



Lawyers' Insurance
Association of Nova Scotia

ANNUAL REPORT 2007



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Mission Statement

The Lawyers' Insurance Association of Nova Scotia is established and operated pursuant to the *Legal Profession Act* and Regulations, as part of the Nova Scotia Barristers' Society's public protection mandate.

LIANS conducts the mandatory professional liability insurance program for the benefit of the practising insured members.

Report from the Chair of the Board



W. DALE DUNLOP,
Chair

W. Dale Dunlop joined the Board in 1999. He was appointed chair in 2006. Dale is a partner with Walker Dunlop.

LIANS has continued to have favourable claims experience over the past year, resulting in a 4.6 per cent reduction in claim costs. This is the continuation of a lengthy stretch of favourable claims experience allowing us to have one of the lowest insurance levies in Canada. The insurance levy for 2008/2009 has been set at \$800 for private practice, \$400 for Legal Aid and \$350 for provincial government. This is an increase of \$160 over last year's private practice levy.

In 1997, the private practice insurance levy was \$1774. The following year the levy dropped to \$900, and for the past 10 years it has fluctuated between \$600 and \$900. Significant levy credits have been issued to members since 1997, through the return of surplus from both CLIA and LIANS. Levy credits totalling \$1058 will be applied to the full private practice levy this year. As a result, the levy paid by members is significantly less than the true cost of claims which, for the coming year, is \$1858.

The increase in the levy is primarily due to an increase in the minimum surplus retained by LIANS and allocated for future losses. The increase in minimum retained surplus reduces the amount of surplus available to subsidize the levy charged to members. On the advice of our actuarial consultants, Eckler Ltd., the Board has approved an increase in the minimum surplus retained to meet future liabilities from \$4 million to \$5 million. The Board has approved the increase over a two-year period to reduce the impact on the levy. Therefore, the minimum surplus will be increased to \$4.5 million in the coming year and \$5 million in 2009/10.

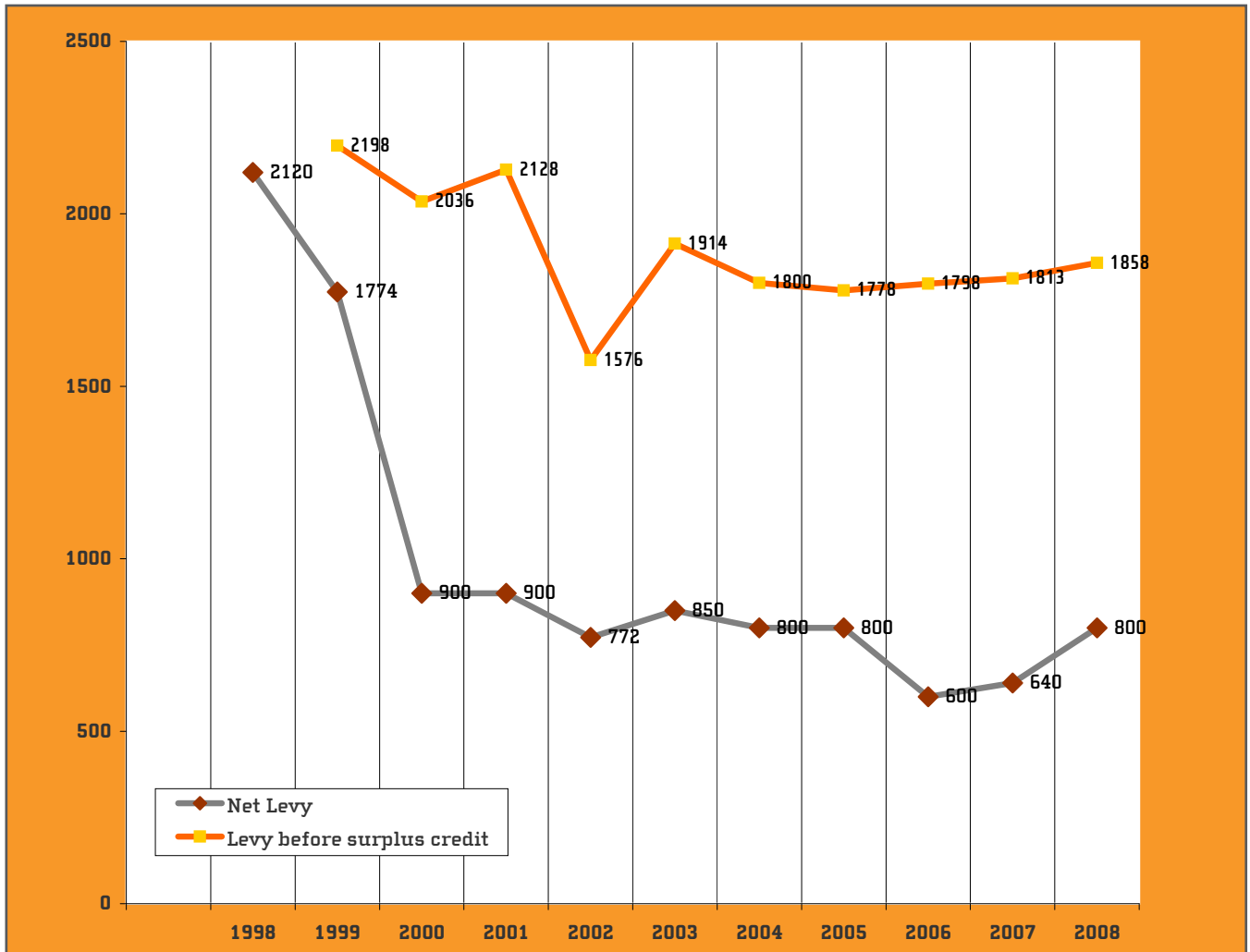
Over the coming year LIANS' Board and committees will continue to maintain a focus on financial stability. In addition to the minimum surplus testing conducted last year, initiatives are under way to review LIANS' investment policy and the policy for surplus distribution to members.

