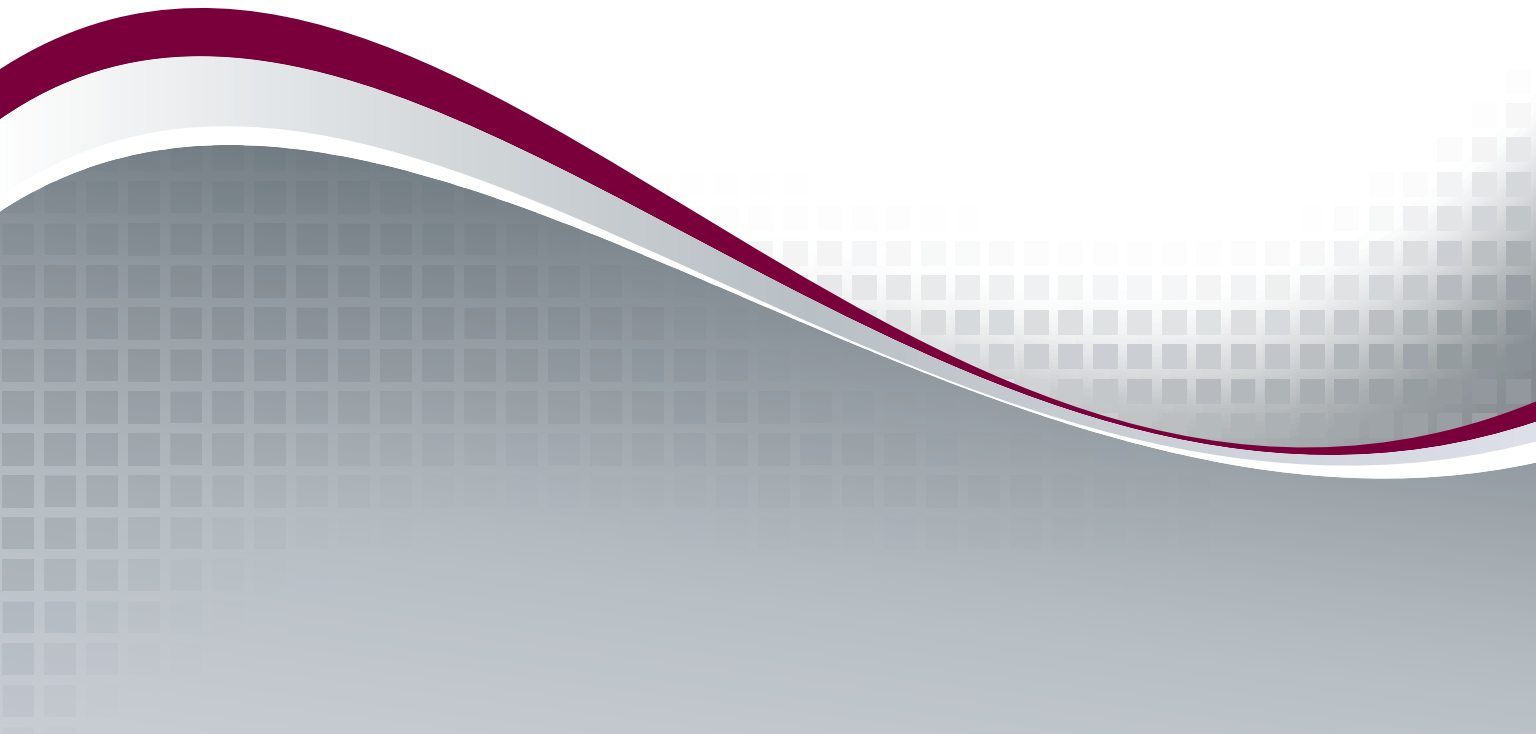


LAWYERS' INSURANCE

ASSOCIATION OF NOVA SCOTIA

ANNUAL REPORT 2019





Nova Scotia
Lawyers Assistance Program

Confidential Referral and Short Term Counselling Program

Available to members of Nova Scotia's legal profession, as well as their staff and families.

Through our provider, **Homewood Health** short-term counselling and other resources are available for managing personal, family and life events as well as helping you take charge of your health and well-being.

Call in confidence from anywhere in Nova Scotia, **24 hours a day: 1 866 299 1299**
1 866 398 9505 (en français)
1 888 384 1152 (TTY)

Or log on to our website to access online wellness resources. Remember that your company name is **NSLAP: www.nslap.ca**

LAWYERS' INSURANCE ASSOCIATION OF NOVA SCOTIA

ANNUAL REPORT 2019

Mission Statement

The Lawyers' Insurance Association of Nova Scotia (LIANS), as established by the *Legal Profession Act*, conducts the mandatory professional liability insurance program for the benefit of the Members, which program includes providing risk and practice management (RPM) resources and administering the Society's Lawyer Assistance Program (LAP).

