



The Law Society of
Upper Canada

Barreau
du Haut-Canada

April 23, 2015
9:00 a.m.

CONVOCAATION MATERIAL

PUBLIC COPY

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CONVOCATION AGENDA April 23, 2015

Convocation Room – 9:00 a.m.

Treasurer's Remarks

Election of Benchers [Tab 1]

Consent Agenda - Motion [Tab 2]

- **Confirmation of Draft Minutes of Convocation** – February 26, March 30 and April 8, 2015
- **Motion** – [Appointments](#)
– [In Camera Item](#)
- **Report of the Director of Professional Development and Competence - Deemed Call Candidates**
- **Treasurer's Reports** – LAWPRO Annual Shareholder's Resolutions and LibraryCo Inc. Proxy

Secretary's Report [Tab 3]

- Amendment to By-Law 3

Address by Michele H. Hollins Q.C., President of the Canadian Bar Association

Address by Orlando Da Silva, President of the Ontario Bar Association

Audit & Finance Committee Report (*C. Bredt, P. Wardle*) [Tab 4]

- Law Society Audited Financial Statements for the Year Ended December 31, 2014
- Investment Policy
- Investment Manager and Custodian
- Cheque Signing Authority

For Information

- In Camera Item
- LAWPRO Annual Financial Statements for the Year Ended December 31, 2014
- LibraryCo Inc. Annual Financial Statements for the Year Ended December 31, 2014
- Investment Compliance Reporting for the Year Ended December 31, 2014
- LAWPRO Report (*S. McGrath*)

Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones Report (*P. Schabas*) [Tab 5]

- Human Rights Monitoring Group Interventions

For Information

- Human Rights Monitoring Group Past Intervention
- Renewal Process for the Aboriginal Initiatives Strategy (*S. Hare*)
- Challenges Faced by Racialized Licensees Working Group Status Report (*J. Leiper*)
- Snapshots of the Profession (*J. Falconer*)
- Discrimination and Harassment Counsel Semi-Annual Report for the Period July 1 to December 31, 2014 (*J. Leiper*)
- Equity Legal Education and Rule of Law Series Calendar 2015

Heritage Committee Report (*C. Backhouse*) [Tab 6]

- Proposal for Establishment of the J. Shirley Denison Award

Professional Development and Competence Committee Report (*H. Goldblatt*) [Tab 7]

- Elimination of CPD Compliance Desk Audits

Tribunal Committee Report (*R. Anand, D. Wright*) [Tab 8]

- Housekeeping Amendments to the Hearing Division Forms
For Information
- Tribunal Annual Report (*D. Wright*)

Access to Justice Committee Report (*C. Corsetti, P. Schabas*) [Tab 9]

- In Camera Item
For Information
- Proposal for Establishment of the J. Shirley Denison Award

Paralegal Standing Committee Report (*M. Haigh*) [Tab 10]

- In Camera Item
For Information
- Election of the Chair of the Paralegal Standing Committee

REPORTS FOR INFORMATION ONLY

Federation of Law Societies of Canada Update [Tab 11]

Mentoring and Advisory Services Proposal Task Force (*L. Rothstein, P. Wardle*) [Tab 12]

- Interim Report

Professional Regulation Committee Report (*M. Mercer*) [Tab 13]

- In Camera Item
- Entity and Compliance-Based Regulation Review Status Report

Report from The Action Group on Access to Justice (TAG) [Tab 14]

Law Society Submission to the Standing Committee on Justice Policy on Bill 49, *Ontario Immigration Act, 2015* [Tab 15]

Lunch – Benchers' Dining Room

THE LAW SOCIETY OF UPPER CANADA

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 23, 2015

WHEREAS Adriana Doyle, who was elected from the East Electoral Region on the basis of votes cast by electors residing in that electoral region, has been appointed a judge of the Superior Court of Justice of Ontario, Family Court; and

WHEREAS upon being appointed a judge of the Superior Court of Justice of Ontario, Family Court, Adriana Doyle became unable to continue in office as a benchers, thereby creating a vacancy in the office of benchers elected from the East Electoral Region on the basis of votes cast by electors residing in that electoral region;

MOVED BY:

SECONDED BY:

THAT under the authority contained in By-Law 3, Constance Backhouse, having satisfied the requirements contained in subsections 42 (2) and 45 (1) of the By-Law, and having consented to the election in accordance with subsection 45 (2) of the By-Law, be elected by Convocation to fill the vacancy in the office of benchers elected from the East Electoral Region on the basis of votes cast by electors residing in that electoral region.

WHEREAS Constance Backhouse, who was elected from the Province of Ontario "B" Electoral Region (the area in Ontario outside the City of Toronto) on the basis of the votes cast by all electors, has been elected by Convocation to fill a vacancy in the office of benchers elected from the East Electoral Region on the basis of votes cast by electors residing in that electoral region; and

WHEREAS Constance Backhouse's election to fill a vacancy in the office of benchers elected from the East Electoral Region on the basis of votes cast by electors residing in that electoral region has created a vacancy in the number of benchers elected from the Province of Ontario "B" Electoral Region (the area in Ontario outside the City of Toronto) on the basis of the votes cast by all electors;

MOVED BY:

SECONDED BY:

THAT under the authority contained in By-Law 3, Carl E. Fleck, having satisfied the requirements contained in subsections 43 (1) and 45 (1) of the By-Law, and having consented to the election in accordance with subsection 45 (2) of the By-Law, be elected by Convocation as benchers to fill the vacancy in the number of benchers elected from the Province of Ontario "B" Electoral Region (the area in Ontario outside the City of Toronto) on the basis of the votes cast by all electors.

Tab 2

THE LAW SOCIETY OF UPPER CANADA

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 23, 2015

MOVED BY:

SECONDED BY:

THAT Convocation approve the consent agenda set out at Tab 2 of the Convocation Materials.

Tab 2.1

DRAFT MINUTES OF CONVOCATION

Tab 2.1.1

DRAFT

MINUTES OF CONVOCATION

Thursday, 26th February, 2015
9:30 a.m.

PRESENT:

The Treasurer (Janet E. Minor), Anand, Armstrong, Backhouse, Boyd (by telephone), Braithwaite, Bredt, Burd, Callaghan, Campion, Copeland (by telephone), Corsetti, Doyle, Earnshaw, Elliott, Epstein, Evans (by telephone), Falconer, Ferrier, Finkelstein (by telephone), Furlong, Go, Gold (by telephone), Gottlieb, Haigh, Halajian, Hartman, Horvat, Krishna, Lawrie, Leiper, Lerner, Lippa, MacKenzie, McDowell, McGrath, Mercer, Murchie, Murray, Pawlitza, Potter, Pustina, Rabinovitch, Richardson (by telephone), Richer, Ross, Rothstein, Sandler, Scarfone (by telephone), Schabas, Sheff, Sikand, Silverstein, C. Strosberg, H. Strosberg (by telephone), Sullivan, Swaye, Wardle, and Wright.

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Secretary: James Varro

The Reporter was sworn.

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IN PUBLIC

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TREASURER'S REMARKS

The Treasurer welcomed those viewing Convocation by webcast today.

The Treasurer congratulated benchers Jeffrey Lem who will be receiving the 2015 Honsberger Award from the Toronto Lawyers Association at a ceremony this evening.

The Treasurer congratulated Martin Teplitsky, Q.C., LSM on receiving an honorary LL.D. at a private ceremony on February 4, 2015.

The Treasurer advised that the Law Society's first Human Rights Award was bestowed on The Honourable Irwin Cotler, PC, MP at an event on February 12, 2015. The Treasurer thanked members of the Human Rights Monitoring Group and Equity staff who made the event a great success.