In closing, my sincere thanks go out to the Board members, who provide unselfish service and a collegial atmosphere at both the Board and Committee level. On behalf of all the Board Members I would also like to sincerely thank our staff, who are primarily responsible for maintaining a lid on costs while providing professional, courteous and effective responses on behalf of any member who finds themselves on the wrong end of lawsuit.

A summary of the past year's financial highlights, taken from the audited financial statements of LIANS, can be found on page 10.

W. Dale Dunlop, Chair

Insurance Levy — 10-year history



“It is very important that members be aware that the actual amount charged is well below the true cost of providing insurance, which our actuaries tell us is \$1858 for the upcoming year.”

Program Report

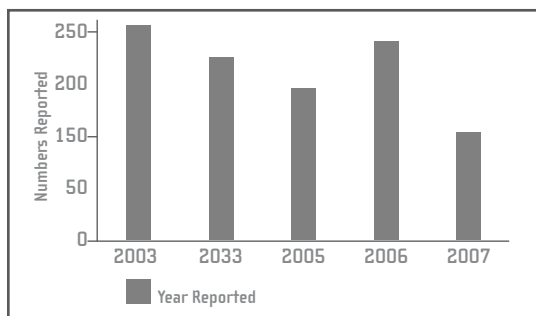


DEBORAH ROZEE
Director

Deborah Rozee joined LIANS in 1993 as Claims Manager and became Director in 1996.

Program Report

After a significant increase in the number of claims reported in 2006, last year the number of claims reported returned to earlier low levels. In 2007, 153 new claims were reported. Based on reporting to date, we expect a similar level of reporting for 2008.



Claims costs have remained relatively constant, and we are not seeing any new trends in claims.

