



CIRCUMSTANCES/CLAIM HANDLING PROTOCOL (CHP)

A. APPLICABILITY

1. HUB Capital Inc./ HUB Financial Inc. (“HUB”) – Financial Advisors Professional Liability (Sponsor) Policy¹

B. NOTIFICATION

1. HUB Independent Financial Advisor (“IFA”)/HUB/HUB International HKMB (“HKMB”) sends a completed Circumstances/**Claim** ²Form³ to: axisnewclaims@dwfclaims.com
2. HKMB forwards a copy of IFA’s Certificate of Insurance and Application to DWF Claims (“DWF”)
3. DWF generates an Acknowledgment Form, with file number, and transmits it to HUB and HKMB within 48 hours

C. INVESTIGATION

1. DWF completes initial review, on behalf of AXIS, and determines if file can be handled directly by DWF based on quantum and complexity of matter, or if matter should be transferred back to AXIS
2. HUB liaises with IFA obtaining any additional information, investigates/reviews the matter and provides draft position letter to DWF
3. HUB liaises with DWF (and AXIS if necessary) throughout the investigation
4. DWF reports matters which exceed the designated authority level or involve litigation or regulatory investigation to AXIS

D. COVERAGE AND SETTLEMENT (**Claims** up to \$25,000)

1. DWF/AXIS advises HUB of amount of **Loss** within 30 days of receipt of draft position letter from HUB
2. HUB presents Settlement Offer to Claimant together with Release
3. If Settlement Offer is not accepted, further review by HUB, DWF/AXIS
4. Settlement payment to be issued by DWF to HUB, net of the applicable Deductible
5. AXIS notifies HKMB in advance of any coverage declination

E. COVERAGE AND SETTLEMENT (**Claims** over \$25,000)

1. DWF refers these **Claims** to AXIS
2. AXIS sends a coverage letter to IFA/HUB with a copy to HKMB
3. Settlement payment to be issued by AXIS to HUB, net of the applicable deductible
4. AXIS notifies HKMB in advance of any coverage declination

F. DEFENCE

1. AXIS consults with HUB on the choice of legal counsel, who will follow the Legal Services Guidelines found in Appendix 2

G. REPORTING

1. DWF reports to AXIS and HUB on a quarterly basis to ensure the accuracy of reported matters and make any necessary adjustments to the CHP
2. AXIS and HKMB will meet regularly to review claims activity and the CHP

H. CONTACTS:

Producer:	HKMB	Yasir Baqa	(416) 597-7706	yasir.baqa@hubinternational.com
TPA:	DWF Claims	Krystyna Kouri	(647) 256-3525	krystyna.kouri@dwfclaims.com
Insured:	HUB Financial Inc.	Kim Moffat	(289) 268-1914	kim.moffatt@hubfinancial.com
Insured:	HUB Capital Inc.	Cheryl Hamilton	(289) 268-1943	cheryl.hamilton@hubfinancial.com
Insurer:	AXIS	Rohit Trivedi	(416) 361-7215	rohit.trivedi@axiscapital.com

¹ CTR764071 and CTR797596.

² Terms in bold are defined in the Policy.

³ See Appendix 1’s separate 4-page Circumstances / **Claim** Reporting Form with explanatory cover page.



Insurer:	AXIS	Warren Cooney	(416) 361-6637	warren.cooney@axiscapital.com
Insurer:	AXIS	Ritu Kashyap	416-361-6643	ritu.kashyap@axiscapital.com

APPENDIX 1

Independent Financial Advisors (“IFA”) Professional Liability (Sponsor) Insurance Program

Circumstances/**Claim** Handling & Reporting Protocol²

Reporting Circumstances or a **Claim**

If you become aware of a **Claim** during the **Policy Period**, or Extended Reporting Period, you must notify HKMB by fully completing the “Circumstances/**Claim** Reporting Form” on the next page and send it as directed on the last page of the Form. Although not a strict condition of the Policy, if you become aware of Circumstances which could give rise to a **Claim**, you should also complete the Form. We will submit the completed Form to your Insurer AXIS and contact you should additional information be required. Once reported, a representative of your Insurer will contact you to discuss further.

