

## Highlights from Chapter 10—Legal Expense Insurance

Legal expense insurance offers coverage for legal services. Depending on the policy, individuals pay an annual insurance premium to the insurance provider in exchange for legal information, advice and representation. Typically, legal expense insurance falls under two categories, *before-the-event* and *after-the-event*, defined as follows:

- **Before-the-Event**—insurance against potential litigation and other legal issues that can arise following a hypothetical future event (includes disbursements and fees).
- **After-the-Event**—insurance purchased after litigation has commenced (e.g. for an injury or a dismissal) as protection against part or all of the risk of paying an adverse costs award, as well as an individual’s own expenses.

### *Optimal uses*

- **Personal coverage** (e.g. protection against common legal issues, such as employment disputes, small claims disputes, no-fault accidents, and personal injury matters);
- **Commercial businesses** (e.g. purchased as part of an insurance bundle, legal expense insurance can provide protection for small business owners who are new to the legal complexities of managing a business, such as in the event of a lawsuit by a former employee, an injured customer, a distributor, or an uncooperative landlord);
- **Groups and unions** (often offered to members of unions as part of their benefits package to provide union employees and eligible family members access to legal services, either fully covered by the plan, or at a discounted rate).

Advantages	Disadvantages	Ethics and professional responsibility considerations
<ul style="list-style-type: none"> <li>• Addressing service gaps for middle-income clients</li> <li>• Affordability</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of control</li> <li>• Lack of full coverage—costs and range of services</li> </ul>	Potential conflicts of interest and other ethical concerns

### *Opportunities for systemic, structural, or legal change*

The consultation participants and research highlighted three ideas where changes could be considered to promote legal expense insurance in British Columbia: increase public awareness; establish a financial ombudsperson; and expand regulation.