Claims Reported Per 100 Lawyers (1998 - 2007)

98	99	00	01	02	03	04	05	06	07
18	15	16	14	19	16	14	12	14	10

Cost by Area of Law shows the breakdown of claims by area of law and the percentage of total claim cost. The total amount of claim costs for the period 1998-2007 is approximately \$9.5 million. Claims arising in the practice areas of real estate, civil litigation, corporate and commercial account for 84 per cent of claims costs over a 10-year period. As in the past, the two main causes of claims continue to be poor communication and failures in office systems and procedures

Cost Of Claims By Area Of Law

Files Opened in Fund Years 1998 - 2007

Area of Law	1998-2007	2007
Real Estate	47%	50%
Civil Litigation	13%	15%
Commercial	11%	6%
Matrimonial & Family	5%	6%
All Other	3%	6%
Estate Planning & Administration	4%	14%
Corporate	13%	3%
Employment/Labour	3%	0%
Administrative/Boards/Tribunal	1%	0%
	100%	100%

In some jurisdictions, insurance programs are incurring significant costs to defend members against the allegation that they did not protect their clients from fraudulent schemes. Identity theft and frauds perpetrated through electronic funds transfers are two types of fraud schemes which we are hearing about quite regularly. Fortunately, we have not had any claims against members arising out of the failure to protect their clients from a fraud. Deborah Gillis, Risk & Practice Management Adviser, has received several calls from members alerting her to fraudulent schemes or seeking advice. Over the coming year, we will continue to provide as much information as possible to you in attempt to help members identify potential frauds.

The focus for the upcoming year will be the launch of a new website which will provide members with easy access to insurance and risk and practice management information.

Program Report

Risk and Practice Management

The Risk and Practice Management Program continues to work with LIANS claims counsel to analyze the underlying causes of our claims and to make members aware of errors that lead to claims. The Risk and Practice Management Advisor continues to develop and offer resources and tools to help our members reduce the likelihood of errors occurring in their practice.

The program provides offerings and promotes program awareness to members, through workshops, presentations, group discussions, meetings, and conference participation. The Risk and Practice Management Advisor is a regular presenter at the Bar Admission Skills Course, the RELANS conference, and at educational sessions presented at the Society's Annual Meeting. This year, she also presented at an Atlantic Province Trial Lawyer's conference held in Halifax in November.

This year has seen the Risk and Practice Management Advisor's presentations expand to include in-house presentations to law firms. Members are also taking advantage of one-on-one practice support from the Risk and Practice Management Advisor.

Regular articles are published in the Society Record. These articles as well as other tools and resources are also posted to the LIANS website.

In-person presentations to all County bars are contemplated for the upcoming year. Tools and resources will continue to be developed and offered. As well, delivery

of offerings via webinars or teleconferencing, will be implemented.

This year, Nova Scotia and other jurisdictions in Canada have seen a variety of fraudulent schemes attempted on our members or their clients. Through an alert distributed to our members by the Risk and Practice Management Advisor in August 2007 members and the public were made aware of an attempted fraud in Nova Scotia involving the sale of real estate. Following this publication, several members contacted the Risk and Practice Management Advisor with their own experiences involving similar type schemes or practice concerns they had after learning of this scheme. More recently, a similar scheme involving a collection matter was avoided by a member who was aware of the possibility of fraud because of the previous alert.

Member awareness of the program continues to grow. We are pleased that members are increasingly turning to it and the Risk and Practice Management Advisor as a single point of contact for access to risk and practice management resources.



**DEBORAH
GILLIS, Q.C.**
Risk & Practice
Management
Advisor

Deborah Gillis joined LIANS in November 2005, bringing with her, 26 years experience in private practice.

Program Report

Lawyers Assistance Program

Our Lawyers' Assistance Program continues to "help lawyers reach their full potential" and has had another increasingly busy year. Our total referrals to professional assistance from calls to the NSLAP toll-free line (1-866-299-1299) reached 144 by December 31, 2007. This again represents a significant increase from previous years, and reflects the success of various initiatives to promote use of the program by members.

Blanche Keats is now in her third year as "the voice at the end of the line," providing capable and confidential service as our NSLAP Advisor. Blanche answers calls placed to the NSLAP toll-free line (1-866-299-1299), provides information about the program and available services, completes the assessment and referral process for counselling and appropriate peer support, and provides confidential reporting and assistance to the LAP Committee and our Peer Volunteer Group. Blanche also manages the relationship between NSLAP and our roster of qualified therapists and counsellors throughout the province, to ensure that competent and confidential professional assistance remains available to members throughout Nova Scotia.

NSLAP continues to provide confidential assessment and referral to professional counselling services and appropriate peer support for all lawyers, their staff (including articling clerks and students), and their immediate families.