Vision

To be recognized by the Members and similar insurance programs in Canada for the superior quality and management of its professional liability and RPM programs and to continually meet its goals and objectives.

To achieve its vision, LIANS is guided by four strategic directions:

- (1) Maintain financial stability and strength
- (2) Oversee the Lawyers Assistance Program and assist Legal Services Support (LSS) through RPM initiatives
- (3) Ensure member satisfaction with LIANS, both organizationally and with its claim handling
- (4) Develop appropriate governance policies, procedures and controls

REPORT FROM THE CHAIR OF THE BOARD



ROBYN L. ELLIOTT, QC
Chair

Robyn L. Elliott
QC of Elliott Law
Inc. is Chair of the
Board of Directors
and a member of
the Investment
Committee

As I prepare this LIANS' 2019 Chair's Report we are in the midst of the Covid-19 pandemic. Governments around the world continue to take unprecedented action to control the spread of the disease and manage its significant social and economic consequences. Viewed in this light, LIANS' 2019 can be described as a stable, positive and largely uneventful year – in other words everything 2020 has not been (so far!).

LIANS' investments performed very well in 2019 – ending the year with a solid gain over 2018 year end values. The Board continued to manage the investment portfolio with a view to promoting reasonable growth and limiting risk. In this endeavour, the Board was guided by its hard working Investment Committee and investment advisors. Thank you to the volunteer lawyers keeping a watchful eye over our investments through service on the Investment Committee.

277 new claims were opened in 2019 (237 in 2018) and 278 matters resolved. At year end, LIANS had 345 open claims files. The trend of increasing complexity in claim files continues. The resulting increased defence costs have continued to be well managed by our hardworking and able claims lawyers, Patricia Neild and Lisa Wight. LIANS' ended 2019 with no losses exceeding our retention.

Overall, 2019 produced a better than budget excess of revenue over expenditures due on no small part to the investment returns. Our Director of Insurance, Lawrence Rubin, and administration staff continue to manage day-to-day operations carefully and pragmatically. Thank you Lawrence, Cynthia Neild, Emma Pink, and Alex Greencorn.

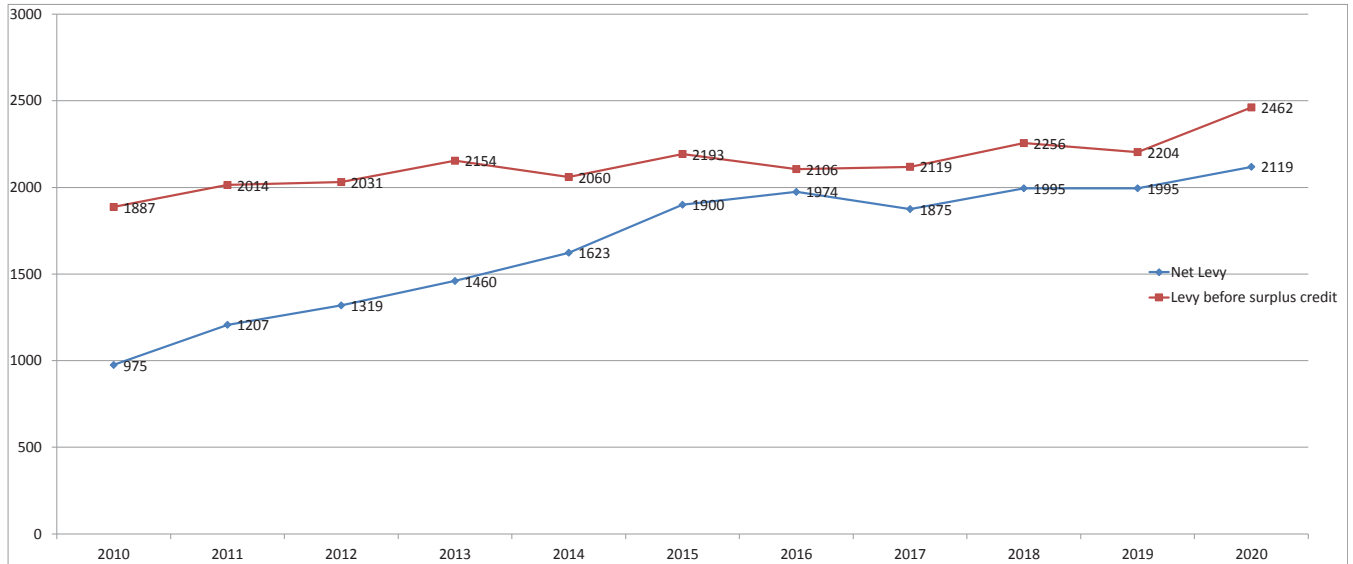
The Board welcomed two new members in 2019. And bid a grateful farewell to dedicated Board members David Reid and Tara Miller. Board Committees – Audit,