Failure to report Circumstances or a **Claim** as prescribed by your Policy may result in the limitation or denial of your insurance coverage.

WHAT TO DO

In addition to notifying HKMB of the Circumstances or **Claim**, please ensure you provide a copy of the completed Circumstances/**Claim** Form to your Compliance Department (if applicable). You can assist further by also providing the following:

- A summary of the events that led up to the complaint, Circumstances or **Claim**
- Copies of any demand letters, notices or Statements of Claim received (if applicable)

WHAT NOT TO DO

When you become aware of Circumstances or a **Claim**:

- Do not admit liability (oral or written admission of fault)
- Do not agree to give interviews or statements to anyone without first consulting with HKMB or your Insurer
- Do not attempt to settle on your own (do not voluntarily make a payment for any demand, or agree, verbally or in writing, to pay any demand without your Insurer’s prior written approval)

By trying to settle a **Claim** on your own, or incurring legal expenses not approved by your Insurer, you could prejudice your Insurer’s ability to defend you and end up paying these amounts yourself and compromising your insurance coverage.

Questions? Please contact Yasir Baqa at: yasir.baqa@hubinternational.com, tel. (+1.416.597.2313).

² This Protocol and related Form do not supersede the governing terms and conditions of the Policy. They mean to facilitate communication between HUB, HKMB, DWF and AXIS. Terms in bold are defined in Policy CTR764071 and Policy CTR797596. A **Claim** is not only a Statements of Claim/Lawsuit. It can also be, generally, a written demand for monetary or non-monetary relief or an administrative or regulatory investigation or proceeding.

Circumstances/**Claim** Reporting Form
Financial Advisors Professional Liability (Sponsor)
Policy CTR764071 and Policy CTR797596



Please complete and save a copy of this electronic Form.

Name _____ Certificate No. _____

Address _____ Date Reported _____

DD MM YYYY

Phone _____ Fax _____

Email _____

Type of Transaction: Mutual Fund Life Insurance Accident & Sickness Insurance Exempt Market Security Other (If other, explain)

Claimant's Name and Contact details: _____

Claimant's Lawyer's Contact Information (if applicable): _____

N.B. An Administrative or Regulatory Investigation or Proceeding, e.g. by the MFDA or IIROC, is also a **Claim** and must be reported.

1. Were you served with or did you receive a Statement of Claim, Notice of Hearing or any other similar document?
 No Yes

If yes, when were you served or did you receive them? _____ **Please attach copies*

Amount of damages claimed (**If none have been specified, please estimate the amount*) \$ _____

2. Describe the nature of the alleged act, error, omission, or rule violation _____

3. When did you first become aware of the alleged act, error, omission or rule violation? _____

DD MM YYYY



4. How did you become aware of the **Claim** or Circumstances which could give rise to a **Claim**?

5. Date the alleged act, error, omission or rule violation took place _____
DD MM YYYY

6. Any other parties involved? No Yes

7. If yes, please list name(s) and address(es) of other parties involved



8. Additional comments or information which may be relevant

9. Attachments included with this Form

- a) _____
- b) _____
- c) _____
- d) _____
- e) _____

Reported by (please print) _____

Date _____ Signature* _____

DD MM YYYY



*By typing your name in the signature field, you have signed this document. Please ensure you save a copy of the completed Form.

Please email this completed Form (once saved) with any related documentation to:

yasir.baq@hubinternational.com

Alternatively, fax or mail this Form with any related documentation to:

Mr. Yasir Baqa, Account Associate

HUB International Ltd.