Primary areas of concern for which members seek assistance continue to be:

- Marriage breakdown / Family Issues
- Adolescents / Children / Parents
- Depression / Grief Counselling
- Anxiety / Stress / Work-Life Balance

In continuing the strategic direction for development of the program outlined in the March 2007 Report, "Helping Lawyers Reach Their Full Potential: Future Direction for Lawyers' Assistance in Nova Scotia," the NSLAP Committee welcomed three new members this year from the ranks of our Peer Volunteer Group. It has been a pleasure working with Catherine Lunn, Craig Berryman, and Terri Lipton, along with our previous members Cheryl Canning, Jennifer Glennie, and Nancy Rideout.

Our expanded NSLAP Committee has had another very active year, continuing to meet on a regular basis, and completed the following objectives successfully in 2007:

- Completion of a comprehensive Policy Manual for NSLAP
- Successfully hosting the 2007 ABA COLAP (Commission on Lawyers' Assistance Programs) and ILAA (International Lawyers' in Alcoholics Anonymous) Annual Conferences, at the Halifax Marriott Harbourfront Hotel from October 2-5 and 5-7, 2007
- Presentations and promotional activities to various groups across the province, including Crown Attorneys, the NSBS Annual Meeting, the Bar Admission Course, law firms, and written articles in the *Society Record*.



SEAN FOREMAN
Chair, LAP
Committee

Sean Foreman is
Chair of the Lawyers
Assistance
Program. Sean
is a partner with
Wickwire Holm.

We remain hard at work on a number of existing and new initiatives as we move through 2008, including continued development of our Peer Volunteer Group and Peer Volunteer Support Program, enhanced communications (including website, print and presentation materials), development of a 'Health & Wellness' Toolkit and expanded promotion by participation in various conferences, meetings, County Bar and law firm presentations.

NSLAP remains fortunate to be supported by a dedicated group of Peer Volunteers and committee members, our NSLAP Advisor, and last but certainly not least, staff support and administration. As Chair, I feel for-

tunate indeed to work with such a committed and passionate group of volunteers who exemplify the phrase "Lawyers helping lawyers".

Remember, ALL communication with NSLAP is confidential. If you have any questions about NSLAP services, you can call 1-866-299-1299 and speak with Blanche Keats. Your contact with NSLAP will never be disclosed to LIANS or the Bar Society.

Respectfully,
Sean Foreman,
Chair, LAP Committee

LAP Committee members:
(back l-r) Craig Berryman, Cheryl Canning, Sean Foreman, Chair, and Nancy Rideout
(front l-r) Jennifer Glennie and Deborah Rozee, Director, LIANS



Summary of Financial Highlights

Notes to the Summary of Financial Highlights

LIANS financial position remained strong at the end of 2007.

Total claims and expenses increased from \$1,275,000 in 2006 to \$1,390,000 in 2007. This increase is due to an increase in paid claims and expenses, and an increase in the provision set aside for future claim payments.

During the year, surplus was distributed to insured members through a subsidy to the levy charged for the mandatory insurance policy. It was anticipated that this subsidy would result in a deficiency of revenue over expense. The deficiency of revenue over expenditure, before the return of subscribers' equity from CLIA, is \$1,222,000. During 2007, LIANS received a return of surplus subscribers' equity from CLIA of \$250,000. This return of subscribers' equity is in accordance with the rules of the reciprocal and reflects the non profit nature of CLIA. As at December 31, 2007, there was a deficiency of revenue over expenditure of \$972,000.

The financial notes contain, for the first time, an adjustment for unrealized gain of \$697,000 on investments as required by mandatory accounting guidelines which came into force last year.

The reserve at the year end was \$9,239,000. A decrease from the 2006 year end reserve of \$9,514,000.

