERVICES for others, for the purposes of Part I Coverages A and B.

(i) **SUBLIMIT OF LIABILITY**

(a) The amount of coverage provided with respect to this endorsed coverage shall be subject to a SUBLIMIT OF LIABILITY of $500,000 per CLAIM and in the aggregate per POLICY PERIOD, for the INSURED. This SUBLIMIT OF LIABILITY is included within the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY of the INSURER, as set out in ITEMS 5 and 6 of the Declarations.

(b) Notwithstanding (a) above, for those UNNAMED LAWYERS insured pursuant to Endorsement No. 9, the amount of coverage provided hereunder shall be subject to the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITYprovided pursuant to Endorsement No. 9.

(ii) **Exclusions**

This endorsed coverage shall not apply to any CLAIM (or that part of any CLAIM) arising out of:

(a) any OVERDRAFT in any way relating to or arising out of a COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S) that was not inspected and deposited by the INSURED or the INSURED'S PARTNER(S) or EMPLOYEE(S); or

(b) any OVERDRAFT in any way relating to or arising out of the failure to wait eight business days from deposit of the COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S) into the INSURED'S trust account before issuing cheque(s), draft(s) or other payment instructions on the trust account in relation thereto, unless within that time:

(i) the INSURED received confirmation, from either the INSURED'S CANADIAN FINANCIAL INSTITUTION or the drawee CANADIAN FINANCIAL INSTITUTION, that the drawee CANADIAN FINANCIAL INSTITUTION has verified the validity of the COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S); and

(ii) that confirmation is documented in writing by either CANADIAN FINANCIAL INSTITUTION with the INSURED, or by the INSURED with the CANADIAN FINANCIAL INSTITUTION that has confirmed to the INSURED that the drawee CANADIAN FINANCIAL INSTITUTION has verified the validity of the COUNTERFEIT CERTIFIED CHEQUE(S) OR COUNTERFEIT BANK DRAFT(S).

Endorsement No. 8
Innocent Party Coverage Under Mobility

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, and further to Part I Coverages A and B, shall include the following:

A. Coverage:

Subject to the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY, exclusions and other terms and conditions contained herein, a CLAIM by a CLAIMANT for MISAPPROPRIATION arising from TEMPORARY PRACTICE in or with respect to the law of a RECIPROCATING JURISDICTION (hereinafter referred to as an "OTHERWISE EXCLUDED ACT OR OMISSION") of an INSURED, shall be deemed to be an "error, omission, or negligent act" as referred to in Part I Coverage A and throughout the POLICY, notwithstanding Part III Exclusion (a) of the POLICY.

(i) **Limits of liability**

The amount of coverage provided with respect to this endorsed coverage shall be $250,000 per CLAIMANT, subject to the AGGREGATE LIMIT OF LIABILITY of the INSURER, as set out in ITEM 6 of the Declarations. For greater clarity, the LIMIT OF LIABILITY of the INSURER as set out in ITEM 5 of the Declarations shall not apply in respect to this endorsed coverage.

Notwithstanding the above:

(a) any CLAIM(S) involving the receipt of funds or property entrusted to the INSURED and jointly owned by more than one CLAIMANT shall be deemed to be a CLAIM by a single CLAIMANT for whom a single limit of liability of $250,000 shall apply, regardless of the number of CLAIMANTS making a CLAIM; and

(b) any CLAIM(S) involving MISAPPROPRIATION relating to or arising out of multiple unlawful appropriations from the same or related funds or property of a CLAIMANT entrusted to the INSURED shall be deemed to be a single CLAIM to which a single limit of liability of $250,000 per CLAIMANT shall apply.

(ii) **Exclusions**

This endorsed coverage shall not apply to any CLAIM (or that part of any CLAIM):

(a) in any way relating to or arising out of those OTHERWISE EXCLUDED ACTS OR OMISSIONS which are actually committed by the INSURED prior to January 1, 2010, or such later date that this endorsement coverage shall first come into force with respect to that INSURED;

(b) in any way relating to or arising out of those OTHERWISE EXCLUDED ACTS OR OMISSIONS of others of which the INSURED had actual knowledge prior to January 1, 2010, or such later date that this endorsement coverage shall first come into force with respect to that INSURED;

(c) first reported more than two years following the date on which the CLAIMANT discovered, or ought reasonably to have discovered, the MISAPPROPRIATION, but in no case later than 15 years following the date on which the MISAPPROPRIATION first took place;

(d) in any way relating to or arising out of funds or property entrusted to the INSURED as part of a venture or financing arrangement in which the INSURED has a financial interest; or

(e) in any way relating to or arising out of the wrongful or unlawful conduct or fault of the CLAIMANT or RELATED PARTY(IES) of the CLAIMANT including, without limitation, where the funds or property entrusted to the INSURED had been unlawfully obtained by the CLAIMANT or RELATED PARTY(IES) of the CLAIMANT.

