

# Legal Expense Insurance Policy

## CAA Legal Coverage and CAA Legal Plus Coverage

ARAG Legal Solutions Inc. (ARAG) acts as the insurance manager and has the authority to administer claims on behalf of CAA Insurance Company.

THIS POLICY CONTAINS CLAUSES WHICH MAY LIMIT THE AMOUNT PAYABLE.

This is a Named Perils policy and provides coverage only for the insured events listed within this policy. Words and phrases in **bold** have special meaning as defined in Definitions section.

### Legal Helpline

**We** will provide **you** and any other **insured person** access to a Legal Helpline through which **you** or they can receive confidential general legal assistance and information over the phone relating to any personal legal problem to help determine your legal rights and options under the provincial laws of the applicable province and the federal laws of Canada. The lawyer cannot provide case-specific research or review documents.

**We** will provide this service between the hours of 8am and midnight, local time, 7 days a week. In addition, **we** will facilitate access to a lawyer twenty-four hours a day, 7 days a week, in emergency situations. Calls to this service may be recorded.

**To contact this service, call 1-855-853-2288.**

**We** will not accept responsibility if the helpline service is unavailable for reasons **we** cannot control.

### Making a Claim

Please contact **us** as soon as practicable following an insured event, and in no event later than 120 days after the **date of occurrence** of the insured event.

**Please note the Insurer will not pay for any legal costs you incur before we have accepted your claim, even if we later accept the claim.**

**You** may report a claim to **us** by calling your Legal Helpline phone number while you are insured under this policy by email at [claims@arag.ca](mailto:claims@arag.ca), or by mail to ARAG's Head Office address listed at [www.arag.ca](http://www.arag.ca). **We** will then advise **you** on the next steps.

### Agreement

In return for payment of the premium, and subject to the policy terms, definitions, conditions, exclusions and limitations set out in this policy and the Coverage Summary, the **Insurer** will provide insurance for **legal costs** incurred for insured events described in this policy, provided that:

1. the **date of occurrence** of the insured event happens within the period the **Insurer** has agreed to cover an **insured person**; and
2. the insured event occurs within the **territorial limit** and any legal proceedings will be dealt with by a court, or other body which **we** agree to, within the **territorial limit**; and
3. the **legal costs** are incurred after the claim has been accepted by **us**, and are limited to:
  - a. the reasonable and necessary costs, inclusive of any applicable sales or retail taxes, incurred by the **appointed representative**, including any additional expenses and disbursements such as court fees, experts' fees, police reports and medical reports incurred by the **appointed representative**;
  - b. costs awarded by a court in Canada to opponents in civil cases if the **insured person** has been ordered to pay them, or pays them with our agreement; and
  - c. the cost of the **insured person's** net salary or wages, that are not otherwise payable or recoverable, for the time that they are off work to attend any court proceeding, tribunal, arbitration, mediation or other hearing at the request of the **appointed representative**, up to a maximum of \$500 per **insured person** per day, and \$10,000 in total in respect of all claims resulting from any one court or tribunal proceeding, arbitration, mediation or other hearing; and
4. for civil cases and appeals relating to any insured event, **reasonable prospects** exist for the duration of the claim.

Except where stated otherwise, the **Insurer** will not pay **legal costs** incurred with respect to the enforcement of judgments or final orders, or settlement agreements, or minutes of settlement, which may arise in the pursuit or defence of **your** legal rights from an accepted claim under this policy.

Except where stated otherwise, the **Insurer** will pay **legal costs** incurred in making or defending an appeal, as long as:

- the matter being appealed was previously accepted as a claim under this policy,
- the **insured person** tells **us** within the time limits allowed to file an appeal that they want to appeal (and within reasonable time to allow for the filing of all necessary documents for an appeal), and
- **we** agree there are **reasonable prospects** of success for the appeal.

The policy, together with the Coverage Summary and any endorsement, and incorporating the application and any information **you** have provided, forms the contract of insurance between **you** and the **Insurer**.