900-595 Bay Street, Toronto ON M5G 1M6

Fax: +1.416.597.2313



APPENDIX 2
Legal Services Guidelines (AXIS Canada Claims)

Effective May 22 2017

I. INTRODUCTION

The AXIS Canada Claims Legal Services Guidelines (the “Guidelines”) have been developed to communicate our expectations of all counsel, including those retained or approved by AXIS Reinsurance Company (Canadian Branch) (“AXIS”) as defence, monitoring, or coverage counsel. Our objective is to create a cooperative, efficient and effective working relationship with counsel for the: defence of claims brought against our Insureds; determination of coverage; or monitoring of ongoing complex claims. Adherence to these Guidelines will help ensure this objective is achieved.

By accepting or being approved on a matter, counsel agree to the Guidelines. Modifications to the Guidelines require AXIS’ written pre-approval.

All fees and expenses allocable to a covered loss must be reasonable and necessary to be considered for payment or as satisfaction of any deductible or retention provision of an Insured’s policy. Fees, costs or disbursements not submitted in compliance with the Guidelines may be returned for resubmission in accordance with the Guidelines. Questions regarding the Guidelines should be directed to AXIS.

Counsel and counsel’s firm warrant that at all times that they are providing legal services to AXIS and its Insureds they shall maintain a professional liability insurance policy in the minimum amount of \$1,000,000 per claim/occurrence.

AXIS expects to work with counsel and the Insured to achieve the best result for the Insured. Nothing contained herein is intended to restrict counsel’s exercise of professional judgment or ethical obligations in rendering legal services on behalf of the Insured.

The AXIS claims representative must be notified immediately if an AXIS company becomes a party to litigation. Copies of all pleadings in such actions should be immediately sent to the claims representative via both email and overnight mail.

II. LITIGATION STANDARDS

A. Staffing

1. General Parameters

The staffing of a case must be discussed and approved by AXIS at the commencement of litigation. The law firm will designate one lawyer to have primary responsibility for each case on which legal services are requested. The case should be staffed effectively and economically with agreed-upon rates at the outset for all professionals to be assigned to a matter. Duplication of effort within the firm is not considered reasonable. Counsel should delegate work to subordinates wherever appropriate to achieve efficiency and cost- effectiveness without compromising quality.

2. Specific Parameters

Absent prior written approval by AXIS:

- a. no more than one partner, one associate, law clerk/paralegal and one student should be assigned to a case;
- b. no more than one lawyer, law clerk or student should perform any specific task including attending a discovery, hearing or meeting;
- c. no more than one lawyer or student should research any specific area of the law, and such research will only be permissible for new areas of law;
- d. no more than one lawyer should review or analyze pleadings or documents in connection with any specific task (for example, responding to a particular motion);
- e. associates should not bill for training time, including but not limited to attending motions hearings argued by



more experienced lawyers or making multiple revisions to a motion, letter or memo.

Note that evidence of AXIS' prior written approval as to the above must be attached to counsel's invoices submitted for payment.

B. Reporting Requirements

1. Communications

All correspondence should identify AXIS' claim number, the insured and the claimant, and should be addressed to the assigned claims representative.

We prefer receiving correspondence by e-mail with attachments as necessary. Please do not send the same correspondence by more than one method absent special circumstances.

Within 30 days of initial assignment of a new matter, counsel and the claims representative should discuss a case strategy and/or a litigation plan. The following items should be discussed:

a) whether the case should be defended; b) whether the case warrants a compromise settlement in light of the cost of defence or other file consideration; and c) whether the case requires further information to make this determination.

Counsel will confirm the matter discussed by email to the claims representative within five days following this discussion in the form of a Preliminary Executive Report

We encourage oral communication prior to the completion of initial reports and reports of other significant developments.

2. Initial Budget and Report

Absent special circumstances, please provide an Initial Budget and Report within 45 days of assignment. Your Initial Budget and Report is intended to give us an opportunity to review and evaluate the facts, law, potential costs of defending the case, potential liability and damages, and, where appropriate, early settlement possibilities.