(iii) **Notice of CLAIM and waiver**

In the event that the INSURED fails to give notice to the INSURER of a CLAIM or to cooperate with the INSURER in the investigation or defence of a CLAIM under this endorsed coverage, the INSURER agrees to waive its right to rely on the INSURED'S breach of POLICY condition for the purposes of this endorsed coverage. In either circumstance, the INSURER agrees to accept notice of such CLAIM under this endorsed coverage from the NAMED INSURED.

(iv) **Subrogation**

If the INSURER pays any part of any settlement or judgment arising directly or indirectly from any actual or alleged OTHERWISE EXCLUDED ACT OR OMISSION of an INSURED, the INSURER shall be subrogated to the CLAIMANT'S rights, including its right of action against that INSURED.

B. Definitions:

For the purposes of this endorsement only, the following definitions shall apply:

CLAIMANT means a person or entity who alleges to have suffered DAMAGES by reason of MISAPPROPRIATION by the INSURED in his or her performance or failure to perform PROFESSIONAL SERVICES for others, and who:

(i) retained the INSURED for the performance of PROFESSIONAL SERVICES in which the INSURED was entrusted with that person's or entity's funds or property which were part of the MISAPPROPRIATION; or

(ii) is a non-client who relied on the INSURED in connection with any trust or as beneficiary of an estate in regard to which the INSURED is or was a trustee entrusted with funds or property of a client as part of the performance of PROFESSIONAL SERVICES for others;

but shall not include (except in the sole and absolute discretion of the INSURER) RELATED PARTY(IES) of the INSURED, or any business enterprise or corporation in which the INSURED or RELATED PARTY(IES) of the INSURED has or had beneficial ownership, individually or collectively, directly or indirectly, in an amount greater than ten per cent (10%).

DAMAGES means the amount of money or value of property entrusted to the INSURED, less the amount of money or value of property returned to the CLAIMANT or otherwise accounted for or realized by the CLAIMANT, directly or indirectly, but shall not otherwise include compensatory damages, consequential damages, interests, costs, fines, penalties, expenses, or punitive, exemplary or aggravated damages.

MISAPPROPRIATION means the unlawful appropriation of money or property of others entrusted to the INSURED in her/his capacity as a lawyer as part of her/his performance of PROFESSIONAL SERVICES for others.

RELATED PARTY(IES) means the person's children, parents, siblings, or current or former spouse, at the time the CLAIM is made, where spouse includes someone not married to the person who has lived with that person in a common law relationship for a period of not less than one year.

TEMPORARY PRACTICE means the practice of law on an occasional basis as characterized under provisions contained in paragraphs 41 to 45 of By-Law 4 under the *Law Society Act*, R.S.O. 1990, c.L.8 and permitted under legislation of the law society of a RECIPROCATING JURISDICTION.

Endorsement No. 9
UNNAMED LAWYER DECLARATIONS (GENERAL)

The Declarations for each INSURED who is an UNNAMED LAWYER under the POLICY (as defined under Part V Definition (j) of the POLICY), other than those claiming exemption pursuant to Reason for Exemption "g" (mobility) under The Law Society of Upper Canada's professional liability insurance program, who are insured pursuant to Endorsement No. 10, shall be as follows:

Declarations:

ITEM 1 **INSURED**
The UNNAMED LAWYER as defined in Part V Definition (j).

ITEM 2 **NAMED INSURED**
Name The Law Society of Upper Canada

Address Osgoode Hall, 130 Queen Street West
Toronto, Ontario M5N 2H6

ITEM 3 **POLICY PERIOD**
From January 1, 2011, 12:01 a.m., Standard Time at the address of the NAMED INSURED, or such subsequent date and time in 2011 as the LAWYER becomes an UNNAMED LAWYER, to December 31, 2011, 11:59 p.m., Standard Time at the address of the NAMED INSURED, or such earlier date and time as the LAWYER next ceases to be an UNNAMED LAWYER.

ITEM 4 **BASE-RATED INSURANCE PREMIUM FOR THE POLICY PERIOD**
None.

