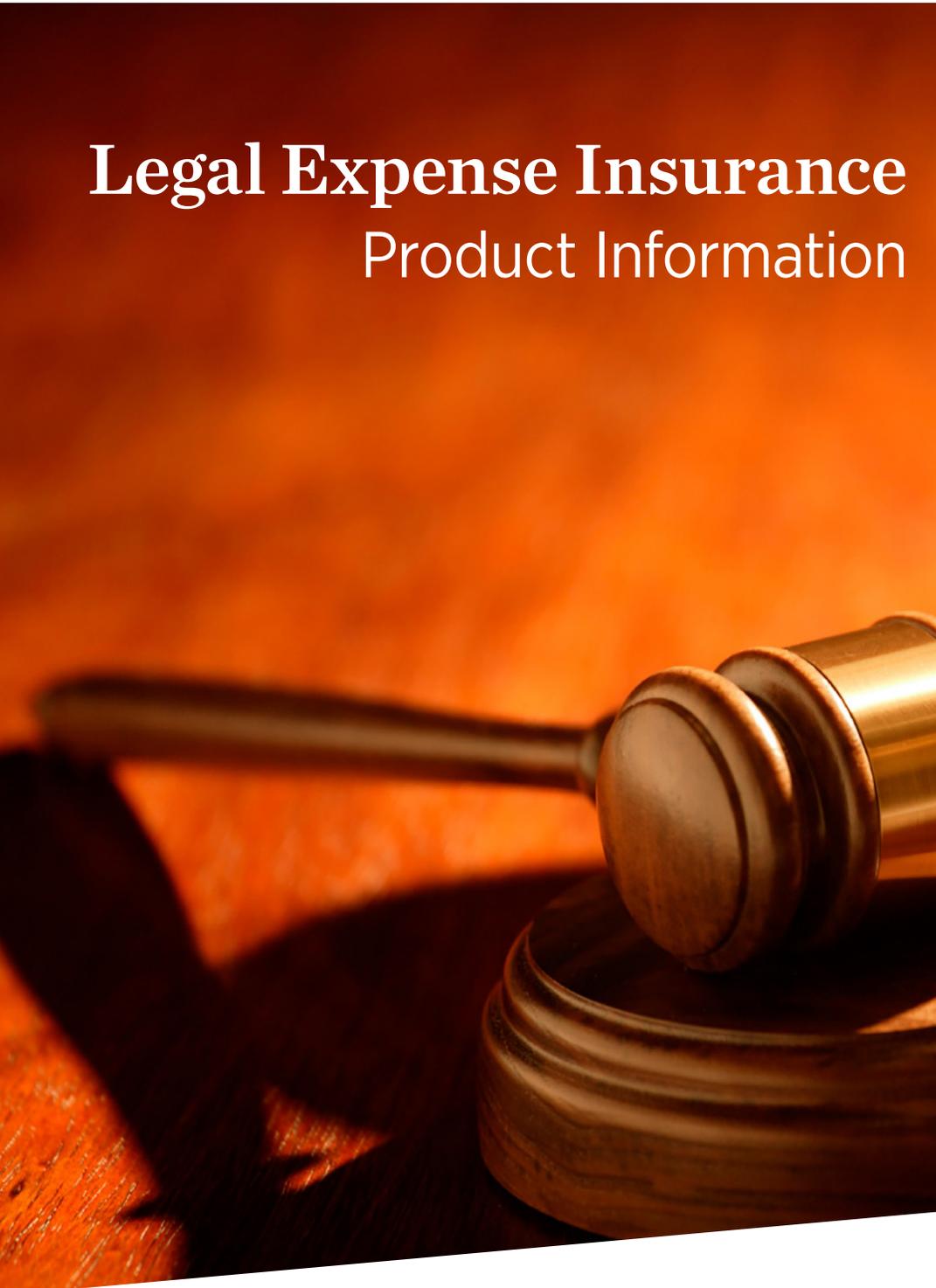


# Legal Expense Insurance Product Information



**STERLON**  
Legal Expense Insurance Specialists

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# What is Legal Expense Insurance?

Legal Expense Insurance (LEI) is not liability insurance.

It provides indemnity for the legal fees and expenses of a lawyer (including reasonable disbursements such as expert witnesses) for specified matters set out in the LEI policy.

These matters are defined as fortuitous events, or events that are not anticipated. Such events include employment disputes, Human Rights complaints, property disputes, contract disputes, personal injury claims and criminal charges. These matters are not generally covered by other insurance products such as professional liability/malpractice insurance or commercial liability insurance.

Some of the standard characteristics of an LEI policy include:

- Unlimited (number and length) toll free access to a lawyer for telephone assistance

- Claims made policy
- Prior approval of legal fees required
- Reasonable prospects of success condition for pursuit and defence claims or mitigation of loss in defence claims if poor prospects of success
- Hourly cap on lawyer's fees
- Choice of appointed representative from an approved list of lawyers with required expertise and familiar with the terms and conditions of the policies, ensuring that policyholders are afforded maximum protection
- Exclusion of actions against broker and insurance companies
- Exclusion of judicial review
- The legal costs are paid directly to the lawyer on behalf of the policyholder who is not required to pay first and then seek reimbursement.

***STERLON has developed Legal Expense Insurance (LEI) products for:***

Small Businesses

Professional Associations

Strata/Condominium Corporations

Hospitality Risks

Religious Institutions

Physicians & Surgeons

Dentists

Regulated Healthcare Professionals

Principals & Vice-Principals

Directors & Supervisory Officers (Education)

Aircrew

Gun Owners

Directors & Officers

Police Officers

Care Homes

# Telephone Legal Advisory Service

A significant and valuable component of any LEI product is access to the toll-free Telephone Legal Advisory Service (TLA).

Policyholders can speak directly with a lawyer for immediate advice and assistance in respect of matters affecting their business or professional activities.

These calls are unlimited in number and duration and the calls are confidential. The team of TLA lawyers are able to provide advice on any civil or common law legal dispute for all provinces and territories in both official languages. Their vast experience coupled with their different areas of

expertise allows them to properly determine the legal issue, explain it in terms that are easy to comprehend and advise the policyholders accordingly.