**This is not a policy for reimbursement of legal costs you have already incurred.**

## **Insured Events – CAA Legal Coverage**

### **Property Protection**

#### What is covered

The **Insurer** will pay an **insured person's legal costs** to pursue their legal rights in a civil action relating to **real property** which they own following:

1. an event which causes physical damage to such physical property, provided that the amount in dispute exceeds \$500
2. a legal nuisance (meaning any unlawful interference with the **insured person's** use or enjoyment of their land, or some right over, or in connection with it)
3. a trespass

#### What is not covered

Any claim relating to:

- (a) a contract entered into by the **insured person**
- (b) disputes related to easements or other agreed rights over land
- (c) any building or land other than the **insured person's** principal or recreational home
- (d) someone legally taking the **insured person's real property** from them, whether the **insured person** is offered money or not, or restrictions or controls placed on the **insured person's real property** by any governmental, quasigovernmental or public or local authority
- (e) work done by, or on behalf of, any governmental, quasi-governmental or public or local authority, unless the claim is for accidental physical damage
- (f) a **motor vehicle**
- (g) mining, subsidence, heave or landslide
- (h) defending an **insured person's** legal rights, other than in defending a counter-claim
- (i) the first \$500 in **legal costs** of any claim for legal nuisance or trespass. This is payable if the dispute cannot be resolved by the **Insurer** and requires an appointed representative. This amount is payable to the appointed representative as soon as they are retained.

### **Contract Disputes**

#### What is covered

1. The **Insurer** will pay an **insured person's legal costs** to pursue or defend their legal rights in a dispute relating to an agreement or an alleged agreement which the **insured person** has entered into for
  - (i) buying or selling **goods**; and
  - (ii) obtaining services.
2. The **Insurer** will pay an **insured person's legal costs** arising from a dispute with a leasing company regarding the amount due under a lease in respect of the **motor vehicle** in the event that it is declared a total loss by the **insured person's** own automobile insurer following a collision.

***Provided that the amount in dispute exceeds \$500.***

#### What is not covered

Any claim relating to:

- (a) a contract regarding an **insured person's** trade, profession, occupation, employment or any business venture
- (b) a contract regarding an **insured person** purchasing or selling **real property**
- (c) a contract for legal services
- (d) construction work, or designing or structurally renovating any building where the amount in dispute exceeds the statutory limits of the small claims court jurisdiction where the dispute is located
- (e) the coverage available under, the interpretation of, or a settlement under, any part or provision of any insurance policy or service contract issued to you by or through the **Insurer** or any subsidiary or affiliated entity. For any other insurance policy, the **Insurer** will not cover any claim relating to the settlement payable under an insurance policy (the **Insurer** will cover a dispute arising from the **insured person's** insurer refusing their claim, but not a dispute over the amount of the claim)
- (f) a dispute arising from any loan, mortgage, pension, investment, borrowing or any other financial product (other than described under (e) above)

- (g) a dispute over the terms of a lease of land or buildings or a licence or tenancy of land or buildings. However, the **Insurer** will cover a dispute with a professional advisor in connection with the drafting of a lease, licence or tenancy agreement
- (h) a contract involving a **motor vehicle** not owned or leased by an **insured person**

### **Bodily Injury**

#### What is covered

The **Insurer** will pay an **insured person's legal costs** to pursue their legal rights following a specific or sudden accident which causes their death, illness or bodily injury.

#### What is not covered

Any claim relating to:

- (a) a dispute with any provincial workers' compensation board
- (b) psychological injury or mental illness unless the condition arises from a specific or sudden accident that has caused physical bodily injury
- (c) surgical, clinical or medical negligence
- (d) death, illness or bodily injury arising from
  - a. an **insured person's** ownership, use or operation of a **motor vehicle**; or
  - b. an **insured person** being a passenger in a **motor vehicle**
- (e) defending an **insured person's** legal rights, other than in defending a counter-claim

### **Tax Protection**

#### What is covered

The **Insurer** will pay an **insured person's legal costs** in respect of a **tax appeal** or a **tax audit** relating to their personal tax affairs.

*Provided that the **insured person** has taken reasonable care to ensure that all returns are complete and correct and submitted within the statutory time limits allowed.*

#### What is not covered

Any claim relating to:

- (a) the tax affairs of a corporation, or if the **insured person** is carrying on business, involved in a business partnership, or otherwise self-employed, the tax affairs relating to such activities
- (b) a tax avoidance scheme, arrangement, or plan of any kind
- (c) an investigation or inquiry by the CRA into alleged gross negligence, dishonesty or criminal offences

### **Definitions**

The following definitions apply wherever these words or phrases appear in bold in the policy.

#### **Appointed representative**

The lawyer, accountant or other suitably qualified person appointed by **us** on behalf of the **insured person** to act for an **insured person**.

#### **Broker**

The company, as identified on the Coverage Summary for this ARAG policy, which facilitated the purchase of this ARAG Policy by **you**.

#### **Contract of Employment**

Written agreement between the employer and employee setting out both party's rights, duties and obligations.

A **contract of employment** does not include a collective agreement covering a group of employees who are represented by a union, nor does it include a contract for services.

#### **Criminal offence**

An offence under the Criminal Code of Canada (R.S.C., 1985, c. C-46).