ITEM 5 **LIMIT OF LIABILITY**
$250,000 per CLAIM, subject to Part IV Condition A of the POLICY.

ITEM 6 **AGGREGATE LIMIT OF LIABILITY**
$250,000 per POLICY PERIOD, subject to Part IV, Condition B of the POLICY, as reduced by all amounts paid or to be paid pursuant to Part I of policies effective on or after January 1, 1996, which are issued by the INSURER to the NAMED INSURED, and paid or to be paid in regard to CLAIMS thereunder concerning the INSURED as an UNNAMED LAWYER.

ITEM 7 **DEDUCTIBLE**
$5,000 per CLAIM.

ITEM 8 **MODIFICATIONS TO COVERAGE**

(i) There shall be no coverage provided under this POLICY for any CLAIMS arising out of PROFESSIONAL SERVICES provided by the INSURED while suspended or disbarred by, or after ceasing to be a member of, The Law Society of Upper Canada, or while a judge, retired, exempt or eligible for exemption from the payment of insurance premium levies pursuant to the by-laws of the *Law Society Act*, R.S.O. 1990, c.L.8, or after ceasing for any reason to be a LAWYER, unless the CLAIM relates solely to PRO BONO SERVICES. Where the CLAIM relates solely to PRO BONO SERVICES, the PRO BONO SERVICES will be deemed to have been provided by the INSURED as a PRACTISING LAWYER.

(ii) Part III Exclusion (a) of the POLICY shall not apply to the INSURED, where she/he is not the author of the act, a party to the act, nor an accomplice to the act. This exception to Part III Exclusion (a), however, is subject to a SUBLIMIT OF LIABILITY of $250,000 per CLAIM and in the aggregate per POLICY PERIOD, as well as the LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY set out under ITEMS 5 and 6 respectively herein.

The foregoing UNNAMED LAWYER Declarations replace, for that period in time that the INSURED is an UNNAMED LAWYER covered under this endorsement, any POLICY Declarations issued to the INSURED.

These UNNAMED LAWYER Declarations shall not be considered to be Declarations for the purposes of the definition of NAMED LAWYER(S) under Part V Definition (j) of the POLICY.

Endorsement No. 10

UNNAMED LAWYER DECLARATIONS (MOBILITY)

The Declarations for each INSURED who is an UNNAMED LAWYER under the POLICY (as defined under Part V Definition (j) of the POLICY), pursuant to Reason for Exemption "g" (mobility) under The Law Society of Upper Canada's professional liability insurance program, meeting the requirements of an INSURED under ITEM 1 of these Declarations, shall be as follows:

Declarations:

ITEM 1 **INSURED**

Each present and/or former LAWYER, as well as each former member of The Law Society of Upper Canada immediately before May 1, 2007:

(i) who is a practising member of the law society of a RECIPROCATING JURISDICTION;

(ii) who is buying coverage in respect of that practice, under the RECIPROCATING JURISDICTION'S POLICY for a premium that is based upon the standard insurance levy applied to those in private practice; and

(iii) who is exempt from the payment of insurance premium levies pursuant to subparagraph 9(1)(3) of By-Law 6 of the *Law Society Act*, R.S.O. 1990, c.L.8.

ITEM 2 **NAMED INSURED**

Name The Law Society of Upper Canada

Address Osgoode Hall, 130 Queen Street West,
Toronto, Ontario M5N 2H6

ITEM 3 **POLICY PERIOD**

From January 1, 2011, 12:01 a.m., Standard Time at the address of the NAMED INSURED, or such subsequent date and time in 2011 as these Declarations shall first apply in respect of the INSURED, to December 31, 2011, 11:59 p.m., Standard Time at the address of the NAMED INSURED, or such earlier date and time as these Declarations shall next cease to apply in respect of the INSURED.

ITEM 4 **BASE-RATED INSURANCE PREMIUM FOR THE POLICY PERIOD**

None.

ITEM 5 **LIMIT OF LIABILITY**

$1,000,000 per CLAIM, subject to Part IV Condition A of the POLICY and any POLICY endorsement(s) that apply to the INSURED.

ITEM 6 **AGGREGATE LIMIT OF LIABILITY**

$2,000,000 per POLICY PERIOD, subject to Part IV Condition B of the POLICY and any POLICY endorsement(s) that apply to the INSURED.

ITEM 7 **DEDUCTIBLE**

$5,000 per CLAIM.