Claims, Governance, Investment and Lawyers' Assistance Program – continued to advance LIANS' strategic plan with the assistance of some new lawyer volunteers. Thank you to 2019 Board and Committee volunteers for your dedication to the objectives of LIANS and your hard work.

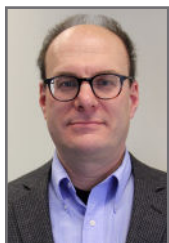
Finally, LIANS continued to collaborate with the Nova Scotia Barristers' Society on various matters throughout 2019. Thank you to NSBS Executive, Council and staff for aiding the advancement of those interests of LIANS members which we share.

Robyn L. Elliott QC
Chair

INSURANCE LEVY: 10-YEAR HISTORY



PROGRAM REPORT



LAWRENCE RUBIN,

Director of

Insurance

Claims Management

Usual for an annual report is a conversation on the year that was and a look at the year ahead with a flow in the transition. For this report, that flow is disrupted for the year that was looks nothing like the year that is. If anything, the year that was is nothing more than an afterthought.

Overall, 2019 was positive meeting our expectations. Financially it can be summed up in two sentences. First, though defence costs paid in the year slightly exceeded our projection as did indemnity payments on a gross basis, overall, net claim payments were slightly below what we projected for the year. Second the investment portfolio had an above average year.

But then we entered 2020. Even before the coronavirus, the year was off to a poor start. In Q1 we made indemnity payments that totaled 2/3 of what we paid in all of 2019, the driver being two large losses (as we define them), one of which was both reported and paid in the quarter. Claims like that, though rare for this program, do occur. And then COVID-19 happened and very quickly 2019's investment gains that support our surplus account were erased. This event has caused us to revisit some of our assumptions for the year. For example, in January we were projecting growth in the number of practicing lawyers. With the economic realities of the pandemic, a slight contraction now seems likely, at least in the short term, which impacts both levy revenue and the effects of increasing claims volume and costs.

By now you know that the 2020 / 2021 full practicing levy, net after surplus credit, increased by 6% over last year. Comparing the 2020 / 2021 gross levy (i.e. the levy before surplus credit) to the prior year's, the year over year increase was 12%. Even without the pandemic, after holding the net levy at the same level for two years, there had to be some movement to respond to inflation and increasing claim costs as otherwise, the deficiency between the levy received versus required by the program for the year becomes too large to overcome by increasing membership numbers alone (and, as noted above, we are now expecting a slight contraction, at least in the

short term). Last year, several negative factors that can affect the levy were listed in this report. These include (i) an unexpected increase in new claims, (ii) adverse development and increasing claim costs, (iii) a reduction in the number of matters being resolved, (iv) large losses, (v) low investment returns, (vi) a decline in the number of insured lawyers, and (vii) an increase in the CLIA premium. Speaking to (vii), there was a significant increase in the net CLIA premium this year as a result of a lower surplus credit as a response to the pandemic. Though individually these events are foreseeable, what we do not expect is for so many to happen at once. But they have and the cumulative effect is an adverse impact on the levy for the upcoming policy year and perhaps future years.

For the past several years, LIANS' performance has been in line with the expectations established at the beginning of the fiscal year. That is unlikely to be the case for 2020 though we are cautiously optimistic that as the year progresses there will be calming, a return to some normality and a reversal of some of the negative trends we are currently seeing.

2019 Performance

Though the number of claims reported in 2019 increased significantly over 2018, the ten-year average remained the same as last year at 251. If we remove years that are more than one standard deviation from the mean to account for anomalies, the average is 246, also the same as last year so increasing new claims to date have had little impact on the average experience. Another anomaly from last year is that two firms accounted for 32 or 11.5% of these new matters. Though to date 20 of these matters have been resolved with nothing paid, and though the trending is for increasing new claim counts, we do not expect so few to contribute so much to this measure. We mention this because it is another demonstration of the significant effect extraordinary events can have on this program.