#### **Date of occurrence**

1. For civil cases: the date of the event which leads to a claim. If there is more than one event arising at different times from the same originating cause, the **date of occurrence** is the date of the first of these events.

2. For criminal cases: the date of the alleged criminal offence, or the earliest date in a series of related alleged criminal offences, for which an **insured person** is charged.
3. For a **tax appeal**: when the Canada Revenue Agency ("CRA") or a provincial tax authority first issues the **insured person** a notice of assessment, reassessment or determination with which the **insured person** disagrees.
4. For a **tax audit**: when the CRA or a provincial tax authority first contacts the **insured person** in relation to commencing an audit.

The insured event must occur within the period the **Insurer** has agreed to cover the **insured person**.

### **Goods**

Any object which is not attached to **real property**, except by its own weight, and can be removed without damage or alterations to the **real property** requiring repair. Any object which is plugged in and can be removed without any damage or alteration to the **real property**.

### **Insured person**

**You**, or **your** spouse or civil partner or any son or daughter, normally living with **you**. Anyone claiming under this policy must have **your** agreement to claim.

### **Insurer**

CAA Insurance Company

### **Legal costs**

In respect of the insured events described in this policy:

1. all reasonable and necessary costs, inclusive of any applicable sales or retail taxes, incurred by the **appointed representative** including any additional expenses and disbursements such as court fees, experts' fees, police reports and medical reports incurred by the **appointed representative**;
2. the costs awarded by a court in Canada to opponents in civil cases if the **insured person** has been ordered to pay them, or pays them with **our** agreement; and
3. the **insured person's** net salary or wages, that are not otherwise payable or recoverable, for the time that they are off work to attend any court proceeding, tribunal, arbitration, mediation or other hearing at the request of the **appointed representative**, up to a maximum of \$500 per **insured person** per day, and \$10,000 in total in respect of all claims resulting from any one court or tribunal proceeding, arbitration, mediation or other hearing.

### **Motor vehicle**

Includes an automobile, a motorcycle, a motor assisted bicycle, any other vehicle propelled or driven otherwise than by muscular power, and includes any **motor vehicle** that are owned, used or operated by an **insured person** for personal use only including:

1. Boats and watercraft;
2. All terrain and off-road vehicles
3. Snowmobiles or motorized snow vehicles;
4. Non-street sport motorcycles including off-road and dirt bikes;
5. Self-propelled/motor homes; and
6. Any other **motorized vehicle** similar to those described herein.

### **Reasonable prospects**

For civil cases **reasonable prospects** means that **we** agree that it is always more likely than not that an **insured person** will recover losses or damages (or obtain other legal remedy which **we** have agreed to) or make a successful defence.

For appeals relating to any insured event, **reasonable prospects** means that **we** agree that it is always more likely than not that the appeal will be successful.

### **Real property**

Real property is land, and anything growing on, affixed to, or built upon land. This also includes man-made buildings as well as crops. Real property is characterized as property that doesn't move, or that is attached to the land.

### **Tax appeal**

An appeal regarding an assessment, reassessment or determination made by the CRA or a provincial tax authority, including an administrative appeal to the CRA or a provincial tax authority and an appeal to the Tax Court of Canada or a superior court of a province.

### **Tax audit**

An inspection and verification by the CRA or a provincial tax authority of the **insured person's** financial accounting records to determine whether or not they have paid the correct amount of tax.

### **Territorial limit**

Canada

### **We, us, our**

ARAG Legal Solutions Inc. who has been authorized by the **Insurer** to act as the insurance manager for this policy.

## **You, your**

The policyholder shown on the Coverage Summary.

### Limit of indemnity under this policy

The **Insurer** will pay up to the limit of indemnity shown in the Legal Expense Insurance Coverage Summary in respect of **legal costs** related to all claims resulting from one or more events arising at the same time or from the same originating cause.

Subject to the above, the **Insurer** will pay, in aggregate, **legal costs** of no more than the aggregate limit shown in the Legal Expense Insurance Coverage Summary in respect of all claims that arise in that period of insurance that result from different originating causes.