ITEM 8 **MODIFICATIONS TO COVERAGE**

(i) Coverage shall only apply to CLAIMS arising out of PROFESSIONAL SERVICES which were performed while the INSURED was a PRACTISING LAWYER (or before May 1, 2007, while the INSURED was a member of The Law Society of Upper Canada engaged in the practice of law and not exempt from the payment of insurance premium levies) and buying coverage in respect of that practice under The Law Society of Upper Canada's mandatory professional liability insurance program.

(ii) There shall be no coverage provided under this POLICY for any CLAIMS arising out of PROFESSIONAL SERVICES provided by the INSURED while suspended or disbarred by, or after ceasing to be a member of, The Law Society of Upper Canada, or while a judge, retired, exempt or eligible for exemption from the payment of insurance premium levies pursuant to the by-laws of the *Law Society Act*, R.S.O. 1990, c.L.8, or after ceasing for any reason to be a LAWYER, unless the CLAIM relates solely to PRO BONO SERVICES. Where the CLAIM relates solely to PRO BONO SERVICES, the PRO BONO SERVICES will be deemed to have been provided by the INSURED as a PRACTISING LAWYER.

(iii) Part III Exclusion (a) of the POLICY shall not apply to the INSURED where she/he is not the author of the act, a party to the act, nor an accomplice to the act. Where she/he is the author of the act, a party to the act, or an accomplice to the act, Endorsement No. 8 may apply. The former exception to Part III exclusion (a) is subject to a SUBLIMIT OF LIABILITY of $250,000 per CLAIM and in the aggregate per POLICY PERIOD as well as the LIMIT OF LIABILITY, and both exceptions are subject to the AGGREGATE LIMIT OF LIABILITY.

The foregoing UNNAMED LAWYER Declarations replace, for that period in time that the INSURED is an UNNAMED LAWYER covered under this endorsement, any POLICY Declarations issued to the INSURED.

These UNNAMED LAWYER Declarations shall not be considered to be Declarations for the purposes of the definition of NAMED LAWYER(S) under Part V Definition (j) of the POLICY.

Endorsement No. II
CLAIMS BROUGHT BY CORPORATE EMPLOYERS

This endorsement shall apply where indicated in ITEM 8 of the INSURED'S Declarations, and then only to those INSUREDS who are NAMED LAWYERS pursuant to Part V Definition (j)(i) or (j)(ii) of the POLICY and provided those INSUREDS work as IN-HOUSE CORPORATE COUNSEL during the POLICY PERIOD.

A. Modifications to coverage:

Notwithstanding Part III Exclusion (b)(ii) but subject to all other terms and conditions of the POLICY for those INSUREDS to whom this endorsement applies, coverage in accordance with Part I Coverage B of the POLICY is hereby provided for CLAIMS brought by a CORPORATE EMPLOYER against any present or former INSURED EMPLOYEE with respect to PROFESSIONAL SERVICES provided by that INSURED as an EMPLOYEE of the CORPORATE EMPLOYER on or after January 1, 1997.

The additional coverage provided by this endorsement however shall not apply:

(i) to any CLAIM directly or indirectly made by the INSURED and/or the INSURED'S spouse or immediate family, or any business enterprise or corporation in which the INSURED and/or the INSURED'S spouse or immediate family have or had beneficial ownership in an amount greater than ten per cent (10%);

(ii) to any CLAIM in any way relating to or arising out of the failure or omission to provide, effect or maintain any insurance or bond;

(iii) to any CLAIM in any way relating to or arising out of the INSURED acting in his or her capacity as a director or officer of the CORPORATE EMPLOYER, except to the extent that the CLAIM is for PROFESSIONAL SERVICES on behalf of the CORPORATE EMPLOYER;

(iv) to any CLAIM in any way relating to or arising out of any personal profit or advantage to which the INSURED is not legally entitled;

(v) to any CLAIM in any way relating to or arising out of the bankruptcy or insolvency of the INSURED or CORPORATE EMPLOYER;

(vi) to any CLAIM in any way relating to or arising out of any invasion of privacy, wrongful entry, eviction, loss of consortium or wrongful termination of employment.

Nothing, however, in this endorsement shall be interpreted as providing or expanding the coverage provided to any INSURED under the POLICY pursuant to Part I Coverage A or C.

All coverage provided pursuant to this endorsement is subject to a SUBLIMIT OF LIABILITY of $250,000 per CLAIM and in the aggregate per POLICY PERIOD for the INSURED.