YEAR	2019	2018	2017	2016	2015	2014	2013	2012	2011
FILES OPENED	277	237	285	245	258	283	234	239	243

PROGRAM REPORT

As a positive, with the number of new lawyers entering the profession last year, the number of new claims / hundred lawyers remained in the usual range.

Claims Reported Per 100 Lawyers (2010-2019)

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
14	12	14	13	13	15	13	14	12	13

In previous reports, we have discussed who reports claims and when the error that leads to the claim arises from a timing perspective, this being relevant to succession planning and document retention. By now, given the work of Legal Services Support, lawyers and firms should have, or be on their way to having, appropriate succession and retention policies relevant to one's particular practice. We know it can take several years for a claim to materialize which is why your LIANS mandatory policy includes tail coverage for work a lawyer did while insured. But the quid pro quo for LIANS is that files are maintained for an appropriate period of time and are accessible, hence the importance of these policies to us.

If the file subject to a claim is available, our expectation is that it is properly organized, documented and memorialized. This certainly helps reduce the time and cost to defend the claim and is a risk management issue for each lawyer to undertake.

Turning to claims, the main areas of interest are the areas of practice that generate claims and the percentage of our claim costs spent on those areas.

Indemnity payments in 2019 increased over 2018 though we did not have any paid claims last year that exceeded our retention unlike 2018 when we had two such matters. As noted above, thus far in 2020 we have paid two large losses and though both were within our retention, our retention was higher than for the 2018 and larger 2019 paid claims. When analyzing the program, we look at it as a whole. Though multiple large losses paid within one fiscal quarter are rare for us, these events do happen and the key question is the overall impact. If Q1 is an indication, 2020 will see an

increase in indemnity payments over last year. The question yet to be answered is whether we will have both frequency and severity issues. This is to be balanced by the fact that throughout its history, this program has proved to be quite resilient in the face of adverse events.

Increasing defence spending often correlates to matters taking longer to resolve. Though increased complexity, severity and inflation lead to this, so too do unreasonable expectations and we will not compromise our assessment of a claim just to save defence costs. Unreasonable expectations are just that and, to paraphrase a recent N.S. Supreme Court decision, potentially opportunistic when entitlement to the damages being sought cannot be established. When in doubt we remind ourselves of our mandate – to conduct the mandatory professional liability program for the benefit of practising lawyers. We do our utmost to be reasonable and fair while staying within our mandate.

Criminal law – which for LIANS means an allegation of ineffective assistance of counsel as all of our criminal claims make this allegation - saw claim costs in line with 2018. Of the 27 matters completed last year, 60% incurred defence costs and we were in court on 14 of those matters with one resulting in a new trial being granted. The allegations in the remaining 13 matters were withdrawn. Of great assistance in responding to these claims is complete and contemporaneous documenting of client conversations, meetings and advice given by trial counsel. For criminal matters in particular, documenting client conversations, particularly advice to and instructions from clients, is crucial given common allegations that matters were not properly explained to the client, disclosure was not reviewed and witnesses the client wanted were not called. Though a lack of notes alone does not make the claim indefensible, notes certainly assist in the defence. One final comment on this particular allegation – Nova Scotia has significantly more criminal claims per lawyer that make this allegation than any other jurisdiction in Canada and this trend shows no sign of abating.

PROGRAM REPORT

Cost of Claims by Area of Law: 2010 – 2019 (indemnity and defence costs combined)

Area of Law	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administrative/Boards/ Tribunals	0%						<1%	<1%	<1%	<1%
Arbitration	<1%									
Bankruptcy/Insolvency/ Receivership	<1%	<1%		<1%			<1%	<1%	1%	<1%
Civil Litigation	10%	9%	27%	24.5%	42%	16%	20%	21%	19%	33%
Commercial	3%	4%	6%	14.5%	11%	2%	7%	18%	6%	6%
Corporate	3%	2.5%	13%	11.5%	3%	4%	4%	1%	6%	5%
Criminal	2%	8%	12%	<1%		<1%	3%	2%	7%	6%
Employment/Labour	<1%	<1%		1.5%			<1%	3%	2%	2%
Estate Planning & Administration	6%	9%		5%	2%	4%	7%	11%		18%
Environmental				<1%	2%	<1%	<1%		2%	<1%
Immigration	1%	2%		<1%		<1%	2%			<1%
Intellectual Property	<1%	0.5%	1%	<1%			<1%			
Matrimonial & Family	1%	2%	5%	9%	3%	9%	8%	5%	3%	2%
Real Estate	40%	40%	36%	32%	37%	61%	44%	37%	52%	25%
Tax	34%	21%		<1%		<1%	2%	<1%	<1%	
All other	0%	2%					<1%			
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Consistent year over year is that over half of all claim costs arise from real estate and civil litigation matters, corresponding to their frequency. It seems as though if we do not spend on real estate matters we spend on civil litigation matters and vice versa.