### General exclusions

This insurance does not apply to:

1. **Wilful acts**  
Any claim resulting from an act which is wilfully committed, and the results of which are consciously intended, by an **insured person**.
2. **Late reported claims**  
A claim reported to **us** more than 120 days after the **date of occurrence**.
3. **Legal costs not agreed with us**  
**Legal costs** incurred before **our** written agreement to pay them.
4. **Legal action not agreed with us**  
Legal action an **insured person** takes which **we** or the **appointed representative** have not agreed to or where an **insured person** does anything that hinders **us** or the **appointed representative**.
5. **Contingency fee agreements**  
Any **legal costs** arising as a consequence of a contingency fee agreement.
6. **Disputes with any governmental or public body**  
Except as it relates to claims accepted under **Insured Events 3. Legal defence** and **6. Tax Protection**, any **legal costs** relating to a review or dispute regarding the lawfulness of any decision or action of any federal or provincial governmental or quasi – governmental body, or any other local or public authority, other than in relation to an accepted claim in respect of any event insured under this policy.
7. **Class action proceedings**  
Any claim where an **insured person** is a party to a legal action brought under applicable class proceedings legislation, or where an **insured person** has opted out of being a party to a legal action brought under applicable class proceedings legislation.
8. **Costs awarded outside of Canada**  
Any **legal costs** awarded in any jurisdiction outside of Canada.
9. **Damages, fines and penalties**  
Damages, fines, penalties, compensation or restitution orders which the **insured person** is ordered to pay by a court or other authority and any costs awarded in criminal or statutory proceedings.
10. **Disputes with ARAG, the Insurer, or the Broker**  
Any dispute with **us**, the **Insurer**, or the **Broker** not otherwise dealt with under **General condition 10. Disputes over reasonable prospects for a claim**.
11. **Fraudulent claims**  
Any claim which is fraudulent, exaggerated or dishonest.
12. **Claims under this policy by a third party**  
Apart from **us**, only an **insured person** may enforce all or any part of this policy and the rights and interests arising from or connected with it.
13. **Nuclear, war, terrorism and pollution or contamination risks**  
Any claim caused by, contributed to, or arising from any of the following:
  - (a) war, invasion, act of a foreign enemy, hostilities, civil war, rebellion, revolution, insurrection or military power;
  - (b) an event which is required to be insured under a nuclear energy liability policy issued by the Nuclear Insurance Association of Canada, or any other group or pool of insurers;
  - (c) terrorism or a decision of a government agency or other entity to prevent, respond to or terminate terrorism;
  - (d) pollution or contamination.

#### 14. **Defamation**

A claim relating to written or oral remarks which damage an **insured person's** reputation.

#### 15. **Disputes relating to the validity of legislation**

Any constitutional or other challenge to the validity of Federal, Provincial, or Municipal Legislation.

### Policy conditions

#### 1. **Observance of policy terms**

The **insured person** must:

- (a) comply with the terms and conditions of this policy;
- (b) notify **us** immediately of any change in circumstance which may materially affect **our** assessment of the risk;
- (c) take reasonable steps to avoid and prevent claims;
- (d) take reasonable steps to avoid incurring unnecessary costs;
- (e) send everything **we** reasonably ask for in writing;
- (f) report to **us** full and factual details of any claim as soon as practicable and give **us** any information **we** reasonably need.

#### 2. **Notice of Insured Event**

The **insured person** shall notify **us** of any insured event which may give rise to coverage, as soon as they become aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to coverage shall be forfeited by the person insured where such non-compliance has caused prejudice to **us**.

#### 3. **Conduct and control of claim**

- (a) If it is necessary to take legal proceedings, including a **tax appeal**, an **appointed representative** will be appointed by **us** on behalf of the **insured person** in accordance with **our** standard terms of appointment and will be retained by the **insured person**.
- (b) Where **we** have agreements with more than one law firm with respect to a specialty, the **insured person** may select their **appointed representative** from that panel of law firms.
- (c) The **insured person** must cooperate with **us** and must keep **us** up-to-date regarding the progress of the claim.
- (d) The **insured person** must cooperate with the **appointed representative** and must follow the recommendations of the **appointed representative**, which have been agreed to by **us**.
- (e) The **insured person** must give the **appointed representative** any instructions that **we** require.

#### 4. **Consent to access information**

The **insured person** will provide written consent, at the commencement of the retainer of the **appointed representative**, permitting the **appointed representative**, at **our** request, to give **us**, or **our** reinsurers, actuaries or auditors, or any regulatory authority or its agents, to the extent required by law, access to all correspondence, documents and records in the **appointed representative's** possession or control which are relevant to the matter. This consent will include permission to deliver up all such documents or copies of all such documents at **our** request.