3. Content of Reports

Your Initial Budget and Report (a.k.a. "Phase I Budget and Report") should be prepared after an initial defence strategy has been agreed upon by counsel and the Insured, and when appropriate after consultation with AXIS. It should set forth the relevant facts and law, outlook for liability and potential damages, and provide your best estimate of the cost of defending the case through three distinct phases:

Phase I – Initial Investigation and Motion Practice prior to Discovery

Phase II – Discovery and Summary Judgment

Phase III – Trial Preparation and Trial

Your Initial Budget and Report should set forth your best estimate of the cost of Phase I. It should be detailed, with time estimates for each lawyer and paralegal assigned to the specific task, and their hourly rates. It should also provide:

- a. An overview of the known facts;
- b. Areas for further inquiry;
- c. The applicable law;
- d. Each activity counsel proposes to initiate, e.g., investigations, motions, legal research;
- e. If known, key dates such as deadlines for initial motions, discovery commencement and cut-off, substantive motion deadline, scheduling conferences, settlement conferences, mediation, pre-trial, and trial;
- f. An assessment as to whether pursuit of an early, cost-effective settlement is advisable and viable; and
- g. A conclusion with an assessment of the insured's potential liability, and the probability of success on any motion.

Your Initial Budget should also include estimates for Phase II and Phase III. This aspect of the Budget need not set forth the same kind of detail required for Phase I, however, but may simply provide a range of costs based upon your experience litigating similar cases in the same jurisdiction with similar facts and/or law.

The Budget should be submitted through Legal eXchange by Bottomline Technologies Inc. unless alternative arrangements have been approved by AXIS. To the extent you have questions with respect to accessing or operating the Legal eXchange system, please contact Bottomline Technologies at (888) 923-9553, and they will assist you. Please also feel free to contact the assigned claims representative with any questions.

4. Subsequent Budgets and Reports

At or prior to the conclusion of each Phase, please provide us with the detailed Budget for the next Phase with a similar level of detail as provided for Phase I. If the facts or law have changed, please provide us the revised information as appropriate, as well as an update on key dates. If you exceed the Budget, or suspect that you will,



please provide an explanation as to why and a supplement setting forth the additional fees and expenses expected. Please note that it may be necessary for the claims representative to retroactively reject your initial budget in order for Legal eXchange to allow you to submit a revised budget. Accordingly, you should advise the assigned claims representative of the need for a new budget prior to its submission.

5. Status Reports/Significant Developments

Status reports are required upon significant developments or when requested. Status reports should include a summary of developments since the last report and a discussion of the impact such developments have on the current evaluation of liability and damages, if any.

Defence counsel should also communicate and apprise as soon as practicable of significant developments such as: discoveries, settlement conferences, trial dates, expert reports, and, if applicable:

- a. settlement options and/or dispositive motions;
- b. updated evaluation of the Insured's liability and damages; and
- c. updates to the litigation plan.

C. Settlement Conference, Mediation or Trial Reports

1. Pre- Settlement Conference, Mediation or Trial Report

Please provide a written Pre- Settlement Conference, Mediation or Trial Report at least 30 days before Settlement Conferences or Mediations and 60 days before Trials, which discuss:

- a. factual and legal issues;
- b. expected evidence and testimony from key witnesses;
- c. your evaluation of liability, defences and damages;
- d. status of settlement negotiations and estimated settlement value of case;
- e. your proposed staffing;
- f. anticipated length and whether it will be before a mediator, judge or jury; and
- g. other factors you deem important.

Your Pre- Settlement Conference, Mediation or Trial Report should also be accompanied by your Phase III Budget as described above, setting forth the expected cost of Pre- Settlement Conference, Mediation or Trial and the Settlement Conference, Mediation or Trial.

2. Communications during Settlement Conference, Mediation or Trial

You should provide reports on significant developments to the assigned claims representative if they are not also attending.

3. Post- Settlement Conference, Mediation or Trial Report

If requested by the claims representative, you should provide a Post- Settlement Conference, Mediation or Trial Report that summarizes:

- a. the final decision;
- b. key testimony and documentary evidence;
- c. key legal and evidentiary rulings;
- d. post-trial and appellate options, including an analysis of probable outcome and costing;
- e. settlement options; and
- f. your recommendations.