The Treasurer noted a very successful Black History Month event held on February 17, 2015, and her attendance at the Black Law Students conference in Montreal last weekend.

The Treasurer informed Convocation of the following upcoming events:

- a) The Law Society's International Women's Day event, March 5, 2015
- b) Francophone event, March 19, 2015
- c) Holocaust Remembrance Day, April 2015

The Treasurer referred to The Action Group (TAG) report in the Convocation Materials updating Convocation on the activities of TAG.

The Treasurer updated Convocation on the ongoing developments at LibraryCo. Inc.

The Treasurer advised Convocation that planning is well underway for strategic planning later this year following the bench election.

The Treasurer advised that luncheon guests are members of the Federation of Law Societies of Canada Governance Review Committee.

MOTION – CONSENT AGENDA

It was moved by Mr. Bredt, seconded by Ms. Hartman, that Convocation approve the consent agenda set out at Tab 1 of the Convocation Materials.

Carried

DRAFT MINUTES OF CONVOCATION – Tab 1.1

The draft minutes of Convocation of January 29, 2015 were confirmed.

MOTION – Appointment – Tab 1.2

THAT Avvy Go be appointed to the Challenges Faced by Racialized Licensees Working Group.

Carried

REPORT OF THE DIRECTOR OF PROFESSIONAL DEVELOPMENT AND COMPETENCE – Tab 1.3

THAT the Report of the Director of Professional Development and Competence listing the names of the call to the bar candidates be adopted.

Carried

EQUITY AND ABORIGINAL ISSUES COMMITTEE/COMITÉ SUR L'ÉQUITÉ ET LES
AFFAIRES AUTOCHTONES REPORT

Mr. Schabas presented the Report.

Re: Human Rights Monitoring Group Requests for Intervention

It was moved by Mr. Schabas, seconded by Ms. Potter, that Convocation approve the letters and public statements in the following cases:

- a. Lawyer Waleed Abu al-Khair – Saudi Arabia – letters of intervention presented at Tab 2.1.1.
- b. Lawyer Sukhrat Kudratov– Tajikistan – letters of intervention and public statement presented at Tab 2.1.2.

Carried

Ms. Leiper updated Convocation on the Flip Your Wig for Justice event and the consultations of the Working Group on Challenges Faced by Racialized Licensees.

For Information

- Public Education Equality and Rule of Law Series Calendar 2015

PROFESSIONAL REGULATION COMMITTEE REPORT

Mr. Mercer presented the Report.

Re: 2014 Annual Report of the Complaints Resolution Commissioner

Mr. Mercer spoke to the Report for information.

Re: Alternative Business Structures Working Group Report

Mr. Mercer presented the Report for information.

Re: Executive Director's Report Regarding Judicial Complaints

Mr. Mercer spoke to the Report for information.

Re: Professional Regulation Division Quarterly Report

Mr. Mercer spoke to the Report for information.

HERITAGE COMMITTEE REPORT

Ms. Backhouse presented the Report.

Re: Historic Discipline Data Project Report

Ms. Backhouse presented the Report for information, and commented on other projects of the Committee in past years.

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REPORTS FOR INFORMATION ONLY

TRIBUNAL COMMITTEE REPORT

- Tribunal Office Quarterly Statistics

PROFESSIONAL REGULATION COMMITTEE REPORT

- 2014 Annual Report of the Complaints Resolution Commissioner
- Alternative Business Structures Working Group Report
- Professional Regulation Division Quarterly Report
- Judicial Complaints Report

HERITAGE COMMITTEE REPORT

- Report on the Work of the Committee

REPORT FROM THE ACTION GROUP ON ACCESS TO JUSTICE (TAG)

CONVOCATION ROSE AT 12:35 P.M.

DRAFT

MINUTES OF CONVOCATION

Monday, 30th March, 2015
9:00 a.m.

PRESENT:

The Treasurer (Janet E. Minor), Banack (by telephone), Boyd, Braithwaite (by telephone), Bredt (by telephone), Campion (by telephone), Corsetti (by telephone), Earnshaw, Epstein (by telephone), Lawrie (by telephone), Leiper (by telephone), Lerner, Lippa (by telephone), MacLean (by telephone), Mercer (by telephone), Richardson (by telephone), Richer (by telephone), Ross, Sheff (by telephone), Silverstein (by telephone) and Yachetti (by telephone).

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Secretary: James Varro

The Reporter was sworn.

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IN PUBLIC

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TREASURER'S REMARKS

The Treasurer welcomed everyone to Convocation.

MOTION – APPOINTMENT TO THE PARALEGAL STANDING COMMITTEE

It was moved by Mr. Silverstein, seconded by Mr. Bredt, that:

Barbara Murchie be appointed to the Paralegal Standing Committee.

Carried

CONVOCATION ROSE AT 9:05 A.M.

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Tab 2.2

MOTIONS

Tab 2.2.1

THE LAW SOCIETY OF UPPER CANADA

MOTION TO BE MOVED AT CONVOCAION ON APRIL 23, 2015

That Raj Anand be appointed a Co-Chair of the Challenges Faced by Racialized Licensees Working Group.

That E. Susan Elliott be appointed Vice-Chair of the Audit and Finance Committee.

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Tab 2.3

To the Benchers of the Law Society of Upper Canada Assembled in Convocation

The Executive Director of Professional Development and Competence reports as follows:

CALL TO THE BAR AND CERTIFICATE OF FITNESS

Licensing Process and Transfer from another Province – By-Law 4

Attached is a list of candidates who have successfully completed the Licensing Process and have met the requirements in accordance with section 9.

All candidates now apply to be called to the bar and to be granted a Certificate of Fitness on Thursday, April 23rd, 2015

ALL OF WHICH is respectfully submitted

DATED this 23rd day of April, 2015

CANDIDATES FOR CALL TO THE BAR
April 23rd, 2015

Transfer from another province (Mobility)

Lee Keith Axford
Kétia Calix
Mandeep KaurCheema
Alison Suzanne Desipio
Russell David Dufault
Jessica Marie Line Gauthier-Trowsse
Christine Marie Jamila Hakim
Yichwin Alexander David Hu
Catherine Alexandra Kishfy
Ann Harriet Pollak
April Deborah Shulze
Ellen Marie Vandergrift

L3

Marie-Hélène Claire Sylvie Giroux
Christopher Mark McEwan

Licensing Process

Laura Justine Coward



Tab 2.4

Treasurer's Report to Convocation April 23, 2015

LAWPRO Annual Shareholder Resolutions LibraryCo Inc. Annual Meeting

Purpose of Report: Decision

**Prepared by James Varro
Director, Policy**

FOR DECISION

LAWPRO ANNUAL SHAREHOLDER RESOLUTIONS

Motion

1. That Convocation authorize the Treasurer to sign the shareholder resolutions for the Lawyers' Professional Indemnity Company (LawPRO) set out at [Tab 2.4.1](#).

Background

2. As a result of amendments to LAWPRO's By-law No. 1, which the Law Society and all shareholders approved in 2014, the Law Society became the sole shareholder of LAWPRO effective January 1, 2015.
3. Accordingly, LAWPRO has implemented a change in governance process related to annual decisions required to be made by the shareholder of the company. Rather than seeking Convocation's approval for the Treasurer to sign the proxy to be used at LAWPRO's Annual General Meeting, Convocation's approval is sought to direct the Treasurer to sign the annual Resolutions of the Shareholder. The proposed shareholder resolutions appear at [Tab 2.4.1](#).
4. Also included for the information of Convocation is biographical information on the members of the LawPRO Board at [Tab 2.4.2](#) and LawPRO's 2014 Financial Statements at [Tab 2.4.3](#).