This feature is an excellent risk management tool which protects not only the policy but the client as well. If advice is sought at an early stage it can often prevent a matter becoming more serious, resulting in potential legal action. No deductible applies and use of the service does not effect indemnity limits.

Lawyers are available during normal business hours. The after hours service (including weekends and statutory holidays) will take details and arrange for a call back on the next business day. Some programs offer an emergency access to a lawyer.

## *What does STERLON offer?*

LEI Product Development  
LEI Product Management  
Facilitation of Lloyd's LEI Binder  
White Label LEI Products  
Facilitation of Reinsurance  
Marketing Support  
Underwriting Support  
Confidential Claims Handling Service  
Dedicated Bilingual Customer Service Centre  
Telephone Legal Advisory Service  
International Consulting Services

# Why Legal Expense Insurance?

LEI enables small business, professionals and associations to enjoy the benefits of having access to legal advice and representation at a reasonable cost.

These clients do not typically have legal staff and given the high cost of retaining a lawyer they are often put in the position where they have to choose between jeopardizing their financial bottom line by incurring legal expenses or risk financial difficulty, even bankruptcy and closure, by failing to have proper legal representation.

LEI can protect your clients' bottom line and provide them peace of mind by providing access to, and payment of the reasonable legal fees of, a lawyer specializing in corporate and professional legal issues.

- LEI means that no corporation, however small, should be prevented from exercising its legal rights.

- LEI provides professionals with the security of an LEI policy that will provide them with access to a lawyer who has

*LEI can protect your clients' bottom line and provide them peace of mind*

expertise in the matter for which assistance is required. This ensures that matters are dealt with proficiently and expeditiously relieving individuals of the worry of having to find a lawyer for themselves.

- LEI enables associations to provide a legal benefit to its members at an affordable cost and allows them to meet the needs of their members.

# History of Legal Expense Insurance

The history of legal expense insurance traces back to the early 1900s in France.

By 1930, Legal Expense Insurance coverage was also available in Belgium, Switzerland and Germany.

Later, during the mid to late fifties, the product became more refined. LEI is now available throughout Europe, Canada, Australia, South Africa and the US. The business models vary greatly but for the most part Legal Expense Insurance is available for both consumers and business owners, providing coverage for a variety of legal issues.

## Who is STERLON?

STERLON, a Canadian company incorporated in 1993, is a licensed loss adjusting firm dealing specifically with LEI claims on behalf of underwriters. In 1995 STERLON was granted the first special license from the Ontario Insurance Commission to adjust legal expense insurance claims. STERLON specializes solely in Legal Expense Insurance and maintains a base of expertise that includes staff with legal training.

The principals of the company are Kevin Le Messurier- Girling and Victoria Girling. Kevin comes from a Lloyd's background and Victoria is a

Premium income for LEI in Europe is approximately (Euro) €7,432M of which the UK market is (Euro) €520M. When you consider that the Canadian population is circa 32M versus the UK population of circa 63M and we are only writing a fraction of the UK LEI premium income it is obvious that the growth potential for this class in Canada is huge.

Legal Expense Insurance is an ever evolving discipline of insurance and there is huge potential for new initiatives that meet the legal needs of Canadian associations, small businesses, professionals and individuals.

lawyer. Both hold loss-adjusting licenses specific to Legal Expense Insurance (see Appendix A).

In Canada STERLON is the only independent monoline company dedicated to creating Legal Expense Insurance programs. These programs are designed to meet the needs of Canadian small businesses, associations and professionals. These legal expense insurance programs also include the provision of telephone legal advisory services through established and accredited service providers.

# LEI in Canada

The principals of STERLON were responsible for the introduction of Legal Expense Insurance to Canada in 1990.

STERLON has now been developing and servicing Legal Expense Insurance products in Canada for over 25 years. Products initially developed by STERLON in the mid 90's provided protection for professionals (PLEI) i.e. dental, medical and education.

In the mid to late 90's Barreau de Quebec (Law Society) encouraged the introduction of LEI to the province in an effort to satisfy access to justice concerns for individuals and families. STERLON assisted in the development of the original product offering. LEI is now sold in Quebec by multiple insurance companies. This proactive approach has not, however, been mirrored by Law Societies in any other province.

Canada Life tested a group benefits product in Ontario in the mid 90's, developed by STERLON in partnership with an international LEI company, but due to adverse selection it was removed from the market.

Since 2004 LEI products developed by STERLON have been underwritten by Lloyd's of London, which in turn are authorized and regulated by the Financial Conduct Authority.

While Professional Legal Expense Insurance (PLEI) was being actively sold it was not until 2008 that a Canadian wholesaler pioneered a

Commercial Legal Expense Insurance (CLEI) Add-On, developed by STERLON, as an enhancement to risks underwritten

by them on behalf of Certain Underwriter's at Lloyd's of London specializing in LEI. This Add-On was made available to Hospitality risks across Canada.

The business model adopted in Canada follows closely that of the UK by virtue of the legal systems being similar (Quebec excepted). It has been relatively straightforward to convert UK products for the Canadian market.

During the last 5 years STERLON, in collaboration with underwriters, has developed Legal Expense Insurance products designed to enhance many other insurance coverages such as management liability, aircraft maintenance operations, nursing associations, religious institutions, destination risks, select business programs, strata/condominium corporations, sports associations, air crew etc.

*Canada's Legal Expense Insurance experts for more than 25 years*

# Commercial Legal Expense Insurance



**STERLON**  
Legal Expense Insurance Specialists

# Commercial Legal Expense Insurance (CLEI) for Small Businesses

Currently the LEI product is available as a separate and individual policy or as an added component to the commercial policy with additional premium or as an included element of the commercial policy.

The limit per claim and annual aggregate vary by product or program.

The premium for the product will depend upon factors such as: which Insuring Clauses are included; limits of indemnity chosen per claim and in the aggregate; amount of deductible.

To demonstrate how the marketing of the product can greatly influence the premium the following example uses a corporation with annual gross sales/receipts of \$250,000.