D. Miscellaneous

1. Documents: Please provide copies of substantive pleadings, motions and briefs, memoranda of significant legal research, and pertinent correspondence. Discovery affidavits of documents, transcripts, undertakings, refusal, motions and responses are generally not needed unless requested.

2. Settlement Authority: Obtain settlement authority from the AXIS claims representative. When a Settlement Conference or Mediation is scheduled, please confer with us to determine whether the attendance of a company representative is desirable and/or required. If attendance is not necessary, please consult with us regarding our availability by phone. At least 30 days' notice prior to a Settlement Conference or Mediation should be given absent special circumstances.



III. BILLING STANDARDS & PROCEDURES

A. Billing Parameters

1. Unless otherwise agreed, firms must submit bills via the Legal eXchange electronic billing system for processing. Instructions on submitting invoices via Legal eXchange are included in a separate document.
2. Bills should be submitted every 60 days. If outstanding invoices exceed \$50,000 within a given 60 day period, defence counsel may confer with the assigned AXIS claims representative regarding alternative billing arrangements.
3. Bills must be sent directly to Legal eXchange for approval prior to payment by AXIS, or the insured if within the deductible or retention. If the billing is within the deductible/Retention, we will forward the bill to the insured for payment after our approval.
4. The final bill should be processed within thirty (30) days of the conclusion of the case. Special billing arrangements may be agreed to in certain cases.
5. AXIS will not pay for any work that is billed more than 180 days from the date the work is performed, unless special arrangements have been made in advance.

B. Charges for Service

1. **Time Charges:** All charges for services by lawyers and paralegals must be itemized based upon their actual time in one-tenth hour increments (.10).
2. **Single Entry Timekeeping:** The time for each activity will be separately stated. Grouping multiple activities under a single time charge greater than one-tenth of an hour ("block billing") is not acceptable.
3. **Description of Services:** Descriptions of services must inform of the nature, purpose or subject of the work performed, and the specific activity or project to which it relates. Unexplained, overly broad, vague or meaningless entries will not be approved for payment. Entries such as conference, telephone call, review, attention to, general research, or trial or deposition preparation should at least identify subject matter, purpose and/or participants.
4. **Compensation:** Any request for an increase in the rate of compensation must be pre-approved in writing by AXIS. Unless a case is pending for more than two years, we will not approve an increase in hourly rates barring exceptional circumstances.
5. **In-Firm Conferences:** Unless otherwise agreed, only the senior lawyer's time will be billable.
6. **Multiple Attendees:** Unless otherwise agreed, only one lawyer will attend trial, court appearances, meetings, depositions, witness interviews, inspections and other functions.
7. **Legal Research:** Defence counsel will consult with AXIS before undertaking any new legal research project exceeding 5 hours if not included in the Initial Budget and Report or subsequent reports. Copies of all significant research memoranda shall be provided to AXIS. Copies of other memoranda should be provided if requested.
8. **Motions:** Defence counsel will consult with the AXIS representative before filing any non-discovery related motions not previously identified and approved in the initial litigation plan or supplement thereto.
9. **Travel:** Out-of-town travel must be pre-approved and receipts provided for consideration of reimbursement. Reimbursement will be for economy or coach class air travel, and moderately-priced hotel accommodations and meals. Rental cars are acceptable if such vehicles are the most economical means of accomplishing necessary business.
Lawyer time during air or train travel may be billed only for the time the lawyer is working on the assigned matter. Lawyer time during out-of-town travel by car may be billed. Out-of-town mileage is reimbursable provided the actual number of kilometres is specified; AXIS pays the CRA rate per kilometre for out-of-town mileage. AXIS considers local travel expenses (including mileage, parking and tolls) to be included in overhead and thus not reimbursable; travel within 25 kilometers of your office is considered to be local in nature.
10. **Efficient Practices:** We will not approve payment for duplication of effort, excessive preparation or review of documents, pleadings, or discovery, premature trial preparation, or multiple revisions of documents unless demonstrably necessary. For example, discovery transcript page and line summaries should not be prepared unless there is an impending trial date or authorized by the claims representative. Lawyers performing paralegal tasks should bill their time at the paralegal rate. Likewise, paralegals performing clerical tasks should not bill their time. As examples, organizing trial or deposition exhibits is a paralegal and not a lawyer task. File organization, filing documents, and making travel arrangements are all clerical, not paralegal tasks.