FOR DECISION

LIBRARYCO INC. ANNUAL MEETING

Motion

5. That Convocation authorize the Treasurer to sign the proxy in favour of the proposed shareholder resolutions set out at [Tab 2.4.4](#).

Background

6. The Annual and General Meeting of Shareholders of LibraryCo Inc. will be held on May 12, 2015. The notice of the meeting is attached at [Tab 2.4.5](#).
7. At the meeting, the shareholder will be asked to vote on the proposed shareholder resolutions set out at [Tab 2.4.6](#).
8. Traditionally, the Treasurer has signed the proxy to vote the Law Society's shares in favour of the resolutions. The proxy is set out at [Tab 2.4.4](#).
9. The Treasurer seeks Convocation's authorization to sign the proxy on behalf of the Law Society of Upper Canada.

**LAWYERS' PROFESSIONAL INDEMNITY COMPANY
(the "Corporation")**

RESOLUTIONS OF THE SHAREHOLDER

Dated as of the
24th day of April, 2015

ACCEPTANCE OF MINUTES

RESOLVED that the minutes of the April 30, 2014 Shareholders Meeting are accepted.

FINANCIAL STATEMENTS

WHEREAS the Board of Directors has approved the financial statements of the Corporation for the year ending December 31, 2014;

AND WHEREAS the shareholder has received a report of the auditor which includes statements regarding management's responsibility and the auditor's responsibility and an opinion from the auditor;

RESOLVED that the financial statements of the Corporation for the year ended December 31, 2014 are approved.

ELECTION OF DIRECTORS

RESOLVED that the following individuals are elected directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed:

George D. Anderson
Clare A. Brunetta
Ian D. Croft (Vice-Chair)
Douglas F. Cutbush
Robert F. Evans
Frederick W. Gorbet
Malcolm L. Heins
Rita Hoff
Robert G.W. Lapper, Q.C.
Susan T. McGrath (Chair)
Barbara J. Murchie
Alan G. Silverstein
Andrew N. Smith
John C. Thompson
Kathleen A. Waters

APPOINTMENT OF AUDITOR

RESOLVED that PricewaterhouseCoopers LLP is appointed as auditor of the Corporation to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the directors and the directors are authorized to fix such remuneration.

CONFIRMATION OF ACTS OF DIRECTORS AND OFFICERS



RESOLVED that all acts, contracts, by-laws, proceedings, appointments, elections and payments enacted, made, done and taken by the directors and officers of the Corporation to the date hereof, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors or in the financial statements of the Corporation are approved, sanctioned and confirmed.



Consented to in writing by the sole shareholder of the Corporation.



THE LAW SOCIETY OF UPPER CANADA


Per: _____
JANET E. MINOR
Treasurer,
The Law Society of Upper Canada



LAWPRO Board of Director Candidates as at January 20, 2015


Director photo	Director biography
 <p>Susan T. McGrath Chair, LAWPRO Board of Directors Principal, Susan T. McGrath</p>	<p>A sole practitioner from the northeastern Ontario community of Iroquois Falls, Law Society Bencher, Susan McGrath is well-known for being a dedicated advocate for sole practitioners, small firms, and lawyers working in remote areas, and for their access to quality continuing legal education and peer support.</p> <p>She was elected as chair of the LAWPRO Board in May, 2012, and acts as an <i>ex-officio</i> member of all committees.</p> <p>Since graduating from Osgoode Hall, McGrath has been an active member of her local legal community as well as contributing at the national level. She has served on her local legal aid area committee, including a stint as deputy area director, has acted as a deputy judge for the Temiskaming Small Claims Court, and has served on the Personal Rights Panel of the Office of the Children's Lawyer.</p> <p>She has served as president of the Cochrane Law Association (1983-1984), the Ontario Bar Association (1999-2000), and the Canadian Bar Association (2004-2005). As well, she has served in many capacities on committees of these and other legal associations.</p> <p>As a bencher of the Law Society, Ms. McGrath serves on the Hearing Panel, the Appeal Panel, the government relations committee and the priority planning committee. She also serves as co-chair of the Alternative Business Structures Working Group and the vice-chair of the paralegal standing committee.</p>
 <p>Ian D. Croft Vice-Chair, LAWPRO Board of Directors, Chartered Professional Accountant</p>	<p>A member of the board since 1995 and currently its vice-chair, Ian Croft has extensive experience in the financial management of insurance companies. Now retired, he was for many years the senior vice-president and treasurer and a director of The Woodbridge Company Limited, the principal holding company of the Thomson family.</p> <p>Mr. Croft is a Chartered Professional Accountant and has been a director of a wide variety of companies, including regulated, private and public companies in several jurisdictions, and of a college within the University of Toronto.</p> <p>He chairs LAWPRO's executive committee, and acts as an <i>ex-officio</i> member of all committees.</p> <p>Mr. Croft is a member of the Institute of Corporate Directors, a 2005 graduate of the Institute's Director Education Program and a 2010 graduate of their Excellence in the Boardroom program which are presented jointly with the Rotman School of Business at the University of Toronto.</p>


Director photo	Director biography
 <p>George D. Anderson, C.M. President and Chief Executive Officer, Insurance Bureau of Canada (Retired)</p>	<p>Appointed to the LAWPRO Board of Directors in 2004, George D. Anderson is a mortgage and insurance services professional with more than 45 years' experience with award-winning companies in this sector.</p> <p>Mr. Anderson currently chairs the governance committee of the LAWPRO Board and is a member of the board's executive, governance, investment and risk committees.</p> <p>He is chair of the Board of Directors of RSA Canada and also sits on the boards of several financial organizations and non-profit charities.</p> <p>Mr. Anderson is a recipient of the Queen Elizabeth Gold and Diamond Jubilee Medals and a member of the Order of Canada. He has been awarded honorary Doctor of Laws degrees from both Carleton University and St. Francis Xavier University, and also received a Lifetime Achievement Award from the University of Regina.</p>
 <p>Clare A. Brunetta Principal, Clare A. Brunetta</p>	<p>Clare A. Brunetta is a general practitioner located in Fort Frances; primarily serving the District of Rainy River in northwestern Ontario. A former president of the Rainy River Law Library Association and a Charter Member of the Canadian Italian Advocates Society, Clare is a past member of the Law Society of Upper Canada Joint Working Group on Real Estate; past chair of the real estate committee of the County and District Law Presidents Association (CDLPA); and past co-chair of the Working Group on Lawyers and Real Estate. A deputy judge of the small claims court since 1991, he also currently serves as a financial trustee of the Rainy River First Nations Trust.</p> <p>Summers are enjoyed at the family cabin on beautiful Rainy Lake.</p> <p>Mr. Brunetta is a member of LAWPRO's governance committee.</p>


Director photo	Director biography
 <p>Douglas F. Cutbush Insurance Consultant, Arbitrator & Mediator</p>	<p>Douglas F. Cutbush is an insurance consultant, arbitrator, mediator and insurance appraisal umpire with more than 50 years' experience in the insurance industry.</p> <p>Before he retired from insurance company ranks, he worked for two companies within The Gerling Global Insurance Group, holding the positions of senior vice-president and claims manager for Canada. In 1993, he established his own firm to provide insurance-related consulting, arbitration and mediation services. He is also a Panelist with the Yorkstreet Dispute Resolution Group.</p> <p>Mr. Cutbush is a Fellow Chartered Insurance Professional, a Fellow of the Insurance Institute of Canada, a Fellow of the Chartered Institute of Arbitrators of Great Britain, and a Chartered Arbitrator of the ADR Institute of Canada.</p> <p>A member of the board since 1995, Mr. Cutbush serves on LAWPRO's executive, audit and conduct review committees.</p>
 <p>Robert F. Evans, Q.C. Principal, Evans & Evans</p>	<p>A principal with Evans & Evans in Bradford, Robert F. Evans is a Law Society bencher and former president of the York Region Law Association. He is also an active member of his community, being a former school board trustee for nine years, past president of the Bradford Rotary Club and currently chair of the Bradford West Gwillimbury and District Community Foundation.</p> <p>Mr. Evans is a member of LAWPRO's investment committee.</p>