## Cost for Stand Alone (A)

The premium for a stand alone product could be in the range of **\$1,150**.

## Cost for Add-On (B)

Where the same corporation adds the LEI to the commercial policy the premium could be in the range of **\$130**.

## Cost for Inclusion in Commercial Policy (C)

If the same corporation purchases a commercial policy which has been enhanced with the automatic inclusion of the LEI the premium increase could be as little as **\$93**.

### Toll-free Telephone Legal Advisory Service

For added peace of mind, Insureds have access to a toll-free Telephone Legal Advisory service. This service provides unlimited access to a lawyer for immediate general advice on matters relating to their business operations and is available between the hours of 9.00 am and 5.00 pm. After business hours, weekends and statutory holidays, there is an after-hours service which will arrange for a call back from a lawyer on the next business day. This service is provided on behalf of Underwriters by STERLON.

# CLEI Stand Alone (A)

Generally this includes the 6 Standard Insuring Clauses: Contract Disputes, Employment Disputes, Criminal Defence, Property Disputes, Personal Injury and Tax Disputes.

Telephone Legal Advisory service is included.

This product requires the completion of an Application Form.

**Premium for the CLEI Stand Alone is generally based on gross annual sales and/ or receipts.**

## The following categories of business will require special rating:

Alcohol and Liquor Manufacturing

Amusement Arcades

Aviation Services

Blood Banks

Building and Associated Trades e.g. plumbers, electricians, painters and decorators, heating etc.

Care/Nursing Homes

Computer related businesses

Discos and Night Clubs

Employment Agencies

Fairs with rides

Financial Institutions including Insurance Companies, Brokers or agents, Banks, Trust Companies, Mortgage Companies, Accountants, Stockbrokers and equity traders

Government Boards, Tribunals, Agencies or creations of government (including Municipalities, Hospitals and Jails)

Law Firms

Lenders of any kind

Professional organizations or organizations which exercise regulatory functions for occupational groups

Property Owners with more than four properties

Real Estate Agencies

Scrap dealers (automobile and other)

Waste Collection and Disposal Companies

## Add-On to Commercial Policy (B)

This is available as a separate Insuring Section/Agreement which is embedded in the primary commercial policy and which the client has to select for an additional stated premium.

This cover terminates with the primary policy and does not survive independently.

This is a less expensive option to the Stand Alone product, however, there is still a concern about adverse selection where the product is purchased only because there is a known problem to which the policy might respond.

**Premium for the Add-On is generally based on gross annual sales and/or receipts.**

## Automatic Inclusion in Commercial Policy (C)

This is the most inexpensive method of providing LEI cover to clients.

The LEI is included in the primary commercial policy and the premium for the LEI is added to the total premium and not stated separately.

This is effectively providing an enhanced commercial policy. Because the broker has agreed to market the commercial policy this way the

rates for the inclusion of the LEI are the most advantageous. There can be no anti selection by the consumer.

Generally, this option is only available to very large brokers or to wholesale operations that have a substantial portfolio of existing business.

**Premium is generally based on gross annual sales and/or receipts.**

### Flexible Insuring Clauses

For both the above options while it is possible to offer the standard CLEI policy with 6 Insuring Clauses it is often desirable to tailor the cover to accommodate the needs of the client base.

The standard Insuring Clauses can be broken out into tiers, giving the broker the ability to

provide an affordable product to clients.

For Example:

**Tier 1:** TLA and Employment Disputes

**Tier 2:** Tier 1 plus Property Disputes, Criminal Defence, pursuit of Personal Injury and Tax Disputes

**Tier 3:** Tier 2 plus Contract Disputes

# Commercial Legal Expense Insurance

## Coverage

---

### 1. Contract Disputes

Pursuit or defence of contractual disputes relating to the sale, purchase, lease or rental of goods or the provision of services (e.g. disputes with customers/suppliers, defence against claims of poor workmanship)

N.B. The contract must be entered into during the policy period or during any continuous period of coverage, and the legal fees and expenses are limited to 75% of the amount in dispute. The sum in dispute must exceed \$5000.

### 2. Employment Disputes

Defence of any dispute with an employee (e.g. defence against wrongful dismissal charges, discrimination)

N.B. There is a ninety day waiting period from inception of the policy before this section of coverage takes effect.

Your client is required to contact STERLON before taking any actions with respect to a contentious employment matter. Your client will receive telephone legal advice with respect to the issue and your client must follow the recommendations given.

### 3. Criminal Prosecution

Defence of criminal or statutory proceedings (e.g. Criminal Code (Canada), Occupational Health and Safety Act, Canada's Anti-Spam legislation)

### 4. Property Disputes

Pursuit or defence of disputes relating to freehold/leasehold property including damage by a third party to that property (e.g. landlord and tenant disputes, nuisance and trespass).

### 5. Personal Injury

Pursuit of claims for compensation relating to death or bodily injury sustained away from the workplace but while engaged in business activities.

N.B. This coverage extends to any employee acting within the scope of their employment.

### 6. Tax Disputes

Defence of a Tax Audit arising out of any tax return submitted to the Canadian Revenue Agency or other similar Canadian provincial agency.

# Commercial Legal Expense Insurance

## Indemnity Limits

---

- Per claim and aggregate limits vary by offering
- Legal proceedings must commence in Canada
- Deductible may apply
- 10% co-insurance may apply to all legal and professional fees in excess of a specified amount
- No payment for awards, damages, fines or penalties
- Client pays all taxes if registered (PST/GST/HST)

## Appointment of Lawyer or Accountant

---

- Selected from an approved panel of law or accounting firms with expert knowledge of commercial matters/disputes
- Appointed to represent Insured client, not the Underwriter
- Legal and professional fees paid to a maximum hourly rate

## Principal Exclusions

---

- Actions against broker, loss adjuster or Underwriter
- Appeals and Judicial Review
- Pre-existing matters
- Legal and professional fees incurred prior to approval
- Matters relating to assault, violence, fraud, conspiracy to defraud or dishonesty
- Any dispute between the Insured and any parent, subsidiary or associated company or partner
- Debt recovery
- Preparation of tax returns

## Eligibility

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- Small to medium sized business, generally with gross sales/receipts up to \$10M

# CLEI Claims Examples

## Telephone Legal Advisory

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The Insured has serious problems with chronic absenteeism by a member of the staff and seeks advice. The lawyer provides direction on how to handle the matter, including the need to produce an action plan setting out the concerns and expectations for staff attendance.