C. Disbursements and Expenses

1. Reimbursable Expenses: AXIS will reimburse counsel for expenses as follows:

- a. Photocopying: AXIS will reimburse for photocopying charges in excess of \$0.10 per page for large jobs completed by outside vendors, if discussed and agreed with the AXIS claim representative.
- b. Messenger/Courier/Delivery/Express/Overnight Mail Services: The use of expedited delivery services is discouraged and will be reimbursed only in extraordinary circumstances or at our request.
- c. Court Reporters: Please consult with the AXIS representative for procedures for retaining court reporter services.

2. Non-Reimbursable Expenses: Unless otherwise agreed, AXIS will not reimburse the following expenses:

- a. In-house photocopying charges for more than \$0.10 per page.
- b. Postage.
- c. Telephone charges, including local, long-distance, cell phone and fax charges.
- d. Computer-assisted research such as Westlaw, LexisNexis Quicklaw, other computer research databases, and Internet access charges.
- e. Overtime - AXIS will not pay for clerical/administrative overtime charges.
- f. Time spent reviewing or discussing billing matters, or time spent preparing bills.
- g. Local travel expenses.
- h. Local or late-night meals.
- i. Interest on unpaid bills, or late fees.
- j. Time spent answering accounting auditors' requests.
- k. Clerical, secretarial or administrative services, including but not limited to receipt and distribution of mail, new file set up, maintenance of office and lawyer calendars, transcription, copying, posting, faxing, e-mailing, inserting documents into and retrieving documents from the file, maintaining order in the file, stamping documents, tabbing sub-files, and assembling materials.
- l. Tasks performed by summer law clerks or interns.

3. External Expenses. Expenses and disbursements of \$1,000 or less should be advanced by the firm and included on the firm's next submission to Legal eXchange along with all invoices and receipts. Charges for services by outside vendors exceeding \$1,000 require our pre-approval and may be forwarded directly to AXIS for payment. If external expenses are paid by the firm they will be reimbursed at actual cost.

Any invoice for a disbursement in excess of \$100 must be included in the firm's bill. Expenses for vendors must be itemized and include (a) the name of the vendor; (b) the date incurred; (c) a specific description of the expense; and (d) the vendor's tax identification number.

Back-up documentation should be provided to AXIS upon request.

4. Professional Services. Prior approval by AXIS is required prior to engaging or incurring expenses for experts, electronic discovery services (e.g. document scanning/imaging), consultants, investigators, temporary lawyers, or outside paralegals, or for medical examinations or other professional services. When seeking authority to retain an expert, please provide us with a C.V., summary of past court experience, proposed hourly rate, and the estimated number of hours the expert will be needed on the case. Providers of professional services are subject to the Guidelines. When seeking authority to retain electronic discovery services, please provide us with the proposed contract and estimated costs.

D. Billing and File Review

AXIS reserves the right to review and audit all charges for services and disbursements pertaining to the assigned matter, including without limitation all charges paid by the Insured with respect to the assigned matter, including those charges pursuant to deductibles or retentions or under the Insured's insurance policies or otherwise. AXIS reserves the right to review and audit defence counsel's legal files and/or bills, consistent with defence counsel's ethical obligations.

Defence counsel agrees to comply with all of AXIS' reasonable requests for information and documents. AXIS reserves the right to decline to pay or to seek reductions and/or reimbursement with respect to charges that fail to comply with the requirements set forth herein, and which are not fully explained or documented by defence counsel after reasonable inquiry.