LAWYERS' INSURANCE ASSOCIATION OF NOVA SCOTIA Summary of Financial Highlights From December 31, 2007 Audited Financial Highlights (000's)

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2007

	December 31 2007	December 31 2006
Cash	\$ 1,259	\$ 2,241
Accounts receivable	217	35
Levy receivable	296	243
Prepays	265	199
Investments	13,477	12,548
Fixed assets	17	16
	\$ 15,531	\$ 15,282
Accounts payable and accrued liabilities	\$ 130	\$ 78
Unearned Levy	504	471
Provision for unpaid claims and expenses	5,658	5,219
Professional liability insurance reserve	9,239	9,514
	\$ 15,531	\$ 15,282

STATEMENT OF REVENUE, EXPENDITURE AND RESERVE PERIOD ENDED DECEMBER 31, 2007

	December 31 2007	December 31 2006
Revenue	\$ 1,506	\$ 2,085
Insurance premiums	(460)	(461)
Net revenue	1,046	1,624
Claims and expenses		
Payments	1,085	871
Stop loss group deductible and limit reimbursements	(133)	(24)
	952	847
Increase in provisions for unpaid claims and expenses	438	428
Total claims and expenses	1,390	1,275
Administration	878	767
Deficiency of revenue over expenditure before under-noted	(1,222)	(418)
Return of C.L.I.A. surplus subscriber's equity	250	756
(Deficiency) excess of revenue over expenditure	(972)	338
Reserve, beginning of year	9,514	9,176
Adjustment for unrealized gain on investments held for trading as at January 1, 2007	697	-
Reserve, end of year	\$ 9,239	\$ 9,514

2007 Board, Committees and Staff

BOARD OF DIRECTORS

W. Dale Dunlop, *Chair*
Sandra B. MacPherson Duncan, Q.C.
Michael R. Brooker, Q.C.
Robert K. Dickson, Q.C.
Wendy Johnston, Q.C.
John Kulik, Q.C.
Nancy I. Murray, Q.C.
Robert G. H. Patzelt, Q.C.
Stephen D. Piggott
Darrel I. Pink
John W. Traves, Q.C.
STAFF: Deborah Rozee

STAFF

Deborah Rozee, LL.B.
Director
Christine Smith
Executive Assistant to the Director
Deborah E. Gillis, Q.C.
Risk & Practice Management Advisor
Patricia Neild, LL.B.
Claims Examiner
Gerri O'Shea, LL.B.
Claims Examiner
Jennifer Hadley
Secretary

COMMITTEES

Audit Committee

Stephen D. Piggott, *Chair*
Nancy I. Murray, Q.C.
Wendy Johnston, Q.C.
STAFF: Deborah Rozee

Claims Review Committee

Deborah Rozee, *Chair*
Robert K. Dickson, Q.C.
Michael R. Brooker, Q.C.
W. Dale Dunlop
John W. Traves, Q.C.
Maurice G. McGillivray, Q.C.

Investment Committee

Robert G. H. Patzelt, Q.C., *Chair*
W. Dale Dunlop
Robert K. Dickson, Q.C.
Nancy I. Murray, Q.C.
John W. Traves, Q.C.
STAFF: Deborah Rozee

Lawyers Assistance Program

Sean M. Foreman, *Chair*
Cheryl Canning
Jennifer Glennie
Nancy G. Rideout
Craig R. Berryman
Terri A. Lipton
Catherine J. Lunn
STAFF: Deborah Rozee

Risk & Practice Management Committee

W. Dale Dunlop, *Chair*
Wendy Johnston, Q.C.
John Kulik, Q.C.
Robert G. H. Patzelt, Q.C.
Darrel I. Pink
STAFF: Deborah Rozee
Deborah E. Gillis, Q.C.



What is LAP?

Who

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

What

Provides assistance with stress, burnout or other emotional problems; gambling, alcohol or chemical addiction; family or other personal problems

Where

Anywhere in Nova Scotia

When

24 hours a day

How

1 866 299 1299

Completely confidential

There is no cost to use LAP. If you are referred to a private counsellor through LAP, the cost of five sessions will be covered by LAP. Billing will be through the LAP Advisor to ensure confidentiality is maintained.



You don't have to face this alone.

Someone is available 24 hours a day, everyday
— the NS Lawyers Assistance Program Advisor.

COMPLETELY CONFIDENTIAL ASSISTANCE

1-866-299-1299

Information | Counselling | Support