Director photo	Director biography
 <p>Frederick W. Gorbet, O.C.</p>	<p>Fred Gorbet has extensive experience in public policy advice and formulation, particularly with regard to financial institutions and energy policy. Following a 25 year career in the Canadian public service, where he served as Associate Secretary to the Cabinet and as Deputy Minister of Finance for Canada, Mr. Gorbet has held several senior executive positions in the life insurance industry and in academe, serving for many years as the CIT Chair in Financial Services and Director of the Financial Services Program at the Schulich School of Business (York University).</p> <p>A member of the LAWPRO Board since 2004, Mr. Gorbet currently chairs the audit and conduct review committees and is a member of the governance and risk committees.</p> <p>Since leaving government service, he has continued his involvement with public policy by serving as the executive director of the MacKay Task Force on the future of the financial services sector of Canada, the executive director of the Saucier Task Force on Corporate Governance, the senior policy advisor to the Credit Union Central of Canada on the National Initiative, and the founding chair of the Market Surveillance Panel for administered electricity markets in Ontario. His most recent assignment was as chair of the Task Force on Auto Insurance Fraud in Ontario.</p> <p>Mr. Gorbet has also served as a corporate director of many firms in the private and public sectors. He currently chairs the Board of Trustees of the North American Reliability Corporation.</p> <p>Mr. Gorbet has a B.A. from York University and a Ph.D. in Economics from Duke University. He was appointed to the Order of Canada in 2000 and was promoted to Officer of the Order of Canada in 2014.</p>


Director photo	Director biography
 <p>Malcolm Heins, LSM Lawyer & Director</p>	<p>A lawyer and former insurance industry executive, Malcolm Heins was appointed chief executive officer of The Law Society of Upper Canada in 2001, retiring in early 2012. He then joined the Counsel Public Affairs team in June 2012.</p> <p>Mr. Heins also served as the chief executive officer of the Federation of Law Societies of Canada from November 2005 to June 2006, and from 1994 to 2001, he served as LAWPRO's first president and chief executive officer.</p> <p>Prior to that, Mr. Heins was the president and chief operating officer of Gan Canada, formerly Simcoe Erie Group, then one of the largest underwriters of professional liability insurance in Canada. Before joining Gan Canada in 1981, he practised insurance and commercial litigation in Toronto.</p> <p>He is a graduate of Dalhousie Law School. Mr. Heins chairs LAWPRO's risk committee and is a member of LAWPRO's executive, conduct review, audit, governance, and investment committees.</p> <p>Mr. Heins is a member of the Canadian Bar Association and in addition to LAWPRO, serves as a director of Pro Bono Law Ontario, and the Canadian College of Naturopathic Medicine and Cancer Care Ontario. He received the Law Society Medal in June 1999, the 2002 Award of Distinction from the Metropolitan Toronto Lawyers Association and, in March 2005, Communicator of the Year by the International Association of Broadcasters (Toronto).</p>
 <p>Rita Hoff President, R. Hoff Financial Management Ltd.</p>	<p>Rita Hoff joined the board in 1996, bringing with her extensive experience in the investment industry. She was most recently vice-president and director, Debt Capital Markets, at Canaccord Capital Corporation.</p> <p>Prior to that she served as president and CEO of First Canada Securities Corporation, a firm she co-founded.</p> <p>Ms. Hoff chairs the LAWPRO investment committee and serves on the governance and risk committees.</p> <p>Hoff is currently involved with The Next 36, a program for young entrepreneurs. She has previously served as a director of CAA Central Ontario, Investment Dealers Association of Canada and as chair of Ontario District Council of the IDA.</p> <p>Ms. Hoff has a Bachelor of Commerce from the University of Bombay, India.</p> <p>She is currently pursuing studies in Spanish language and Mexican culture at the University of Guadalajara.</p>

Director photo	Director biography
 <p data-bbox="142 684 456 821">Robert G.W. Lapper, Q.C. Chief Executive Officer, The Law Society of Upper Canada</p>	<p data-bbox="495 218 1477 323">Robert G.W. Lapper, Q.C., is the chief executive officer of the Law Society of Upper Canada, and joined the LAWPRO Board in May 2012. He is a member of LAWPRO's audit committee.</p> <p data-bbox="495 354 1477 627">Before moving to the Law Society, Mr. Lapper had served in a number of senior positions with the British Columbia government, most recently as Deputy Minister of Labour for the province. During his tenure as Assistant Deputy Attorney General, Legal Services Branch (2001 to 2007), he oversaw a complete organizational and service transformation in the Legal Service Branch; from 2007 to 2009, he served as Deputy Cabinet Secretary and Associate Deputy Minister, Cabinet Operations and Intergovernmental Relations, in the Office of the Premier.</p> <p data-bbox="495 659 1477 890">Mr. Lapper is well-known in B.C. for his work on aboriginal law issues. His work included acting as one of the counsel to the Nisga'a Treaty negotiations, which concluded the first "modern" treaty in British Columbia. In 1998, he was appointed to head the Aboriginal Law Practice Group in the Legal Services Branch. He was recently appointed by the Attorney General of Ontario to the Aboriginal Justice Advisory Committee for the Province of Ontario.</p> <p data-bbox="495 921 1477 1058">Mr. Lapper has a passion for legal and justice issues and wide-ranging experience in legal policy and operations, and is a frequent speaker, lecturer and writer on public law, aboriginal law, commercial law and related issues.</p>

Director photo	Director biography
 <p data-bbox="142 688 451 787">Barbara J. Murchie Partner, Bennett Jones LLP</p>	<p data-bbox="495 222 1474 390">Ms. Murchie practices intellectual property litigation at Bennett Jones LLP in Toronto and is a bencher of the Law Society of Upper Canada. As a member of the Law Society Tribunal, she regularly sits on discipline panels as an adjudicator. She is a member of LAWPRO's governance committee.</p> <p data-bbox="495 422 1474 730">Since 1986, when she was called to the bar, she has appeared at all levels of the Ontario and Federal courts on litigation matters that include intellectual property, professional negligence, construction law, municipal liability and general civil litigation. Over the course of her career at small and large firms, she has acted for a broad range of individual, corporate and institutional clients. Since becoming a bencher, she has become engaged in administrative law, chairing hearing panels and writing decisions on cases involving lawyers who are alleged to have breached their professional obligations.</p> <p data-bbox="495 762 1474 1066">During her 30 year legal career, Ms. Murchie has held leadership roles with a number of legal organizations including, most recently, the Law Society of Upper Canada and between 2002-2005, the Advocates Society where she was a director. She participates in numerous professional development programs as a teacher and is regional co-chair of the long-running, province-wide, Courthouse program for the Advocates Society. She is a member of a wide array of legal associations including the Intellectual Property Institute of Canada, the OBA, CBA, Toronto Lawyers Association and Women's Law Association of Ontario.</p> <p data-bbox="495 1098 1474 1161">Ms. Murchie's community service includes roles as director and chair of Ovarian Cancer Canada and Casey House Foundation.</p>