Appropriate warnings are required regarding the unacceptable attendance as well as an opportunity for corrective behaviour. Advice is provided on the liability of the employer if a termination is made without due process.

## Telephone Legal Advisory

---

The point of sale monitoring system provided evidence that the bartender was pocketing money. The lawyer provided advice on how to dismiss for cause, including clarification of financial obligations, reference and record of employment

(ROE). Even where the action of a staff member may appear to be gross misconduct there is still an appropriate manner in which they must be dismissed.

## Employment Dispute

---

The Insured terminated the employment of a staff member as part of a downsizing initiative. The employee filed a complaint with the Human Rights Tribunal alleging discrimination based on disability. A lawyer was appointed to file a response. After the failed mediation and several months before the hearing the employee filed a claim for

wrongful dismissal in the small claims court. Although the termination was lawful, in order to mitigate the disruption within the company and avoid the need to prepare witnesses, a settlement was negotiated whereby the Insured provided some compensation and both actions were withdrawn.

## Criminal Defence

---

The Insured club and its 3 directors were charged by the police with permitting drunken behaviour at licensed premises. These charges followed the dismissal of a complaint by the police to the Alcohol and Gaming Commission of Ontario following an incident at the Insured's premises to

which the police had been called. There appeared to be inadequate evidence to support the police allegation that the Club allowed clients to get drunk and legal representation was approved to defend the charges. The defence was successful.

# CLEI Claims Examples *(continued)*

## Property Dispute

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The Insured purchased a restaurant business, relying on written representations made by the owner that there was no restriction on the use of the outside patio. After being in occupation for several years the local municipality served a cease and desist order, prohibiting further use of the outside patio, based on the fact that the temporary planning permission had expired. The loss in use

of the patio resulted in a large loss of revenue. Legal representation was provided to the Insured to commence proceedings to recover damages as a result of the fraudulent misrepresentations. Following an unsuccessful Court mandated mediation the matter proceeded to Discoveries after which an extremely beneficial settlement was reached.

## Contract Dispute

---

The Insured provided information technology services and consulting services and it entered into a contract with a sub-contractor consulting company whereby it would provide service to the Insured's client (X). The contract contained an exclusivity clause whereby the sub-contractor and/or its employees could not provide services directly to X, during the contract period or during the 12

months immediately following the termination of the contract. Several months after the contract terminated the Insured discovered that the subcontractor and several of its employees were working directly for X. This resulted in loss of revenue. Legal representation was provided to take action against the subcontractor for an injunction and damages.

## Contract Dispute

---

The Insured regularly provided recruiting services to a company pursuant to a contract of agreed terms including terms and conditions relating to payment. After the submission of several invoices amounting to in excess of \$8000.00 the amount remained unpaid for in excess of six months despite many requests by the Insured to the company. The company finally responded indicating that it

had been taken over and that the Insured should seek payment of the outstanding invoices from the new owner. The new owner contended that it was not responsible for the debts of the former company. Legal representation was provided to enable the filing of an action. When mediation was unsuccessful in resolving the matter legal fees were approved to continue to pursue the matter in court.

## Tax Dispute

---

The corporation receives notification of an audit by the CRA and an accountant is instructed to assist the corporation in satisfying the CRA that no further assessment is warranted.

# **Legal Expense Insurance for Strata/Condominium Corporations**



**STERLON**  
Legal Expense Insurance Specialists

# Commercial Legal Expense Insurance (CLEI) for Strata/Condominium Corporations

After the introduction of the Commercial Legal Expense product it became evident that there was a requirement for a slightly different product to meet the needs of Condominium and Strata Corporations.

These corporations are unique by virtue of having specific legislation governing their activities. A product was created to provide protection against specified perils not generally covered by other insurance policies.

Many Condominium Corporations only have volunteer staff, directors and officers and no employees. Some use Property Management companies to oversee the operations of the properties/units. Very few have any access to cost effective legal services.

The individuals insured by the policy include directors, officers, council members or similar office holders who are appointed or elected pursuant to the Condominium legislation. Generally it also extends to provide protection to the designated executive of the Property Management company.

## **Toll-free Telephone Legal Advisory Service**

For added peace of mind, Insureds have access to a toll-free Telephone Legal Advisory service. This service provides unlimited access to a lawyer for immediate general advice on matters relating to their business operations and is available between the hours of 9.00 am and 5.00 pm. After business hours, weekends and statutory holidays, there is an after-hours service which will arrange for a call back from a lawyer on the next business day. This service is provided on behalf of Underwriters by STERLON.

# Commercial Legal Expense Insurance for Strata/Condominium Corporations

## Coverage

---

### 1. Civil Defence

Defence of the Insured against failure to comply with privacy legislation or breach of its capacity as trustee of a pension fund or an appeal against the imposition of a statutory notice;

### 2. Criminal Defence

Defence of the Insured against criminal or statutory charges (Criminal Code (Canada), Occupational Health and Safety Act, Environmental Protection Act and Workplace Hazardous Materials Information Services Act);

### 3. Personal Injury

Pursuit of claims for compensation relating to death or bodily injury sustained away from the workplace but while engaged in business activities;

### 4. Property Disputes

Pursuit of claims relating to nuisance or trespass to Common Property and disputes following physical damage to Common Property;

### 5. Defence of Disputes with Owners

Defence of claims brought by Owners relating to a failure by the Insured to comply with its by-laws and/or regulations;

### 6. Contract Disputes

Pursuit or defence of contractual disputes relating to the sale, purchase, lease or rental of goods or the provision of services (e.g. disputes with customers/suppliers).