Percentage of Claims by Area of Law: 2014-2019

Area of Law	2014	2015	2016	2017	2018	2019
Administrative/Boards/Tribunals	1%	3%	2%	2%	<1%	2%
Arbitration						
Bankruptcy/Insolvency/Receivership				<1%		<1%
Civil Litigation	21%	20%	15%	19%	22%	31%
Commercial	3%	6%	6%	7%	6%	4%
Corporate	3%	2%	4%	2%	2%	2%
Criminal	5%	7%	6%	9%	9%	8%
Employment/Labour		<1%	<1%	<1%	<1%	1%
Estate Planning and Administration	5%	7%	7%	8%	8%	7%
Environmental						
Immigration	<1%	<1%	1%	<1%	1%	<1%
Intellectual Property		<1%				<1%
Matrimonial and Family	10%	9%	14%	11%	8%	10%
Real Estate	51%	43%	44%	39%	37%	33%
Tax	<1%	<1%		<1%	3%	<1%
All other	<1%	<1%		<1%	2%	1%

PROGRAM REPORT

Claims arising from missed limitations in specific subject statutes (as opposed to general limitations set out in the *Limitation of Actions Act* though these are not uncommon) continue to result in claims as do claims arising from lawyers providing legal services in other provinces. We cannot say this enough but lawyers should not assume that the laws and civil procedure rules of New Brunswick, PEI or other jurisdictions are the same as those in Nova Scotia. We do not understand why some do.

As for limitation claims generally, one question we often ask is, if the limitation expires on a certain date, why wait until that exact date or the day before to file. If your documentation is not accepted, how can you fix it in time? What if the courthouse is closed due to weather? Or a pandemic? You should know what the proper limitation for a particular matter is and give yourself sufficient time before it expires as a buffer to take action if you cannot file on the intended date.

Lawyers should review the real estate, family and criminal practice standards when appropriate. Though in the early stages, the new Wills, Powers or Attorney and Personal Directives Standards Committee is working on several matters and by the Fall may have some draft standards ready for Member comment. The committees put a lot of effort into drafting new standards and updating existing standards to respond to changing law and new issues. There is also information within the real estate standards that would be of assistance to other commercial matters such as PPSA and name searching.

LIANS closed 278 files in 2019, 88% of which did not have an indemnity payment as compared to 92% in 2018. Most, but not all, of the 12% of claims that had an indemnity payment also incurred defence costs. There was a year over year reduction in the number of claim files closed in 2019 that did not incur defence costs (62% in 2019 as compared to 72% in 2018 and 70% in 2017) resulting in our total defence spending increasing as would be expected. Though the number of files closed varies year over year as does what we pay, the trend for claim costs is that they are increasing.

Each year LIANS conducts a closed file satisfaction survey. This year we received 71 responses as compared to 50 in 2018 and 51 in 2017. For the 2019 survey, 94% of respondents indicated they were either satisfied or very satisfied with the handling of their

claim and 88% were either satisfied or very satisfied with the outcome. This compares to 95% and 91% respectively for 2018 and 96% and 86% respectively for 2017. One respondent this year replied very dissatisfied to not just these but every question on the survey but provided no comments. Accordingly we cannot explore whether there was a real issue or they checked the wrong boxes. The remaining responses were either undecided or, and as is more common if nothing was paid, not applicable. We do look at all the comments received from respondents, particularly those of a substantive nature. Your satisfaction with our work on your behalf is important to us. We do not take it lightly or for granted and strive to maintain the quality of our work, our outcomes and, thus, your satisfaction.

“When in doubt we remind ourselves of our mandate – to conduct the mandatory professional liability program for the benefit of practising lawyers. We do our utmost to be reasonable and fair while staying within our mandate.”

LIANS is established by the *Legal Profession Act*, and is managed by a Board of Directors assisted by the Director (who it appoints) and five committees. The Audit, Investment and Governance committees have responsibilities not unlike similar corporate committees. The large loss committee meets regularly to review active matters that come within its mandate and the Lawyers Assistance Program Committee, which oversees the LAP program. I would be remiss if I did not take a moment to thank the Members who sit on the Board of Directors and these committees and those who act as LAP peer volunteers and mentors for their time and effort. Without their contributions, LIANS could not operate.