Director photo	Director biography
 <p data-bbox="142 684 427 814">Alan G. Silverstein Barrister & Solicitor, Law Office of Alan G. Silverstein</p>	<p data-bbox="496 222 1446 359">A sole practitioner in Thornhill, Alan G. Silverstein has been at the forefront of real estate and mortgage issues for over three decades as a writer, lecturer, commentator and media personality. He is a member of LAWPRO's investment committee.</p> <p data-bbox="496 390 1474 590">Between 1997 and 2003, Alan was a director of the Real Estate Council of Ontario, the regulator of real estate agents and brokers in Ontario, where he remains a member of the insurance committee. While chair of the insurance committee at RECO, he designed and implemented the RECO insurance program that offers unprecedented coverage for consumers and members of the real estate industry.</p> <p data-bbox="496 621 1450 961">Since his 2003 election as a Bencher of the Law Society of Upper Canada, Mr. Silverstein has served on many committees, including audit and finance; government relations; sole practitioner and small firm task force; proceedings authorization; professional development and competence; alternative business structures; and real estate working group. Mr. Silverstein is a past chair of LibraryCo (which manages the Ontario courthouse library system), and a past chair of the provincial Motor Vehicles Dealers Compensation Fund (which compensates consumers who suffer a financial loss arising from a transaction with a registered motor vehicle dealer).</p> <p data-bbox="496 993 1414 1129">He returned to private practice in 2011, focusing on real estate transactions and mortgage financing, after playing an integral role between 2006 and 2010 in the launch and adoption of TELUS' Assyst Real Estate initiative.</p> <p data-bbox="496 1161 1458 1465">Certified as a specialist in real estate law by the Law Society of Upper Canada, Mr. Silverstein has written five books on real estate and mortgage financing, including The Perfect Mortgage and Home Buying Strategies for Resale Homes, along with hundreds of newspaper and magazine columns dealing with real estate and mortgage issues. He is a regular speaker at continuing professional development programs sponsored by organizations including the Law Society of Upper Canada, the Ontario Bar Association, the Institute of Law Clerks of Ontario, and local law associations.</p>

Director photo	Director biography
 <p>Andrew N. Smith President, Natnook Inc.</p>	<p>Andrew N. Smith is a chartered financial analyst (CFA) and certified director (ICD.D) with over 45 years of experience in the financial services industry. He is involved with numerous boards, including Pro-Demnity Insurance Company, asrTrust, Associated Medical Services (AMS), GE Canada pension investment committee, University of Ottawa pension investment committee and Sun Life Global Investments. Mr. Smith was a senior executive with National Trust and in 1985 became a senior partner at James P. Marshall, Inc., an investment consulting firm.</p> <p>In 2004, he established a personal consulting practice to assist organizations in achieving their financial and investment goals.</p> <p>A member of the LAWPRO Board since 2009, Mr. Smith serves on the audit, conduct review, investment and risk committees.</p>
 <p>John C. Thompson, FCPA FCA Chartered Accountant, Retired KPMG Partner</p>	<p>John C. Thompson has had a distinguished career with KPMG and its predecessor firms, serving as managing partner of the Hamilton, Ottawa and London offices, as well as serving as the partner-in-charge of audit services for southwestern Ontario.</p> <p>He also served on the firm's Partnership Board and its management committee.</p> <p>While on the Partnership Board, he chaired the partners' compensation committee. Working with some of KPMG's largest clients, Mr. Thompson has developed skills in financial reporting, management systems, and business and strategic planning. He has experience in business acquisitions, reorganizations, and private and public financing activities both in Canada and the United States.</p> <p>He obtained his chartered accountant designation in 1971 and was awarded an FCA in 1991.</p> <p>Mr. Thompson joined the LAWPRO Board in 2010 and serves on the audit, conduct review and risk committees.</p>

Director photo	Director biography
 <p>Kathleen Waters President and CEO LAWPRO</p>	<p>Kathleen A. Waters was appointed president and chief executive officer of LAWPRO in 2008. Previously she had overseen the strategic planning, operations, marketing, sales and administration for the TitlePLUS program. She sits on the executive committee of the LAWPRO Board.</p> <p>Formerly a partner with Torkin, Manes, Cohen & Arbus, Ms. Waters is the author of numerous papers and frequently speaks on real estate law, lawyers' professional liability insurance and title insurance.</p> <p>She holds an LL.B. from the University of Toronto and obtained her LL.M. from Osgoode Hall Law School in 2001.</p> <p>She was called to the Bar in 1987.</p> <p>Ms. Waters also serves as a Director on the Advisory Board of the Alberta Lawyers Insurance Exchange (ALIEX).</p>

Independent Auditor's Report



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To the Shareholder of Lawyers' Professional Indemnity Company

We have audited the accompanying financial statements of Lawyers' Professional Indemnity Company, which comprise the statement of financial position as at December 31, 2014, and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lawyers' Professional Indemnity Company as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 25, 2015

Appointed Actuary's Report



I have valued the policy liabilities including reinsurance recoverables of Lawyers' Professional Indemnity Company for its statement of financial position as at December 31, 2014, and their changes in its statement of profit or loss for the year then ended, in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

In my opinion, the amount of the policy liabilities makes appropriate provision for all policy obligations, and the financial statements fairly present the results of the valuation.

Toronto, Ontario
February 25, 2015

A handwritten signature in black ink, appearing to read "BGPelly", with a large "X" mark below it.

Brian G. Pelly
Fellow, Canadian Institute of Actuaries
Eckler Ltd.
110 Sheppard Avenue East, Suite 900
Toronto, Ontario M2N 7A3

Statement of Financial Position

Stated in thousands of Canadian dollars

As at	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 17,328	14,525
Investments (note 5)	597,280	575,039
Investment income due and accrued	2,012	2,136
Due from reinsurers	726	309
Due from insureds	1,909	2,027
Due from the Law Society of Upper Canada (note 12)	6,623	-
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	44,900	40,487
Other receivables	1,404	1,419
Other assets	1,984	2,758
Property and equipment (note 7)	1,658	2,193
Intangible asset (note 8)	1,028	-
Deferred income tax asset (note 14)	5,057	4,543
Total assets	\$ 681,909	645,436
Liabilities		
Provision for unpaid claims and adjustment expenses (note 9)	\$ 468,493	447,912
Unearned premiums (note 10)	769	749
Due to reinsurers	612	591
Due to insureds	265	66
Due to Law Society of Upper Canada (note 12)	-	3
Expenses due and accrued	1,635	1,526
Income taxes due and accrued	1,054	4,312
Other taxes due and accrued	456	402
	\$ 473,284	455,561
Equity		
Capital stock (note 17)	\$ 5,000	5,000
Contributed surplus (note 17)	30,645	30,645
Retained earnings	145,566	129,076
Accumulated other comprehensive income	27,414	25,154
	208,625	189,875
Total liabilities and equity	\$ 681,909	645,436

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

K. Waters

Kathleen A. Waters
Director

Susan T. McGrath

Susan T. McGrath
Director

Statement of Profit or Loss

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Revenue		
Gross written premiums	\$ 122,149	113,561
Premiums ceded to reinsurers (note 11)	(7,229)	(7,051)
Net written premiums	114,920	106,510
(Increase) decrease in unearned premiums (note 10)	(20)	(26)
Net premiums earned	114,900	106,484
Net investment income (note 5)	26,472	16,255
Ceded commissions	1,679	1,535
	\$ 143,051	124,274
Expenses		
Gross claims and adjustment expenses (note 9)	\$ 104,847	99,178
Reinsurers' share of claims and adjustment expenses	(5,262)	(2,475)
Net claims and adjustment expenses	99,585	96,703
Operating expenses (note 15)	16,830	16,330
Premium taxes	3,665	3,408
	120,080	116,441
Profit (loss) before income taxes	\$ 22,971	7,833
Income tax expense (recovery) (note 14)		
Current	\$ 6,220	2,126
Deferred	(309)	(226)
	5,911	1,900
Profit (loss)	\$ 17,060	5,933

Accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Profit (loss)	\$ 17,060	5,933
Other comprehensive income (loss), net of income tax:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurements of defined benefit obligation, net of income tax expense (recovery) of (\$206) [2013: (\$174)]	(570)	480
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<u>Available-for-sale assets</u>		
Net changes unrealized gains (losses), net of income tax expense (recovery) of \$2,517 (2013: \$5,780)	6,979	16,034
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,929) [2013: (\$1,618)]	(5,349)	(4,486)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$227 (2013: \$226) (note 5)	630	625
Other comprehensive income (loss)	1,690	12,653
Comprehensive income	\$ 18,750	18,586

Accompanying notes are an integral part of the financial statements.