N.B. The contract must be entered into during the policy period or during any continuous period of coverage, and the legal fees and expenses are limited to 75% of the amount in dispute. The sum in dispute must exceed \$500;

### 7. Employment Disputes

Defence of any dispute with an employee (e.g. defence against wrongful dismissal charges, discrimination).

# Commercial Legal Expense Insurance for Strata/Condominium Corporations

## Indemnity Limits

---

- To be agreed
- Deductible may apply
- 10% co-insurance may apply to all legal fees in excess of a specified amount
- Legal proceedings must commence in Canada
- No payment for awards, damages, fines or penalties

## Appointment of Lawyer

---

- Selected from an approved panel of law firms
- Appointed to represent Insured – not agent of STERLON
- Legal fees paid to a maximum hourly rate.

## Principal Exclusions

---

- 90 day waiting period from inception of the policy for Employment Disputes
- Actions against STERLON or Underwriter
- Debt collection
- Pre-existing matters
- Legal fees incurred prior to approval
- Matters relating to assault, violence, fraud, conspiracy to defraud or dishonesty
- Costs awarded against the Insured following a criminal conviction
- Matters relating to ownership, possession or use of any vehicle

## Eligibility

---

- Any residential complex falling within the definition under the Condominium or Strata Corporation Act
- The corporation and those responsible for the management of the units.

# Claims and TLA Examples | Condominium

## Telephone Legal Advisory

---

The boyfriend of one of the unit owners continually breached by-laws and verbally threatened the condominium council members. Advice was

provided to assist the corporation in drafting amended by-laws to enable it to take action against this individual.

## Telephone Legal Advisory

---

An employee on a long term leave of absence has not responded for months to emails for information about a return to work. Advice was provided to

enable the corporation to take steps to lawfully dismiss the employee.

## Telephone Legal Advisory

---

Advice sought concerning a debt situation with a bankrupt unit owner.

## Telephone Legal Advisory

---

New windows were installed of a different type/quality to that specified in the contract. The error was noticed after installation and before paying the

invoice the corporation is meeting with contractor. Advice was sought to establish the legal rights of the corporation.

## Civil Defence — Privacy

---

The corporation and the managing Director are sued by one of the unit owners for allegedly failing to comply with privacy legislation. Whether they

are found liable or not the insurance will respond to the defence including helping to mitigate the fine, sentence etc.

## Civil Defence — Appeal Against Statutory Notice

---

The city imposes a statutory notice restricting the use of a portion of the common area for parking purposes. The insurance provides for a legal opinion on the merits of appealing such decision.

If there are reasonable prospects of success the policy responds to enable an appeal against the imposition of the notice.

# Claims and TLA Examples | Condominium *(continued)*

## Criminal Charges

---

The corporation is investigated by health and safety authorities concerning a number of perceived breaches of the regulations in relation to the

common areas used by all the unit owners. Legal assistance is provided to assist in refuting the breaches.

## Property Disputes — Nuisance/Trespass

---

A neighbour is interfering with the operations of the corporation by continually parking his vehicle on the property to the detriment of the owners

whose parking spots are used. Despite reasonable attempts to try to resolve this issue it becomes necessary to seek legal intervention.

## Council and Owner Dispute

---

A unit owner files a complaint to the Human Rights Tribunal alleging that the corporation has breached its by-laws by failing to provide a safe and healthy home environment. The unit owner alleges the corporation failed to prevent cigarette smoke penetrating from one unit to the next,

exacerbating the poor health of the unit owner. They were also challenged over several bylaws that discriminated against disabled owners with respect to the parking and storage of electric wheelchairs. Legal representation is necessary to defend the complaint.

## Council and Owner Dispute

---

The corporation was involved in a dispute regarding flooring installed in a unit by an owner in breach of the by-laws. The corporation served the owner with an order to remedy the situation.

The owner challenged the by-law in the courts. Representation was provided to defend the action and legal costs for the corporation were in excess of \$12,000.

## Contract Dispute with Contractor

---

Landscaping work undertaken by a company later resulted in some landslide and water collection. The company refused to remedy the problem and

the corporation received legal representation to enforce the warranty terms.

# Professional Legal Expense Insurance



**STERLON**  
Legal Expense Insurance Specialists

# Professional Legal Expense Insurance (PLEI)

This offers cover for matters not generally covered by Errors and Omissions Insurance such as criminal charges, employment disputes, college complaints, billing profile investigations to name a few.

Professionals are required to have Errors and Omissions Insurance which provides cover for negligence actions.

However, these policies do not respond to all the legal issues facing a professional, and that was the reason behind the development of the Professional Legal Expense Insurance product.

The product range currently includes, (with other professions under development):

**Physicians & Surgeons**

**Dentists**

**Regulated Healthcare Professionals**

**Principals & Vice-Principals**

**Supervisory Officers and Directors (Education)**

**Air Crew**

**Police Officers**

Generally, the limit per claim and annual aggregate vary by product or program.

## **Toll-free Telephone Legal Advisory Service**

For added peace of mind, Insureds have access to a toll-free Telephone Legal Advisory service. This service provides unlimited access to a lawyer for immediate general advice on matters relating to their business operations and is available between the hours of 9.00 am and 5.00 pm. After business hours, weekends and statutory holidays, there is an after-hours service which will arrange for a call back from a lawyer on the next business day. This service is provided on behalf of Underwriters by STERLON.