As Board and committee vacancies occur, we post notices on our website soliciting expressions of interest to join. Currently we have posted for two upcoming vacancies on our Board of Directors as two current Directors will reach their term limit at

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the end of this year. In addition, we have posted for an upcoming vacancy on our Audit Committee that has to be filled by a non-Board member. We encourage all interested Members to apply.

I would personally like to thank all those who get the credit for LIANS' successes – our staff, the Membership for your trust in us and understanding of our purpose and mandate and, last, our defence counsel. LIANS' success is the result of a group effort.

We are available to answer any questions you may have about the program and welcome the opportunity to speak on topics within our purview.

Lawrence Rubin, Director of Insurance

PROGRAM REPORT



NATALIE J. WOODBURY

Chair

NSLAP Committee

Natalie J.

Woodbury is Chair of the Nova Scotia Lawyers Assistance Program Committee, and member of the Claims Review Committee. She is a partner with BOYNECLARKE LLP.

Nova Scotia Lawyers Assistance Program

This past year the NSLAP Committee said goodbye to 3 longstanding members, Amy Bradbury, Craig Berryman and Nancy Rideout. I would like to thank them for their passion and commitment to the NSLAP and their genuine interest in the wellness of the legal community and their families. Jennifer Anderson, Krista Smith and Marc Njoh joined the committee this year and I would also like to thank them and committee member Sean Foreman for their involvement in the NSLAP.

Homewood Health™ (“Homewood”) continues to be the service provider for the NSLAP. Homewood provides a full range of counselling services covering such topics as financial concerns, family, child and eldercare issues, communication problems, career development, health and fitness, wellness, psychological and emotional disorders, addiction, stress, depression, anxiety and trauma. Services can be offered online, in person or by phone. There are also several self-directed online tools and programs. The NSLAP has recently renewed the contract for services with Homewood for another three years and with the renewal, two new features have been added to the program – Depression Care and Trauma Care. Depression Care provides mid to longer term treatment for members with moderate to severe anxiety and/or depressive symptoms, providing up to 20 sessions of individual treatment. Trauma Care provides treatment for members struggling with acute, or long-term, trauma symptoms.

The last several months have brought the COVID-19 global pandemic and one of the most significant challenges that our profession, communities and families have ever faced. Our members had to adapt very quickly to providing legal services in a climate of business closures, school closures, stay at home directions and social distancing. Many members found themselves working from home, servicing clients and trying to care for children, all at the same time. In response to this, Homewood continues to update their services to provide offerings and information to assist the well-being of users who are faced with challenges caused by COVID-19.

There was a significant increase in online Cognitive Behavioural Therapy (CBT) use this past year, which shows that members are continuing to seek the assistance they need despite the challenges from COVID-19. This tool allows members to access help in the safety and privacy of their own homes. There has also been an increase in phone counselling which we expect is a direct result of the pandemic. This shows that members continue to seek assistance despite face-to-face counselling being temporarily unavailable.

There was a slight decrease in overall usage of the program compared to the prior year, but it is in line with national usage. The majority of users continue to identify as female at approximately 75% of total users, which is the same as the prior year. In terms of types of services used, psychological services continue to be the highest proportion with anxiety, stress and depression being the top presenting issues.

During these unpredictable and difficult times that we are all experiencing, I more than ever encourage members, their employees and families to explore Homewood’s full range of services and reach out for assistance – the earlier, the better.

Committee members presented to articled clerks during the bar admission skills course. This presentation was updated this year and circulated to all NSBS members. The Committee continues to be willing to present information about the NSLAP and encourages anyone interested in a presentation to contact us.

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Since the fall of 2018, law students at the Schulich School of Law have had access to Homewood's services. Lawrence Rubin, the Director of Insurance, has discussed this with the Dean and starting this year (pandemic permitting) will present to the first-year students as they begin their studies and third-year students in March as they are ending law school and heading into articling. It is hoped that with additional information they will reach out and use the program should the need arise.

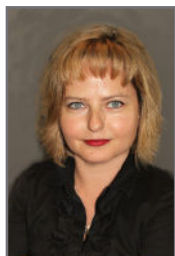
The Peer Volunteer Program has volunteer lawyers from a variety of backgrounds and experiences to provide support to lawyers. As lawyers, they often have had similar experiences as those members who need support. The peer volunteers are trained to ensure that members are directed to Homewood services when appropriate. The Committee acknowledges that this program is currently underutilized and is working on how to improve and increase this utilization. Peer volunteers are listed in the NSLAP website and can be contacted directly by members.