Statement of Changes In Equity

Stated in thousands of Canadian dollars

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
Balance at December 31, 2012	\$ 5,000	30,645	122,663	12,981	171,289
Total comprehensive income for the year	-	-	5,933	12,653	18,586
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	480	(480)	-
Balance at December 31, 2013	5,000	30,645	129,076	25,154	189,875
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
Balance at December 31, 2014	\$ 5,000	30,645	145,566	27,414	208,625

The aggregate of retained earnings and accumulated other comprehensive income as at December 31, 2014 is \$172,980 (December 31, 2013: \$154,230).

Accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Operating Activities		
Profit (loss)	\$ 17,060	5,933
Items not affecting cash:		
Deferred income taxes	(309)	(226)
Amortization of property and equipment	728	815
Realized (gains) losses on disposition or impairment	(6,588)	(4,712)
Amortization of premiums and discounts on bonds	(2,159)	(2,503)
Changes in unrealized (gains) losses	(2,333)	6,003
	6,399	5,310
Changes in non-cash working capital balances:		
Investment income due and accrued	124	(234)
Due from reinsurers	(396)	2,564
Due from insureds	317	(428)
Due from the Law Society of Upper Canada	(6,626)	(2,562)
Reinsurers' share of provision for unpaid claims and adjustment expenses	(4,413)	(551)
Other receivables	15	(374)
Other assets	(2)	(398)
Income taxes due and accrued (recoverable)	(4,073)	2,595
Provision for unpaid claims and adjustment expenses	20,581	14,583
Unearned premiums	20	26
Expenses due and accrued	109	(108)
Other taxes due and accrued	54	(10)
Net cash inflow from operating activities	\$ 12,109	20,413
Investing Activities		
Purchases of property and equipment	\$ (193)	(173)
Purchases of intangible asset	(1,028)	-
Purchases of investments	(226,092)	(254,038)
Proceeds from sales and maturities of investments	218,007	229,946
Net cash outflow from investing activities	\$ (9,306)	(24,265)
Net change in cash and cash equivalents during the year	2,803	(3,852)
Cash and cash equivalents, beginning of year	14,525	18,377
Cash and cash equivalents, end of year	\$ 17,328	14,525
Cash and cash equivalents at end of year consists of:		
Cash	9,353	10,325
Cash equivalents	7,975	4,200
	\$ 17,328	14,525
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 10,293	2,206
Interest received	\$ 13,614	13,119
Dividends received	\$ 2,825	2,602

Accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

1. Nature of Operations

Lawyers' Professional Indemnity Company (the "Company") is an insurance company, incorporated on March 14, 1990 under the *Corporations Act* (Ontario) and licensed to provide lawyers professional liability insurance in Ontario and title insurance in all provinces and territories in Canada. The Company is a wholly-owned subsidiary of the Law Society of Upper Canada (the "Law Society"), which is the governing body for lawyers in Ontario. The Company's registered office is located at 250 Yonge Street, Toronto, Ontario, Canada.

2. Basis of Preparation and Significant Accounting Policies

These financial statements have been prepared under the *Insurance Act* (Ontario) and related regulations which require that, except as otherwise specified by the Company's primary insurance regulator, the Financial Services Commission of Ontario ("FSCO"), the financial statements of the Company are to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared in accordance with accounting standards issued and effective on or before December 31, 2014. None of the accounting requirements of FSCO represent exceptions to IFRS. These financial statements were authorized for issuance by the Company's Board of Directors on February 25, 2015.

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies conform, in all material respects, to IFRS.

Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would likely take into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for example, lease transactions that are within the scope of IAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 "*Impairment of Assets*".

The valuation process includes utilizing market driven fair value measurements from active markets where available, considering other observable and unobservable inputs and employing valuation techniques which make use of current market data. Considerable judgement may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that would be realized in a current market exchange.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

The Company utilizes a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value, which prioritizes these inputs into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. The three levels of the fair value hierarchy are:

Level 1 – Quoted market prices in active markets

Inputs to Level 1, the highest level of the hierarchy, reflect fair values that are quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is considered to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include debt and equity securities, quoted unit trusts and derivative contracts that are traded in an active exchange market, as well as certain government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Modelled with significant observable market inputs

Inputs to Level 2 fair values are inputs, other than quoted prices within Level 1 prices, that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 inputs include: quoted prices for similar (i.e. not identical) assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment spreads, loss severities, credit risks, and default rates); and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market corroborated inputs). Valuations incorporate credit risk by adjusting the spread above the yield curve for government treasury securities for the appropriate amount of credit risk for each issuer, based on observed market transactions. To the extent observed market spreads are either not used in valuing a security, or do not fully reflect liquidity risk, the valuation methodology reflects a liquidity premium. Examples of these are securities measured using discounted cash flow models based on market observable swap yields, and listed debt or equity securities in a market that is inactive. This category generally includes government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 – Modelled with significant unobservable market inputs

Inputs to Level 3 are unobservable, supported by little or no market activity, and are significant to the fair value of the assets or liabilities. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the business unit considers that market participants would use in pricing the asset or liability. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. Level 3 assets and liabilities generally include certain private equity investments, certain asset-backed securities, highly structured, complex or long-dated derivative contracts, and certain collateralized debt obligations where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Use of estimates and judgments made by management

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Key estimates are discussed in the following accounting policies and applicable notes.

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

Key areas where management has made difficult, complex or subjective judgments in the process of applying the Company's accounting policies, often as a result of matters that are inherently uncertain, include:

Impairment	Note 5c
Fair value measurements	Note 6
Property and equipment	Note 7
Unpaid claims and adjustment expenses	Note 9
Employee future benefits	Note 13
Income taxes	Note 14

Financial instruments – recognition and measurement

Financial assets are classified as fair value through profit or loss ("FVTPL"), available-for-sale, held to maturity or loans and receivables. Financial liabilities are classified as FVTPL or as other financial liabilities. These classifications are determined based on the characteristics of the financial assets and liabilities, the company's choice and/or the company's intent and ability. As permitted under the IFRS standards, a company has the ability to designate any financial instrument irrevocably, on initial recognition or adoption of the standards, as FVTPL provided certain criteria are met.

The Company's financial assets and liabilities are measured on the statement of financial position at fair value on initial recognition and are subsequently measured at fair value or amortized cost depending on their classification as indicated below.

Transaction costs for FVTPL investments are expensed in the current period, and for all other categories of investments are capitalized and, when applicable, amortized over the expected life of the investment. The Company accounts for the purchase and sale of securities using trade date accounting. Realized gains or losses on disposition are determined on an average cost basis.

The effective interest method is used to calculate amortization/accretion of premiums or discounts on fixed income securities over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the fixed income security, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are measured at fair value in the statement of financial position with realized gains and losses and net changes in unrealized gains and losses recorded in net investment income along with dividends and interest earned.