# Professional Legal Expense Insurance for Physicians and Surgeons

## Coverage

---

### 1. Coroner's Investigation

Legal representation when subpoenaed as a witness at a Coroner's Inquest;

### 2. Human Rights Tribunal

Legal representation in any investigation or inquiry by the Human Rights Tribunal where the Insured's participation is requested, or if it is necessary to preserve the Insured's interests;

### 3. Billing Profile Investigation

Legal representation in any investigation undertaken by the provincial and/or territorial ministry of health or equivalent body leading to a review of the Insured's billing profile;

### 4. Fitness to Practice and/or Licensing

Legal representation before the Insured's professional regulatory board in matters concerning fitness to practice or professional license to practice;

### 5. Misconduct and/or Discipline Complaints

Legal representation before the Insured's professional regulatory board in matters concerning professional misconduct, incompetence, discipline and/or complaint;

### 6. Audits

Legal representation in any investigation, tribunal and/or inquiry relating to an audit of your billings conducted by the Physician Audit Board (which replaces the Medical Review Committee (MRC) and the Transitional Physician Audit Panel (TPAP));

### 7. Breach of Contractual Rights to Conduct a Professional Practice

Legal representation and legal costs incurred in enforcing a contractual right of access to health facilities to conduct a professional practice;

### 8. Criminal or Statutory Charges

Legal representation to defend criminal charges arising from the Insured's conduct and/or duties as a physician or surgeon;

### 9. Health Services Appeal and Review Board

Legal representation to pursue an appeal to the Health Services Appeal and Review Board;

### 10. Defence of an Appeal

Legal representation to defend appeal proceedings arising from any of the professional issues covered above.

# Professional Legal Expense Insurance for Physicians and Surgeons

## Indemnity Limits

---

- Per claim and aggregate limits vary by offering
- Legal proceedings must commence in Canada
- Deductible may apply
- No payment for awards, damages, fines or penalties

## Appointment of Lawyer

---

- Selected from an approved panel of law firms with expert knowledge of healthcare matters/conflicts
- Appointed to represent Insured, not the Underwriter
- Legal fees paid to a maximum hourly rate.

## Principal Exclusions

---

- Actions against broker, loss adjuster or Underwriter
- Pre-existing matters
- Legal fees incurred prior to approval
- Any matter relating to sexual abuse, sexual harassment or sexual misbehaviour unless acquitted or charges/complaint is dismissed
- Any criminal charge alleging unlawful violence, fraud or dishonesty

# Professional Legal Expense Insurance for Dentists and Other Healthcare

## Coverage

---

### 1. Coroner's Investigation

Legal representation when subpoenaed as a witness at a Coroner's Inquest;

### 2. Human Rights Tribunal

Legal representation in any investigation or inquiry by the Human Rights Tribunal where the Insured's participation is requested, or if it is necessary to preserve the Insured's interests;

### 3. Billing Profile Investigation

Legal representation in any investigation undertaken by an insurance company leading to a review of the Insured's billing profile;

### 4. Billing Practice Complaint

Legal representation before the Insured's professional regulatory board in matters concerning the Insured's billing practices;

### 5. Fitness to Practice and/or Licensing

Legal representation before the Insured's professional regulatory board in matters concerning fitness to practice or professional license to practice;

### 6. Misconduct and/or Discipline Complaints

Legal representation before the Insured's professional regulatory board in matters concerning professional misconduct, incompetence, discipline and/or complaint;

### 7. Breach of Contractual Rights to Conduct a Professional Practice

Legal representation and legal costs incurred in enforcing a contractual right of access to health facilities to conduct a professional practice;

### 8. Criminal or Statutory Charges

Legal representation to defend criminal charges arising from the Insured's conduct and/or duties as a dentist;

### 9. Defence of an Appeal

Legal representation to defend appeal proceedings arising from any of the professional issues covered above.

# Professional Legal Expense Insurance for Dentists and Other Healthcare

## Indemnity Limits

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- Per claim and aggregate limits vary by offering
- Legal proceedings must commence in Canada
- Deductible may apply
- No payment for awards, damages, fines or penalties

## Appointment of Lawyer

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- Selected from an approved panel of law firms with expert knowledge of healthcare matters/conflicts
- Appointed to represent Insured not Underwriter
- Legal fees paid to a maximum hourly rate.

## Principal Exclusions

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- Actions against broker, loss adjuster or Underwriter
- Pre-existing matters
- Legal fees incurred prior to approval
- Any matter relating to sexual abuse, sexual harassment or sexual misbehaviour unless acquitted or charges/complaint is dismissed
- Any criminal charge alleging unlawful violence, fraud or dishonesty

# Claims and TLA Examples

## Professional Healthcare

### Telephone Legal Advisory

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Insured called for advice regarding a letter from the hospital Chief of Staff regarding his referral of patients to a private diagnostic facility. The Insured had never been challenged on this previously and

sought advice on how to respond to this email. Assistance was provided to ensure that the response was appropriately worded.

### Telephone Legal Advisory

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The Insured had been told by her liability insurer that the actions of her staff member whereby she had injured a patient were not covered. She was negotiating with the patient and was advised by

the telephone legal advisory lawyer to seek legal assistance in the preparation of a release for the patient to sign when accepting the compensatory amount she was offering.

### College Complaint

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The Insured receives a letter from his Regulatory College, advising that he is being investigated following a patient's complaint that the Insured has failed to provide the proper standard of care. While his liability insurance responds to protect against potential damages, his PLEI policy provides legal

assistance to respond to the regulatory complaint. A lawyer, experienced in healthcare matters, assists the Insured in preparing a comprehensive response to the complaint. This results in the College dropping the investigation, satisfied that there has been no breach of the standard of care.

### Billing Profile Investigation

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Several years after receiving payment from an insurance company, the Insured receives notice that an audit of his billing records indicates that he has been overpaid. The company is demanding tens of thousands of dollars in repayment, or the company will refuse to honour any future claims. A lawyer is appointed under the PLEI to assist the Insured and is able to provide persuasive

arguments that result in the insurance company reviewing its decision. This was a time consuming matter and one of significant importance to the Insured's income stream and future of his dental practice. The Insured was able to feel confident in the knowledge that a lawyer was handling the matter competently and efficiently.

# Claims and TLA Examples

## Professional Healthcare *(continued)*

### Criminal Charges

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A patient alleges he was physically assaulted by the Insured after he was asked to leave the office following a mild verbal altercation. Before the police arrive, the Insured calls the toll-free Legal Advisory Service and is provided with immediate advice regarding his rights. The police take the

Insured's statement and a lawyer is assigned to accompany him to the police station, where further questioning takes place. With proper legal representation to help clarify the situation, the police do not lay any charges and the matter is quickly resolved.