#### 5. **Offers to settle a claim**

- (a) The **insured person** must tell **us** if anyone offers to settle a claim and must not negotiate or agree to a settlement without **our** written consent.
- (b) If the **insured person** does not accept an offer **we**, based on the advice of the **appointed representative**, consider reasonable to settle a claim, **we** may refuse to pay further **legal costs**.
- (c) **We** reserve the right to pay the **insured person** the reasonable amount of damages that the **insured person** is claiming, or that is being claimed against them, or negotiate a reasonable settlement of any claim, instead of starting or continuing legal proceedings. In these circumstances the **insured person** must allow **us** to take over and conduct in their name the pursuit or settlement of any claim. The **insured person** will also allow **us** to pursue at **our** own expense and for **our** own benefit, any claim for compensation against any other party and must give **us** all information and assistance required.

#### 6. **Withdrawal of coverage**

If an **insured person** settles or negotiates a claim without **our** consent, or withdraws a claim without **our** consent, or does not give to the **appointed representative** any instructions that **we** require, **we** can withdraw coverage and will be entitled to reclaim from the **insured person** any **legal costs we** have paid.

#### 7. **Sanction limitation**

The **Insurer** shall not be deemed to provide coverage and the **Insurer** shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the **Insurer** to any sanction, prohibition or restriction under trade or economic sanctions, laws, or regulations of Canada, the United Nations, or the European Union.

#### 8. **Assessment and recovery of costs**

- (a) The **insured person** must instruct the **appointed representative** to have **legal costs** taxed, assessed or audited if **we** ask for this.
- (b) The **insured person** must take every reasonable step to recover **legal costs** that **we** have to pay and must pay **us** any amounts that are recovered.

(c) Where a settlement is made on a without costs basis the **appointed representative** will determine what proportion of that settlement will be deemed **legal costs** and payable to or by **us**.

9. **Cancellation of a representative's appointment**

If the **appointed representative** refuses to continue acting for the **insured person**, or if the **insured person** dismisses the **appointed representative** without our prior consent, the coverage the **Insurer** provides will end immediately.

10. **Disputes over reasonable prospects for a claim**

If there is a dispute between an **insured person** and **us** over **reasonable prospects**, the **insured person** may obtain, at their expense, an opinion, from a lawyer mutually agreed to by the **insured person** and **us**, on the merits of a claim or proceedings. If the lawyer's opinion indicates that **reasonable prospects** exist, **we** will reimburse the reasonable cost of obtaining the opinion.

11. **Complaint handling**

If **you** are not satisfied with any aspect of **our** service and wish to make a complaint, please telephone **us** at **1-888-582-5586** or email **us** at [customerrelations@arag.ca](mailto:customerrelations@arag.ca).

If **your** complaint remains unresolved or not resolved to your satisfaction, **you** may contact the General Insurance OmbudService (GIO). The GIO is an independent regulatory organization which exists to help resolve complaints between individuals and their insurance providers. The GIO's services are available free of charge to the customer and the GIO can be contacted by telephone (toll-free number 1-877-225-0446), or through their website at [www.giocanada.org](http://www.giocanada.org). The GIO should be contacted only after **you** have first tried to resolve the complaint directly with **us**.

If **you** are a resident of Quebec and **you** are not satisfied with the resolution offered by **us**, **you** may request that **we** send a copy of **your** file to the *Autorité des marchés financiers (AMF)*, which will assess the complaint and, if necessary, offer mediation services between **you** and **us**. The *AMF* does not pay any monetary compensation with regard to consumer claims, other than cases covered under its protection and compensation programs. Additional information regarding the *AMF* complaint process can be obtained at <http://www.lautorite.qc.ca/en/file-complaint-conso.html> or toll free at 1-877-525-0337.

12. **Other insurance**

The **Insurer** will not pay any claim covered under any other policy, or any claim that would have been covered by any other policy if this policy did not exist.

13. **Applicable law**

This policy will be governed, interpreted and enforced in accordance with the laws of the province of where this policy was issued and the federal laws of Canada.

14. **Currency**

All of the dollar limits described in this policy are in Canadian funds.

15. **Action against us or the Insurer**

Any action or proceeding against **us** or the **Insurer** for the recovery of any claim under this policy is absolutely barred unless commenced within two years of the date of the cause of action against **us** arising. Any such action or proceeding shall be held in the province where this policy was issued and in accordance with its laws and the federal laws of Canada.

16. **Communication with us**

The **insured person** can communicate with **us** by telephone, mail or email. New claims may also be reported to **us** by mail or telephone.

**ARAG Legal Solutions Inc.**

[www.arag.ca](http://www.arag.ca)

Telephone: 416-342-5400 or 1-888-582-5586

Customer Legal Helpline and Claims: 1-855-853-2288

**If you have any other questions about your policy, please contact your local CAA Insurance Agent or Broker.**

All other terms and conditions of the Policy to which this endorsement applies remain unchanged.