A WINDING PATH TO A NEW NORMAL
The Impact of COVID-19 in a DAS Legal Expense Insurance Context
HELPING YOUR CLIENTS FACE AN UNPRECEDENTED JOURNEY

COVID-19 created an unprecedented and an ever evolving landscape of social, economic and legal disruption. Canadian families and small businesses faced the daunting challenge of navigating legal uncertainties and risks, and DAS was there to help them straighten that winding path of uncertainty.

Legal Expense Insurance is designed to ensure your clients’ legal risks are well managed and this paper will show how we ensure that expectation is being kept from the early days of this pandemic to today.

THE FIRST CURVE ON THE PATH AND UNLIMITED GENERAL LEGAL ASSISTANCE

The first significant impact of COVID-19 occurred during late February and March, 2020. Canadians never experienced a pandemic of this scale, and many had questions as to how Canadian law applied to new and novel issues that arose.

Your clients immediately saw the advantage of having unlimited access to our Legal Helpline, as during those first 60 days we experienced:

- **15%** Increase in the volume of legal issues handled by our Helpline Lawyers versus 2019
- **39%** Increase in the length of time spent by our Helpline Lawyers answering questions and providing assistance

**+39% in Employment Law Questions**
From employees and employers in response to government stay-at-home orders

**+39% in Lease Contract Questions**
From small business clients who were forced to shut down their operations

**+2% in Civil Law Questions**
As families and small businesses dealt with delays or cancellation of goods or services being provided

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1 Percentage increases shown above are based on 2020 versus 2019 data comparison
2 Civil Law calls to the Legal Helpline is historically the largest legal call type by call volume and more than double employment law related calls in terms of volume.
THEN AN UNEXPECTED CHANGE IN LEGAL HELPLINE USAGE HAPPENED

An initially surprising curve we saw as a result of COVID-19, was the sudden decline in Legal Helpline volumes during the month of April and early May. Upon reflection, this is understandable in light that six week period was:

• The height of daily new cases being reported, and;
• Lock down orders dramatically slowed all social and economic activity

However, starting in mid-May and throughout June, Legal Helpline usage quickly rebounded and again exceeded 2019 levels. This U-shape client usage pattern mirrors discussions and initial steps that were taking place to re-open the economy at the time.

Your clients once again had many legal questions and unique situations to discuss in the same areas of law as during the first 60 days of the pandemic:

• Employment Law
• Lease Contract Law
• Civil Law

Our Helpline Lawyers responded and provided general legal assistance in a COVID-19 context, so your clients could move forward with a better understanding of their rights and ever evolving legislation and health regulations.

Surprisingly in July we saw another decline in Legal Helpline volumes, which looks to change the U-shape to a Wave-shape usage pattern. While July 2020 call volume is well above historic norms for the month, the reason for a decline versus 2019 is not yet clear. However, it may be due to greater client:

• Understanding of their legal rights based on past Legal Helpline calls, or;
• Comfort with the slow revival of social and economic activity across Canada.

1 Graph source - https://www.indexmundi.com/coronavirus/country/ca
A CHANGING PATH IN CLAIMS PATTERNS AND FREQUENCIES

Our claims handling process is designed to ensure your clients’ legal risks are well managed. COVID-19 has not impacted that expectation and purpose at an individual claim level, but the pandemic has changed the direction in the volume and frequency of claims for specific insured events as follows:

22% increase in YTD total accepted claims versus 2019 has been driven by a…

POLICIES IN FORCE & COVID-19 driven legal disputes

<table>
<thead>
<tr>
<th>Claims Increased for...</th>
<th>These Insured Events...</th>
<th>By this % change!</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Contract Disputes</td>
<td>↑ 37%</td>
</tr>
<tr>
<td>#2</td>
<td>Employment Disputes</td>
<td>↑ 60%</td>
</tr>
<tr>
<td>#3</td>
<td>Property Protection</td>
<td>↑ 60%</td>
</tr>
<tr>
<td>#4</td>
<td>Condo Bylaw Defence</td>
<td>↑ 64%</td>
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</tbody>
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1 Rankings shown above are based on combined commercial and personal insured event accepted claims counts.
2 Percentage increases or decreases shown above are based 2020 versus 2019 accepted claims counts.
ANOTHER SURPRISING INSIGHT

Employment and contract disputes has historically and consistently been our #1 or #2 most frequent claims type. The economic disruption caused by the pandemic amplified these two types of disputes even further.

However, another initially surprising curve we saw as a result of COVID-19, has been the increase in property and condo bylaw related claims. Again upon reflection, this is understandable in light that:

- Canadians have been at home more than ever...
- And getting to know their neighbours more than ever...
- Which in some cases means more friction and frustration with regards to noise, nuisance, trespass and property damage in a residential and condo/strata context.

WHAT WE HAVE NOT FOUND SURPRISING HAS BEEN THE DECLINE IN...