B. Definitions:

For the purposes of this endorsement only, the following definitions shall apply:

IN-HOUSE CORPORATE COUNSEL means those INSUREDS who are EMPLOYEES of a single CORPORATE EMPLOYER, and who provide PROFESSIONAL SERVICES for and on behalf of the CORPORATE EMPLOYER as counsel to the CORPORATE EMPLOYER, which is other than a LAW CORPORATION; and

CORPORATE EMPLOYER means a corporation as well as affiliated, controlled and subsidiary companies of the corporation or other entity of which the INSURED is an EMPLOYEE, where "affiliated," "controlled," and "subsidiary" are as defined under the *Securities Act,* R.S.O. 1990, c.S.5.

Endorsement No. I2

MULTI-DISCIPLINE PARTNERSHIPS

This POLICY, subject to all its terms and conditions not in conflict with this endorsement, shall include the following:

A. Coverage:

(i) DAMAGES

The INSURER shall pay on behalf of the INSURED all sums which the INSURED shall become legally obligated to pay as DAMAGES arising out of a CLAIM, provided the liability of the INSURED is the result of an error, omission or negligent act in the performance of or the failure to perform PROFESSIONAL SERVICES for others, where:

(a) coverage for NON-LAWYER PARTNER(S) and NON-LAWYER EMPLOYEE(S) is limited to PROFESSIONAL SERVICES provided or which ought to have been provided for or on behalf of the MULTI-DISCIPLINE PARTNERSHIP; and

(b) coverage in respect of PROFESSIONAL SERVICES provided or which ought to have been provided for or on behalf of the MULTI-DISCIPLINE PARTNERSHIP, is limited to that provided or which ought to have been provided on or after April 30, 1999, or such date that the MULTI-DISCIPLINE PARTNERSHIP was first authorized by the NAMED INSURED pursuant to By-Law 7 of the *Law Society Act*, R.S.O. 1990, c.L.8, whichever is later.

(ii) Defence, settlement, expenses

The INSURER will provide such coverage to the INSURED as is provided for under Part I Coverage B of the POLICY, i.e. its obligation to defend, investigate and pay certain expenses and costs, but only to the extent of coverage afforded in respect of (i) DAMAGES above.

(iii) PRESCRIBED PENALTY expenses

The INSURER will provide such coverage to the individual NAMED INSURED as is provided under Part I Coverage C of the POLICY, i.e. to reimburse, after final resolution, certain expenses in the successful defence of any CLAIM regarding a PRESCRIBED PENALTY assessed against the individual NAMED LAWYER, but only to the extent of coverage afforded in respect of (i) DAMAGES above.

B. Premium:

The NAMED INSURED, as agent of the INSUREDS, has arranged for this POLICY and endorsement. The premium for this endorsed coverage is an individually assessed risk-based premium and is as set out in ITEM 4 of the POLICY Declarations issued by the INSURER to the NON-LAWYER PARTNER(S) or the NON-LAWYER EMPLOYEE(S). The NAMED INSURED shall pay this endorsement premium by invoicing the NON-LAWYER PARTNER(S), levying the LAWYER PARTNER(S), and directing the NON-LAWYER PARTNER(S)/ NON-LAWYER EMPLOYEE(S) and LAWYER PARTNER(S) to pay this premium to the INSURER.

C. Definitions:

For the purposes of this endorsement only (and the POLICY in respect of this endorsement) the following definitions shall apply:

INSURED(S) means both NAMED LAWYER(S) and UNNAMED LAWYER(S). "NAMED LAWYER(S)" means as defined in Part V of the POLICY, but shall also include:

(i) each NON-LAWYER PARTNER(S) or NON-LAWYER EMPLOYEE(S) who has been granted coverage pursuant to this endorsement and is named in the POLICY Declarations as an INSURED, in respect of whom, in ITEM 8 thereof, this endorsement is said to apply; and

(ii) each MULTI-DISCIPLINE PARTNERSHIP named in the POLICY Declarations as an INSURED, but only with respect to the rendering of PROFESSIONAL SERVICES for or on behalf of the MULTI-DISCIPLINE PARTNERSHIP by its LAWYER PARTNER(S), NON-LAWYER PARTNER(S), NON-LAWYER EMPLOYEE(S), and/or LAWYER EMPLOYEES who are INSURED(S) under this POLICY and named in ITEM I of the Declarations as INSURED(S).

"UNNAMED LAWYERS" means as defined in Part V of the POLICY.