### Direct Recovery

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Having already received payment from the provincial ministry of health, the Insured receives notice that the pre-approved codes were not authorized. The Ministry is demanding substantial

repayment, which will be recovered from future billing. A lawyer is appointed under the PLEI to assist the Insured and is able to provide persuasive arguments that result in a review of the decision.

### Human Rights

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The Insured receives a letter from the Human Rights Tribunal alleging that she was engaging in discriminatory practices by refusing to take on a new patient of an ethnic minority. PLEI provided her with assistance from a lawyer, specializing in human rights issues, who files a well-prepared

legal response. This resulted in the Tribunal being satisfied that there had been no discrimination, thus avoiding the matter proceeding to mediation and/or a full hearing, both of which can be extremely lengthy and stressful for all parties.

# Legal Expense Insurance for Gun Owners



**STERLON**  
Legal Expense Insurance Specialists

# Legal Expense Insurance for Gun Owners

Legal Expense Insurance for Gun Owners is an example of a special risks product designed to meet the needs of a specific group of individuals.

Such individuals have an exposure to legal costs in the event they face criminal charges or licensing issues. Few can afford a lawyer or know where to find one.

The policy provides them with free access to a lawyer to provide them with telephone legal advice and in the event it is required, a lawyer will be appointed to represent the insured.

This provides the insured with peace of mind and a valuable risk management tool.

## Coverage

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### 1. Firearm Offences

- Defence of charges under the Criminal Code of Canada relating to the careless use of a firearm (s.86), Unauthorized possession of a firearm (s. 91), possession of a firearm knowing possession is unauthorized (s.92), Unauthorized possession in a motor vehicle (s.94) or Losing or finding (s.105).
- Defence of charges where the Insured was acting in self defence;

### 2. Firearm Licensing

Appeal against a decision of a licensing, regulatory or judicial authority suspending, revoking, or altering the terms of, or refusing to renew, or cancelling a firearm licence

#### Toll-free Telephone Legal Advisory Service

For added peace of mind, Insureds have access to a toll-free Telephone Legal Advisory service. This service provides unlimited access to a lawyer for immediate general advice on matters relating to their business operations and is available between the hours of 9.00 am and 5.00 pm. After business hours, weekends and statutory holidays, there is an after-hours service which will arrange for a call back from a lawyer on the next business day. This service is provided on behalf of Underwriters by STERLON.

# Legal Expense Insurance for Gun Owners

## Indemnity Limits

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- \$150,000 any one claim, \$500,000 in the aggregate
- Legal proceedings must commence in Canada
- No payment for awards, damages, fines or penalties

## Appointment of Lawyer

---

- Selected from an approved panel of law firms
- Appointed to represent Insured – not agent of STERLON
- Legal fees paid to a maximum hourly rate.

## Principal Exclusions

---

- Pre-existing matters
- Legal fees incurred prior to approval
- Offences relating to a trade, occupation, employment or business venture
- Offences relating the use of a Prohibited or Restricted Firearm as defined under the Criminal Code if there is no valid licence of the said firearm
- Claims arising from the Initial application for a firearm licence or cost of applying for the renewal of a licence
- Costs awarded against the Insured following a criminal conviction
- Awards, compensation, damages, interest, fines, penalties or tax

# **Legal Expense Insurance for Associations and Groups**



**STERLON**  
Legal Expense Insurance Specialists

# Legal Expense Insurance for Associations and Groups

A number of brokers provide insurance options to Associations.

In order to better protect these clients a Legal Expense Insurance product can be developed by STERLON to meet the needs of Association members.

The policy is issued to the Association and the insureds are the members. Payment for insurance is generally part of dues to the Association

Examples of such opportunities include:

## **Professional Associations**

*e.g. Education; Vets; Engineers*

## **Board of Trade**

## **Sporting Clubs and Associations**

## **Religious Institutions**

## **Aircrew**

## **Police Officers**

STERLON will review with the broker the specific needs of each Association and will produce a customized policy.

Each product would be developed and priced specifically for the unique requirements of each client.

# Legal Expense Insurance



**STERLON**  
Legal Expense Insurance Specialists

# Legal Expense Insurance

## Developing a New Legal Expense Insurance Product

If you are interested in developing a unique LEI product offering for a specific need or client the following pages provide details of all current Insuring Causes which are available and which can be inserted into a policy document.

STERLON can provide the expertise to ensure that a product can be developed, a wording created and placement of the risk with Lloyd's of London. The claims handling and Telephone Legal Advisory Service are also provided by STERLON.

### **Connect. Respect. Protect.**

STERLON strives to proactively CONNECT with your Insureds in order to educate them about the benefits of their LEI policy and to provide outstanding claims service.

STERLON treats your Insureds with RESPECT in all interactions, fully understanding the emotions and stresses legal issues can create.

STERLON seeks to PROTECT your Insureds by providing peace of mind in the knowledge that they are receiving professional legal representation.

# Legal Expense Insurance

## Insuring Clauses and Clients

<b>Contract Disputes</b>	
For Corporations, Associations, Business Owners, Group Personal Lines	<b>Pursuit or defence</b> of contractual disputes relating to the sale, purchase, lease or rental of goods or the provision of services (e.g. disputes with customers/ suppliers, defence against claims of poor workmanship).
<b>Employment Disputes</b>	
For Corporations, Associations, Business Owners	<p><b>Defence</b> of any dispute with an employee (e.g. defence against wrongful dismissal charges, discrimination).</p> <p>N.B. There is a ninety day waiting period from inception of the policy before this section of coverage takes effect.</p> <p>Your client is required to contact STERLON before taking any actions with respect to a contentious employment matter. Your client will receive telephone legal advice with respect to the issue and your client must follow the recommendations given.</p>
For Professionals, Group Personal Lines	<b>Pursuit</b> of a dispute with an employer over interpretation and application of employment contract terms (includes wrongful dismissal, discrimination).
<b>Criminal Charges</b>	
For Corporations, Associations, Business Owners, Professionals	<b>Defence</b> of criminal charges pursuant to the Criminal Code (Canada) or offences under other federal or provincial statutes or regulations which prescribe offences punishable on summary conviction or indictment statutory proceedings (e.g. Occupational Health and Safety Act, Child and Family Services Act, Food and Drugs Act).
For Group Personal Lines	<b>Defence</b> of criminal charges pursuant to the Criminal Code (Canada) which arise from employment.