- Auto Legal Defence claims as Canadians stayed home and stopped driving
- Legal Defence claims as business activity sharply declined during lock down periods
- Tax Protection claims as the Canada Revenue Agency slowed audits and extended tax filing deadlines
THREE SHORT COVID-19 RELATED CUSTOMER STORIES

Jackie’s Commercial Contract Dispute Story

• Jackie owns a venue that had to cancel a wedding due to COVID-19. The couple demanded their deposit be fully returned, as they were unable to have the wedding they wanted in a few weeks’ time.
• Jackie put together a revised package that would accommodate all of the couple’s wishes and more, if they simply reduced their guest list by 25 people.
• The couple still refused to downsize their wedding, and they then went on to have a downsized wedding on the exact same day at a different venue, even though they were still under contract to hold their wedding at Jackie’s venue.

How did we help Jackie navigate her COVID-19 contract dispute?

• We retained legal counsel to negotiate with the couple to at least recoup the overhead costs already incurred by Jackie as a fair compromise in light of the challenges created by the pandemic.
• Being contacted by a lawyer and then knowing Jackie’s legal expenses were fully covered under her DAS policy, motivated the couple to agree to allow Jackie to keep half of the initial deposit.
• Jackie was pleased the assigned lawyer handled a challenging negotiation, and that she saved $3,200 in legal fees.

Rajiv’s Personal Employment Dispute Story

• After 19 years of service, Rajiv was terminated without cause by his employer as a COVID-19 related cost saving measure.
• The employer provided Rajiv with a severance package that included just 11 months of termination pay and benefits for 1 month, in lieu of notice.
• While Rajiv understood the pandemic made life financially very difficult for his employer, he knew he was owed more after many years of dedicated service.
Due to COVID-19 stay at home orders, a unit owner took it upon themselves to do a DIY renovation of their condo.

Numerous noise complaints were received, but what really was of concern to the condo board were the paint cans left on the balcony that toppled over and spilt gallons of paint on numerous units below.

The unit owner refused to take responsibility for the spill, and cover the condo board’s insurance deductible for repairs.

How did we help Twenty-Twenty’s COVID-19 property protection dispute?

• We retained legal counsel to assist the condo board with recovering the insurance deductible, while maintaining the board’s desire not to proceed with formal litigation due to the impact of COVID-19 on all unit owners.
• Being contacted by a lawyer and then knowing the board’s legal expenses were fully covered under their DAS policy, motivated the unit owner to cover the insurance deductible for the damages they caused.
• The condo board was pleased the assigned lawyer handled a challenging negotiation in a respectful manner, and they saved a combined $15,000 in insurance deductible and legal fees.

How did we help Rajiv navigate his COVID-19 employment dispute?

• A panel employment lawyer was assigned to dispute the severance package provided on Rajiv’s behalf.
• In just 15 days the assigned lawyer was able to negotiate a new severance package for Rajiv that included 18 months of termination pay, benefits for the full 18 month period and $25,000 in general damages.
• Rajiv was pleased he was able to pursue his legal right under employment law. He got the severance package he should have originally received and he saved $5,500 in legal fees.
WHAT DOES THE LEGAL EXPENSE INSURANCE PATH AHEAD, LOOK LIKE IN A COVID-19 CONTEXT?

While daily social and economic activity returns to a new normal, what the foreseeable future looks like from a litigation and case law creation perspective remains unclear.

However there are three areas we believe will play out as follows over the next few months, especially if we avoid a significant second wave of new COVID-19 cases:

**Accepted claims that require formal litigation will take longer to close**

383 days was required to resolve a typical DAS claim when legal counsel was engaged in formal litigation during 2019.

In 2020 the Canadian legal system was essentially shut down during the height of the pandemic, and now faces a significant hurdle of clearing a case backlog as our courts slowly reopen.

**Declining government subsidies will drive an increase in claims volume**

As emergency government subsidies are reduced or eliminated, we expect a corresponding increase in claims over the next six months.

Less government support, combined with the uncertainty as to the depth and length of a pandemic-driven recession, will mean many of your clients will be exposed to more legal risk events than before.

**The value and need for Legal Expense Insurance will continue to grow**

We believe our global scientific community will create an effective vaccine for COVID-19. However, there is no vaccine that will eliminate the legal risks your clients face as they resume their personal lives or business operations as this pandemic subsides.

That’s why now more than ever, insurers and brokers see the value Legal Expense Insurance provides when their clients face an unforeseen legal event. The policy at its core allows them to:

- Protect their budget
- Exercise their legal rights
- Be confident

**Ensuring their Legal Risks are Well Managed.**
WE’RE READY TO WORK WITH YOU

At DAS, our top priority during this COVID-19 pandemic is the health and well-being of our local and global colleagues, our business partners and policyholders, our loved ones and local communities. Our teams have also been successful in working remotely to ensure Canadians have access to justice during these unprecedented times.

We love this business and we want to work with you in developing Legal Expense Insurance solutions so your clients’ legal risks are well managed.

To learn more visit das.ca | email info@das.ca | call 1-888-582-5586

For full details of coverage, including conditions, exclusions, limitations and deductibles that may apply, please read the policy wordings. DAS Legal Protection Inc. (DAS) Legal Expense Insurance policies are underwritten by Temple Insurance Company, the insurance carrier of Munich Re in Canada.