During these unpredictable and difficult times that we are all experiencing, I more than ever encourage members, their employees and families to explore Homewood's full range of services and reach out for assistance – the earlier the better.

Finally, on behalf of the NSLAP committee, thank you to the Director of Insurance, Lawrence Rubin. The work of the NSLAP could not take place without his expertise and dedication.

Natalie J. Woodbury
Chair, NSLAP Committee

PROGRAM REPORT



CYNTHIA NIELD,
*DATABASE AND
INFORMATION OFFICER*

Cynthia Nield oversees LIANS' software and systems technologies, and coordinates resources and events of the RPM program

Risk and Practice Management

The **Risk and Practice Management (RPM)** program had another successful year informing the membership with resources and tools related to practice risks, and providing support to minimize their claims exposure.

Publications and Presentations

We continue to distribute LIANSwers, our bimonthly electronic newsletter. The articles and information are to assist lawyers with the running of their practice, provide tips and guidance that could serve to avoid or mitigate a malpractice claim and to provide information on interesting cases that we come across. However, you should remember that this advice does not, nor is it intended to, replace your own exercise of professional judgment on a particular file. We monitor the number of visits per issue and saw a significant 12% increase in readers in 2019 as compared to 2018. LIANSwers averages 582 readers for each publication, approximately 28% of the membership.

LIANS' website contains a wide variety of RPM resource material. According to our website analytics, the most-often used resources are our sample retainer agreements and engagement letters, mortgage discharge escalation lists, limited scope retainer materials, table of limitation periods, information on succession planning and opening a law office, numerous sample letters / precedents / checklists / templates for notes to file; as well as the five Professional Standards Committees (Real Estate, Criminal, Family, Law Office Management, and Wills, Powers of Attorney and Personal Directives).

We continue to submit articles to InForum, the Nova Scotia Barristers' Society's online newsletter. These include fraud alerts, pertinent LIANS operational matters, and Lawyers Assistance Program articles and resources from Homewood Health™, our health and wellness

assistance program provider. The Homewood agreement was recently renewed and we added two new programs – Depression Care and Trauma Care. Information on these programs will be sent to the membership.

LIANS Forums

LIANS' online forums for Real Estate, Family Law, and Solo and Small Firm practitioners and their staff continue to be a popular resource for those looking to review professional information, and connect or consult with other practitioners. The Real Estate forum currently has 114 registrants; the Solo and Small Firm forum has 81; and the Family Law forum has 72.

Fraud Alerts

Lawyers continue to be popular targets as recipients of suspicious email and fraud attempts. LIANS' monitors these and will periodically notify the membership of new frauds and scams as we become aware of them. If you receive something that looks suspicious and you question its legitimacy, please contact us. We can advise if we are familiar with it or if it is a new scam worthy of a note to the profession. We maintain a list of the schemes we are aware of on our website as a reference tool for you.

Risk & Practice Management Conference

Compared to the previous year, we saw an increase of 25 registrants for LIANS' eleventh annual Risk and Practice Management Conference, held November 7th at the Delta Halifax, offering the following eleven sessions:

- Working Smarter with Outlook – Your Time Matters with Tonya Lundrigan, CPF, CSP, Owner of Priority Management Atlantic

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- **Trust Accounts Basics, Anti-Money Laundering, and Anti-Terrorist Financing** with Frank DeMont QC, and NSBS' Kate Shewan and Jocelyn Glynn MacNeill
- **Client Capacity and Competence: How do we assess our clients?** with Jeanne Desveaux
- **Risk Management for Lawyers and Law Firms** with LIANS' Director of Insurance, Lawrence Rubin
- **Practical Cyber Security for Small Firms** with Stephen Manley
- **Introducing the NSBS Equity Toolkit** with NSBS' Equity & Access Manager, Angela Simmonds
- **Updates from the Professional Standards Committees** with Bob Carter (LOMC), Danielle MacLean (Real Estate), Darlene Lamey (Family), Jeanne Desveaux (Wills & Estates), and Mark Scott QC (Criminal)
- **Privacy & Data Security** with NSBS Legal Counsel, Bernadine MacAulay
- **Update from the NSBS Gender Equity Committee** with Jack Townsend
- **Building Resilience: Understanding Challenges, Learning Strategies, and Accepting Change** with Andria Hill-Lehr of Homewood Health™
- **Succession Planning from the Successor's Point of View** with NSBS Legal Services Support Officer, Rob McCleave

This was the first joint effort event to be hosted by both LIANS and the NSBS Legal Services Support team. The feedback received from the conference attendees was very positive, the overall rating being between "Very Good" and "Excellent". Due to health concerns during this year of pandemic, the 2020 conference is scheduled to be held

virtually by webinar on Thursday, November 5th, 2020.