# Legal Expense Insurance

## Insuring Clauses and Clients *(continued)*

<b>Personal Injury</b>	
For Corporations, Associations, Business Owners, Group Personal Lines	<p><b>Pursuit</b> of claims for compensation relating to death or bodily injury sustained away from the workplace but while engaged in business activities.</p> <p>N.B. This coverage extends to any employee acting within the scope of their employment.</p>
<b>Civil Issues</b>	
For Corporations, Associations, Business Owners, Professionals	<p><b>Defence</b> of breaches of privacy rights of condominium owners.</p> <p><b>Defence</b> of any breach of by-laws and/or regulations by the condominium corporation.</p> <p><b>Defence</b> of breaches in capacity as trustee of a pension fund for employees.</p> <p><b>Appeals</b> against statutory notices adversely affecting the business activity.</p> <p><b>Defence</b> of sexual harassment complaints.</p>
<b>Property Protection</b>	
For Corporations, Associations, Business Owners, Group Personal Lines	<p><b>Pursuit</b> of disputes relating to nuisance, trespass and physical damage to property.</p>
<b>Coroner's Investigation</b>	
For Professionals	<p><b>Legal representation</b> when subpoenaed as a witness at a Coroner's Inquest.</p>

# Legal Expense Insurance

## Insuring Clauses and Clients *(continued)*

<b>Human Rights Tribunal</b>	
For Professionals	<p><b>Legal representation</b> in any investigation or inquiry by the Human Rights Tribunal where the Insured's participation is requested in a professional capacity.</p> <p><b>Defence</b> against any Complaint brought by a Third Party.</p>
<b>Loss of Income Cover</b>	
For Professionals, Group Personal Lines	<p><b>Reasonable expenses</b> incurred when absent from work due to any tribunal, College or court hearing.</p>
<b>Fitness to Practice and/or Licensing</b>	
For Professionals	<p><b>Legal representation</b> before the Insured's professional regulatory board in matters concerning fitness to practice or professional license to practice.</p>
<b>Misconduct and/or Discipline Complaints</b>	
For Professionals	<p><b>Defence</b> before the Insured's professional regulatory board in matters concerning professional misconduct, fitness to practice and licensing, discipline and/or complaint.</p>
<b>Healthcare Audits and Billing Profile Investigations</b>	
For Healthcare Professionals	<p><b>Legal representation</b> in any investigation, tribunal and/or inquiry relating to an audit of your billings.</p> <p><b>Legal representation</b> in any investigation undertaken by the provincial and/or territorial ministry of health or equivalent body leading to a review of the Insured's billing profile.</p>

# Legal Expense Insurance

## Insuring Clauses and Clients *(continued)*

<b>Healthcare - Breach of contractual Rights to Conduct a Professional Practice</b>	
For Healthcare Professionals	<b>Pursuit</b> of action to enforce a contractual right of access to health facilities practice.
<b>Health Services Appeal and Review Board</b>	
For Healthcare Professionals	<b>Pursuit</b> of an appeal to the Health Services Appeal and Review Board.
<b>Enquiries</b>	
For Aircrew (Group only - no individual policies)	<b>Representation</b> of the Insured at an enquiry established by a statutory authority concerned with administration, management, education or training at which the Insured is required or requested to attend, or it is in the interest of the Insured's professional reputation or career to attend.
<b>Tax Protection</b>	
For Corporations, Associations, Business Owners, Professionals Group Personal Lines (No individual policies.)	Tax appeals and audits relating to liability for income tax, GST, PST, HST and payroll deductions compliance.

# Legal Expense Insurance

## Insuring Clauses and Clients *(continued)*

<b>Driver Protection</b>	
For Corporations, Associations, Business Owners, Professionals Group Personal Lines Not standalone	<p>Total loss valuation disputes.</p> <p>Obtaining Statutory accident Benefits from your automobile insurer.</p> <p>Legal defence (against breach of highway traffic law or regulations).</p> <p>Driver's Licence protection Auto contract disputes.</p> <p>Issues arising from driving vehicles owned by a third party.</p>
<b>Fleet Protection</b>	
For Corporations, Business Owners	<p>Driving Offences.</p> <p>Driver's Licence suspension notices Vehicle related contract disputes Commercial safety rating issues.</p>
<b>Special Risks</b>	
All	Any identified Legal Expense Insurance risk.

# Appendix A

## Kevin Le Messurier-Girling

President of STERLON, Kevin Le Messurier-Girling, has over 35 years experience in insurance, much of it spent specializing in Legal Expense Insurance coverage and claims administration.

With his Lloyd's background, working for both brokers and a Lloyd's syndicate, he has a wealth of knowledge of the insurance industry. Kevin is the driving force behind the development of LEI in Canada and works closely with insurance companies and brokers to ensure the smooth evolution of this class of insurance.

## Victoria Girling

Victoria Girling, Vice President, is a lawyer (admitted as a Solicitor of the UK Supreme Court in October 1983) and with more than 25 years experience in the area of Legal Expense Insurance.

Prior to emigrating to Canada in 1988 Victoria was in-house legal counsel for The Legal Protection Group, a major LEI company in the UK. That experience was fundamental to the development of LEI in Canada.

He has developed close relations with a number of key wholesale insurance brokers and professional associations to increase market awareness of all products.

Kevin also undertakes product training seminars for both brokers and large clients as well as consulting work in newly emerging markets in South America.

Kevin holds a loss adjusting license specific to Legal Expense Insurance.

She has experience in claims handling and product development and is a licensed loss adjuster for LEI. She liaises with Bar Associations and is responsible for recruiting lawyers and maintaining the Panel of Law Firms that provide representation pursuant to the various LEI products serviced by STERLON.

Victoria has also undertaken consulting work in newly emerging markets in South America. As the President of CAN-UK, Victoria also develops the policy wordings for all Legal Expense Insurance products offered in Canada and serviced by STERLON.