The Company maintains an investment portfolio, referred to as the cash-flow matched portfolio, which is designated as FVTPL. This portfolio is invested with the primary objective of matching the cash inflows from fixed income investment securities with the expected timing and magnitude of future payments of claims and adjustment expenses. The cash-flow matched portfolio represents a significant component of the Company's risk management strategy for meeting its claims obligations. The designation of the financial assets in the cash-flow matched investment portfolio as FVTPL is intended to significantly reduce the measurement or recognition inconsistency that would otherwise arise from measuring assets, liabilities, and gains and losses under different accounting methods. Interest rate movements cause changes in the values of the investment portfolio and of discounted estimated future claims liabilities. As the changes in values of the matched portfolio and of the discounted estimated future claims liabilities flow through profit or loss, the result is an offset of a significant portion of these changes.

Cash and cash equivalents are also classified as FVTPL. Cash and cash equivalents consist of cash on deposit and short-term investments that mature in three months or less from the date of acquisition. The net gain or loss recognized incorporates any interest earned on the financial asset.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

Available-for-sale financial assets

Financial assets classified as available-for-sale are measured at fair value in the statement of financial position. Net interest income, including amortization of premiums and the accretion of discounts, are recorded in investment income in profit or loss. Dividend income on common and preferred shares is included in investment income on the ex-dividend date. Changes in fair value of available-for-sale fixed income securities resulting from changes to foreign exchange rates are recognized in net investment income as incurred. Changes in the fair value of available-for-sale fixed income securities related to the underlying investment in its issued currency, as well as all elements of fair value changes of available-for-sale equity securities, are recorded to unrealized gains and losses in accumulated other comprehensive income ("AOCI") until disposition or impairment is recognized, at which time the cumulative gain or loss is reclassified to net investment income in profit or loss. When a reliable estimate of fair value cannot be determined for equity securities that do not have quoted market prices in an active market, the security is valued at cost.

Financial assets in the Company's surplus portfolio (consisting of all investments outside the cash-flow matched portfolio), including fixed income securities and equities, are designated as available-for-sale.

Other financial assets and liabilities

The Company has not designated any financial assets as held to maturity. Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest rate method. Given the short term nature of other financial assets and other financial liabilities, amortized cost approximates fair value.

Property and equipment

Property and equipment are recorded in the statement of financial position at cost less accumulated amortization. Amortization is charged to operating expense on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Computer software	1 to 3 years
Leasehold improvements	Term of lease

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized immediately in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less any applicable accumulated amortization and accumulated impairment losses. Once an acquired intangible asset is available for use, amortization is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying cost of the asset, are recognized in profit and loss when the asset is derecognized.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

Impairment

Financial Assets

Available-for-sale financial assets are tested for impairment on a quarterly basis. Objective evidence of impairment for fixed income securities includes financial difficulty of the issuer, bankruptcy or defaults and delinquency in payments of interest or principal. Objective evidence of impairment for equities includes a significant or prolonged decline in fair value of the equity below cost or changes with adverse effects that have taken place in the technological, market, economic or legal environment in which the issuer operates that indicates the cost of the security may not be recovered. In general, an equity security is considered impaired if the decline in fair value relative to cost has been either at least 25% for a continuous nine-month period or more than 40% at the end of the reporting period, or been in an unrealised loss position for a continuous period of 18 months.

Where there is objective evidence that an available-for-sale asset is impaired, the loss accumulated in AOCI is reclassified to net investment income. Once an impairment loss is recorded to profit or loss, the loss can only be reversed into income for fixed income securities to the extent a subsequent increase in fair value can be objectively correlated to an event occurring after the loss was recognized. Following impairment loss recognition, further decreases in fair value are recorded as an impairment loss to profit or loss, while a subsequent recovery in fair value for equity securities, and fixed income securities that do not qualify for loss reversal treatment, are recorded to other comprehensive income ("OCI"). Interest continues to be accrued, but at the effective rate of interest based on the fair value at impairment, and dividends of equity securities are recognized in income when the Company's right to receive payment has been established.

Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amount of its property and equipment, intangible assets and other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Canadian dollar is the functional and presentation currency of the Company. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange, with all translation differences recognized in investment income in the current period. Non-monetary assets and liabilities are translated at the date the fair value is determined, with the translation differences recognized in AOCI until disposition or impairment of the underlying asset or liability.

Notes to Financial Statements

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Premium-related balances

The Company issues two types of professional liability policies: a primary lawyer's errors and omissions policy and an excess policy increasing the insurance coverage limit to a maximum of \$9 million per claim/\$9 million in the aggregate above the \$1 million per claim/\$2 million aggregate levels provided by the primary policy; and a title insurance policy. Insurance policies written under the professional liability insurance program are effective on a calendar year basis. Professional liability insurance premium income is earned on a *pro rata* basis over the term of coverage of the underlying insurance policies, which is generally one year, except for policies for retired lawyers, which have terms of up to five years. Title insurance premiums are earned at the inception date of the policies.

Unearned premiums reported on the statement of financial position represent the portion of premiums written that relate to the unexpired risk portion of the policy at the end of the reporting period.

Premiums receivable are recorded in the statement of financial position as amounts due from insureds, net of any required provision for doubtful amounts. Premiums received from insureds in advance of the effective date of the insurance policy are recorded as amounts due to insureds in the statement of financial position.

The Company defers policy acquisition expenses, primarily premium taxes on its written professional liability insurance premiums, to the extent these costs are considered recoverable. These costs are expensed on the same basis that the related premiums are earned. The method to determine recoverability of deferred policy acquisition expenses takes into consideration future claims and adjustment expenses to be incurred as premiums are earned and anticipated net investment income. Deferred policy acquisition expenses are not material at year-end, and therefore the Company's policy is to not recognize an asset on the statement of financial position.

Unpaid claims and adjustment expenses

The provision for unpaid claims and adjustment expenses includes an estimate of the cost of projected final settlements of insurance claims incurred on or before the date of the statement of financial position, consisting of case estimates prepared by claims adjusters and a provision for incurred but not reported claims ("IBNR") calculated based on accepted actuarial practice in Canada as required by the Canadian Institute of Actuaries ("CIA"). These estimates include the full amount of all expected expenses, including related investigation, settlement and adjustment expenses, net of any anticipated salvage and subrogation recoveries. The professional liability insurance policy requires insureds to pay deductibles to the maximum extent of \$25,000 on each individual claim, subject to an additional \$10,000 for certain claims involving an administrative dismissal. Expected deductible recoveries on paid and unpaid claims are recognized net of any required provision for uncollectible accounts at the same time as the related claims liability.

The provision takes into consideration the time value of money using discount rates based on the estimated market value based yield to maturity of the underlying assets backing these liabilities, with reductions for estimated investment-related expense and credit risk. A provision for adverse deviations ("PfAD") is then added to the discounted liabilities, to allow for possible deterioration of experience in claims development, recoverability of reinsurance balances and investment risk, in order to generate the actuarial present value.

These estimates of future claims payments and adjustment expenses are subject to uncertainty and are selected from a wide range of possible outcomes. All provisions are periodically reviewed and evaluated in light of emerging claims experience and changing circumstances. The resulting changes in estimates of the ultimate liability are reported as net claims and adjustment expenses in the reporting period in which they are determined.

Reinsurance

In the normal course of business, the Company enters into per claim and excess of loss reinsurance contracts with other insurers in order to limit its net exposure to significant losses. Amounts relating to reinsurance in respect of the premiums and claims-related balances in the statements of financial position and profit or loss are recorded separately.

Notes to Financial Statements

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Premiums ceded to reinsurers are presented before deduction of broker commission and any premium-based taxes or duty. Amounts recoverable from reinsurers are estimated and recognized in a manner consistent with the Company's method of determining the underlying provision for unpaid claims and adjustment expenses covered by the reinsurance contract. Amounts recoverable from reinsurers are assessed for indicators of impairment at the end of each reporting period. An impairment loss is recognized and the amount recoverable from reinsurers is reduced by the amount by which the carrying value exceeds the expected recoverable amount under the impairment analysis.

