

MEDIA RELEASE – for immediate release

Insurer holds line on base premiums for Ontario lawyers *Real estate lawyers, new calls among thousands to pay less in 2012*

Toronto, ON – September 22, 2011: Despite continued growth in both the number and cost of claims, LAWPRO will hold its base premium steady at \$3,350 – the same level as in 2011 – for the coming year. The professional indemnity insurer for Ontario lawyers is also reducing the premium for its Real Estate Practice Coverage Option (REPCO) and is increasing the premium discounts for lawyers new to practice and for certain classes of practitioners – moves that will reduce premiums for thousands of Ontario lawyers.

Long-range planning yields base premium stability despite challenging conditions

The claims trends prevailing in the past several years continue. LAWPRO estimates that claims costs for 2012 will reach \$88.9 million. A key driver of claims growth is growth in property values, but the introduction of the HST on legal fees and increased complexity of claims have also had an impact.

A second challenge facing LAWPRO is the continued troubled economic climate, and specifically, modest returns forecast for equity and fixed income investments. Though these investments outperformed LAWPRO's expectations slightly in the first half of 2011, the company has projected a rate of return on its investments of just 3.75 per cent for 2012.

The combination of these factors prompted LAWPRO to increase premiums last year. That increase provided the hoped-for adjustment needed to continue the company on a longer-term sound financial footing despite these challenges. As a result, the base premium for 2012 will remain at \$3,350 – the same as it was in 2011 and at about the average level of base premium established by LAWPRO over the past 15 years.

Reduction in REPCO premium

One of LAWPRO's mandates is to risk-rate the program and ensure that insurance premiums generally reflect the cost of claims. To do so, the company each year conducts an extensive analysis of claims costs and trends. Based on this analysis, LAWPRO has elected to reduce the premium for REPCO, a type of fraud protection coverage that must be purchased by Ontario lawyers who practise real estate law in the province, to \$250 per lawyer in 2012 (down from \$400 in 2011). This represents the second such reduction since the coverage was introduced in 2008 and will benefit an estimated 7,000 lawyers.

Deeper discounts for thousands of lawyers

LAWPRO offers a declining discount off of the base premium for lawyers new to practice. This discount is designed to reflect the typical claims pattern which sees the chance of a claim escalate the longer a lawyer is in practice (with costs peaking at about 26-30 years in practice).

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Insurer holds line on base premiums for Ontario lawyers (cont'd)

It also has the benefit of reducing operating costs for lawyers just starting out. In 2011, the maximum discount was equal to 40 per cent of the base premium in the first year of practice, declining to a discount equal to 10 per cent of the base premium in the fourth year in practice. For 2012, the new lawyer discount will be increased to 50 per cent of the base premium in the first year declining to 20 per cent in the fourth year.

LAWPRO's analysis of claims trends suggests that it is appropriate to offer an increased premium discount for those whose practice is restricted to criminal and/or immigration law, and to those who qualify for the part-time practice designation. Lawyers practising in these categories will be entitled to an increased premium discount equal to 50 per cent of the base premium (compared to 40 per cent last year).

LAWPRO estimates that approximately 6,000 lawyers will benefit from these deeper premium discounts.

Other positive signs

The stability in LAWPRO's base premium and larger discounts arising from the risk-rating process are especially notable in light of the company's decision to discontinue, for the year 2012 and beyond, its past practice of requesting an annual contribution towards premium from the Law Society of Upper Canada's Errors and Omissions Fund. Before 2012, LAWPRO often relied on the fund for a contribution to premium revenues. In not drawing a contribution for 2012, LAWPRO will forego approximately \$100 per insured lawyer as compared to last year.

About LAWPRO

Lawyers' Professional Indemnity Company (LAWPRO) is owned by the Law Society of Upper Canada and licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada.

Through its malpractice insurance program, LAWPRO insures about 22,600 practising lawyers in Ontario, as well as providing them with risk and practice management programs to assist them in their law practices.

LAWPRO's TitlePLUS[®] program is used by lawyers all across Canada to better meet their clients' needs for professional legal advice and superior protection for their real estate transactions.

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