In no case shall a present and/or former NON-LAWYER PARTNER or a present and/or former NON-LAWYER EMPLOYEE be considered to be an UNNAMED LAWYER(S) under the POLICY as a result of her/his being or having been a NON-LAWYER PARTNER or a NON-LAWYER EMPLOYEE in a MULTI-DISCIPLINE PARTNERSHIP.

LAWYER PARTNER(S) means a LAWYER(S) while a partner in a MULTI-DISCIPLINE PARTNERSHIP.

MULTI-DISCIPLINE PARTNERSHIP(S) means a Multi-Discipline Partnership authorized by The Law Society of Upper Canada in accordance with the By-Law 7 of the *Law Society Act*, R.S.O. 1990, c.L.8, and which is not dissolved.

NON-LAWYER EMPLOYEE(S) means an individual(s) who is not a LAWYER or someone authorized to practise law in any province or territory of Canada outside Ontario, while an employee in a MULTI-DISCIPLINE PARTNERSHIP and engaged in her/his practice of a profession, trade or occupation that supports or supplements the practice of the Law of Canada, its provinces or territories, as an employee in the MULTI-DISCIPLINE PARTNERSHIP.

NON-LAWYER PARTNER(S) means an individual(s) who is not a LAWYER or someone authorized to practise law in any province or territory of Canada outside Ontario, while a partner in a MULTI-DISCIPLINE PARTNERSHIP and engaged in her/his practice of a profession, trade or occupation that supports or supplements the practice of the Law of Canada, its provinces or territories, as a partner in the MULTI-DISCIPLINE PARTNERSHIP.

PROFESSIONAL SERVICES:

(i) in respect of services performed or which ought to have been performed by a LAWYER, means as defined in Part V Definition (y) of the POLICY;

(ii) in respect of services performed or which ought to have been performed by a NON-LAWYER PARTNER(S), means the practice of the NON-LAWYER PARTNER'S(S') profession, trade or occupation, as set out in forms filed pursuant to By-Law 7 of the *Law Society Act*, R.S.O. 1990, c.L.8, that supports or supplements the practice of the Law of Canada, its provinces and territories, where such services are performed or ought to have been performed by the NON-LAWYER PARTNER as a partner in the MULTI-DISCIPLINE PARTNERSHIP; and

(iii) in respect of services performed or which ought to have been performed by a NON-LAWYER EMPLOYEE(S), means the practice of the NON-LAWYER EMPLOYEE'S(S') profession, trade or occupation, as set out in forms filed with the INSURER, that supports or supplements the practice of the Law of Canada, its provinces and territories, where such services are performed or ought to have been performed by the NON-LAWYER EMPLOYEE as an employee in the MULTI-DISCIPLINE PARTNERSHIP.

D. Application of other terms and conditions of the POLICY:

Endorsement Nos. 2, 3, 5 and 12 only of the POLICY shall apply in respect of each NON-LAWYER PARTNER(S) and NON-LAWYER EMPLOYEE(S). All POLICY endorsements shall or may apply to LAWYER PARTNER(S) and/or LAWYER EMPLOYEES who are employed by a MULTI-DISCIPLINE PARTNERSHIP.

For the purposes of interpretation of Endorsement Nos. 2 and 3, a NON-LAWYER PARTNER(S) or a NON-LAWYER EMPLOYEE(S) shall be deemed to be a LAWYER who is required, pursuant to By-Law 6 of the *Law Society Act*, R.S.O. 1990, c.L.8, to pay a professional liability insurance premium levy and the real estate and civil litigation transaction levies.

For the purposes of interpretation of Endorsement No. 5, a NON-LAWYER PARTNER(S) or a NON-LAWYER EMPLOYEE(S) shall be deemed to be an INSURED LAWYER for the purposes of the mandatory Innocent Party Coverage and levy surcharge. Coverage for INSUREDS under that endorsement, however, in connection with the PROFESSIONAL SERVICES of the NON-LAWYER PARTNER(S) or the NON-LAWYER EMPLOYEE(S), shall be limited to that provided or which ought to have been provided by the NON-LAWYER PARTNER(S) or the NON-LAWYER EMPLOYEE(S) for or on behalf of the MULTI-DISCIPLINE PARTNERSHIP, and then only where the PROFESSIONAL SERVICES were provided or ought to have been provided on or after April 30, 1999, or such date that the MULTI-DISCIPLINE PARTNERSHIP was first authorized by the NAMED INSURED pursuant to By-Law 7 of the *Law Society Act*, R.S.O. 1990, c.L.8, whichever is later.

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