Mentorship Program

LIANS' Mentorship Program continues to grow and we will always accept new applicants. The program provides the membership with opportunities to network, gain knowledge about practice management issues, and receive support from the Risk and Practice Management Program.

The program currently has 186 participants. To qualify as a mentor, you must have at least nine years at the Bar. There are no requirements to qualify as a mentee. This program is ongoing and LIANS emails the members on a regular basis to encourage those interested to participate.

Member Inquiries

The program continues to provide one-on-one practice advice and assistance to members on topics such as insurance coverage matters, risk reduction, fraud, closing a practice, file retention, Client ID Regulations, the Lawyers Assistance Program and succession planning.

RPM and Legal Services Support

LIANS continues to coordinate its RPM information and resources with the Society's Legal Services Support (LSS) initiative. As always, however, LIANS maintains the confidentiality of all claim-specific information it receives from a member.

Cynthia Nield
Database and Information Officer

SUMMARY OF FINANCIAL HIGHLIGHTS

Notes to the Summary of Financial Highlights

LIANS' financial position remained stable at the end of 2019.

As in prior years, surplus was distributed to insured members through a subsidy to the levy charged for the mandatory insurance policy.

The gross levy (being the actuarially determined levy before applying a surplus credit) required for the 2020 – 2021 policy year is significantly higher than last year's figure; in fact it is the highest it has ever been. In determining the credit that reduces the gross levy, the Board of Directors, in accordance with its mandate to exercise prudent fiscal management of LIANS' assets, considers a variety of factors including the retention, surplus for the year, claims experience and, unique to this year, the COVID-19 pandemic as it has affected LIANS. As a result of its analysis of 2019 and the current environment, the Board approved a surplus credit that, though larger in amount than that provided in each of the prior five years, does result in an increase in the net full practicing levy payable over last year.

Though total paid claims in 2019 (indemnity plus defence costs) were on par with 2018, 2019 saw a significant increase in indemnity payments offset by a slight reduction in paid defence costs. 2019 also saw significant adverse development as compared to 2018 and the cost of administration of the program also increased over the prior year.

The significant increase in the 2019 year-end reserve as compared to 2018 is due, in no small part, to the significant unrealized gain in the investment portfolio over 2018 after there being a negligible increase in 2018 over 2017. We mention this because, like other investment portfolios this year, LIANS' has suffered from the market downturn resulting from COVID-19 and though the portfolio itself has come back to where it started the year, we do not know what the rest of the year holds and have to be prepared for a similar negligible return that we saw in 2018.

Statement of financial position as at December 31

	2019	2018
	\$	\$
Assets		
Current		
Cash	2,443,753	1,423,821
Accounts receivable	247,104	210,167
Government remittances receivable	6,068	23,640
Levy receivable	648,375	650,370
Prepaid expenses	87,585	152,751
Recoverable unpaid claims and expenses	833,343	1,035,394
Investments	19,993,492	17,892,044
Property and equipment, net	4,537	4,651
Total assets	24,264,257	21,392,838
Liabilities		
Current		
Accounts payable and accrued liabilities	1,579,473	1,506,657
Unearned levy	1,631,827	1,613,683
Total current liabilities	3,211,300	3,120,340
Provision for levy deficiency	188,267	54,900
Provision for unpaid claims and expenses	9,837,337	9,641,561
Total liabilities	13,236,904	12,816,801
Net assets		
Professional liability insurance reserve	11,027,353	8,576,037

Statement of revenue and expenditure for the year ended December 31

	2019	2018
	\$	\$
Revenue	5,625,507	3,309,445
Insurance premiums	(239,691)	(311,265)
Net revenue	5,385,816	2,998,180
Claims and expenses		
Payments	1,805,838	1,810,371
Group deductible reimbursement	(9,294)	—
	1,796,574	1,810,371
Current period expense	531,194	(583,676)
Total claims and expenses	2,327,738	1,226,695
Administration		
Total administration	1,005,647	921,078
Total expenditures	3,333,385	2,147,773
Excess (Deficiency) of revenue over expenditure before undernoted	2,052,431	850,407
Return of CLIA surplus subscriber's equity	398,885	—
Excess (deficiency) of revenue over expenditure	2,451,316	850,407
Professional liability insurance reserve, beginning of year	8,576,037	7,725,630
Excess of revenue over expenditures	2,451,316	850,407
Professional liability insurance reserve, end of year	11,027,353	8,576,037

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