Ceding commissions, which relate to amounts received from the Company's reinsurers on the placement of its reinsurance contracts, is earned into income on a *pro rata* basis over the contract period.

Income taxes

Income tax expense is recognized in profit or loss and the statement of profit or loss and other comprehensive income. Current tax is based on taxable income which differs from profit or loss as reported in the statement of profit or loss and statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax includes any adjustments in respect of prior years.

Deferred tax assets are generally recognized for all deductible temporary income tax differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The measurement of deferred tax assets and liabilities utilizes the liability method, reflecting the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of the related assets and liabilities. The carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right to offset current tax assets with current tax liabilities.

Employee benefits

The Company maintains a defined contribution pension plan for its employees as well as a supplemental defined benefit pension plan for certain designated employees, which provides benefits in excess of the benefits provided by the Company's defined contribution pension plan. For the supplemental defined benefit pension plan, the benefit obligation is determined using the projected unit credit method. Actuarial valuations are carried out at the end of each annual reporting period using management's assumptions on items such discount rates, expected asset performance, salary growth and retirement ages of employees. The discount rate is determined based on the market yields of high quality, mid-duration corporate fixed income securities.

Defined contribution plan expenses are recognized in the reporting period in which services are rendered. Regarding the supplemental defined benefit pension plan, remeasurements comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest cost), is reflected immediately in the statement of profit or loss and other comprehensive income with a charge or credit recognized in OCI in the period in which they occur. Remeasurements recognized in OCI are transferred immediately to retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows: service cost (including current service, past service cost, as well as gains or losses on curtailments and settlements), net interest expense or income, and remeasurements. The Company presents the first two components of defined benefit cost as part of operating expenses in the statement of profit or loss.

Notes to Financial Statements

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The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit pension plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

3. Application of New and Revised IFRSs Relevant to the Company

In the current year, the Company has applied a number of new and revised IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

a) Amendments to IAS 32 "*Offsetting Financial Assets and Financial Liabilities*"

The Company has applied the amendments to IAS 32 for the first time in the current year, and they have been applied retrospectively. The amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legal enforceable right of offset" and "simultaneous realisation and settlement". The application of the amendments to IAS 32 has not had any material impact on the amounts recognized or disclosed in the financial statements.

b) IFRIC 21 "*Levies*"

The Company has applied IFRIC 21 for the first time in the current year, and it has been applied retrospectively. IFRIC 21 "*Levies*" was issued to introduce an interpretation of IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" on the accounting for levies (except income taxes) imposed by governments, government agencies and similar bodies. IFRIC 21 defines a levy, and clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation provides guidance on how many different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statement preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The application of IFRIC 21 has not had any material impact on the amounts recognized or disclosed in the financial statements.

4. New and Revised IFRSs Issued but not yet Effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

a) IFRS 9 "*Financial Instruments*"

IFRS 9, issued in November 2009 as part of a three-phase project to replace IAS 39 "*Financial Instruments: Recognition and Measurement*", introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets as well as limited amendments to the classification and measurements by introducing fair value through other comprehensive income ("FVOCI") measurement category for certain simple debt instruments.

Notes to Financial Statements

For the year ended December 31, 2014

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Pursuant to IFRS 9, all recognized financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI. All other debt securities, as well as equity securities, are measured at FVTPL. Entities may make an irrevocable election to present subsequent changes in the fair value of an equity security in OCI, with only dividend income generally recognized in profit or loss. In addition, under the fair value option, entities may elect for amortized cost or FVOCI debt securities to be designated as FVTPL.

With regard to the measurement of financial liabilities designated as FVTPL, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is to be recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is recognized in profit or loss.

With regards to debt securities measured at amortized cost or FVOCI, IFRS 9 requires an expected credit loss model for determining impairment, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before impairment losses are recognized. Under IFRS 9, impairment is not considered for equity securities.

IFRS 9 as revised (2014) is effective for annual periods beginning on or after January 1, 2018. The Company anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

b) Amendments to IAS 19 “*Defined Benefit Plans: Employee Contributions*”

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent of the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. These amendments are effective for accounting periods beginning on or after July 1, 2014. The Company does not anticipate a significant impact from the implementation of these amendments.

Notes to Financial Statements

For the year ended December 31, 2014
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5. Investments

a) Summary

The tables below provide details of the amortized cost and fair value of the Company's investments, classified by accounting category and investment type:

December 31, 2014				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses and impairments	Fair value
Available-for-sale				
Fixed income securities	\$ 138,248	4,662	(28)	142,882
Common equities	66,840	30,828	(2,999)	94,669
	205,088	35,490	(3,027)	237,551
Designated as FVTPL				
Fixed income securities	\$ 348,878	11,186	(851)	359,213
Preferred equities	615	-	(99)	516
	349,493	11,186	(950)	359,729
Total	\$ 554,581	46,676	(3,977)	597,280
Reconciled in aggregate to asset classes as follows:				
Fixed income securities	\$ 487,126	15,848	(879)	502,095
Equities	67,455	30,828	(3,098)	95,185
Total	\$ 554,581	46,676	(3,977)	597,280

December 31, 2013				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses and impairments	Fair value
Available-for-sale				
Fixed income securities	\$ 115,700	2,956	(227)	118,429
Common equities	63,801	29,433	(2,779)	90,455
	179,501	32,389	(3,006)	208,884
Designated as FVTPL				
Fixed income securities	\$ 357,638	9,365	(1,347)	365,656
Preferred equities	615	-	(116)	499
	358,253	9,365	(1,463)	366,155
Total	\$ 537,754	41,754	(4,469)	575,039
Reconciled in aggregate to asset classes as follows:				
Fixed income securities	\$ 473,338	12,321	(1,574)	484,085
Equities	64,416	29,433	(2,895)	90,954
Total	\$ 537,754	41,754	(4,469)	575,039

In the above tables, the gross unrealized figures for common equities securities includes recognized impairments. As at December 31, 2014, of the total cumulative impairments of \$5,339,916 (December 31, 2013: \$5,335,662) an amount of \$3,975,633 is included in gross unrealized losses (December 31, 2013: \$3,248,254) and an amount of \$1,364,283 is included in gross unrealized gains (December 31, 2013: \$2,087,408). For additional details, see note 5c.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

b) Maturity profile of fixed income securities

The maturity profile of fixed income securities and its analysis by type of issuer is as follows:

December 31, 2014				
	Within 1 year	1 to 5 years	Over 5 years	Total
Available-for-sale				
Issued or guaranteed by:				
Canadian federal government	\$ -	23,482	309	23,791
Canadian provincial and municipal governments	1,741	76,846	14,838	93,425
Mortgage backed securities	206	1,534	-	1,740
Corporate debt	903	14,880	8,143	23,926
	2,850	116,742	23,290	142,882
Designated as FVTPL				
Issued or guaranteed by:				
Canadian federal government	\$ 29,186	17,906	-	47,092
Canadian provincial and municipal governments	6,304	30,574	43,611	80,489
Mortgage backed securities	6,008	14,639	-	20,647
Corporate debt	39,388	72,596	99,001	210,985
	80,886	135,715	142,612	359,213
Fixed income securities	\$ 83,736	252,457	165,902	502,095
Percent of total	17%	50%	33%	100%

December 31, 2013				
	Within 1 year	1 to 5 years	Over 5 years	Total
Available-for-sale				
Issued or guaranteed by:				
Canadian federal government	\$ 50	16,420	323	16,793
Canadian provincial and municipal governments	-	57,895	22,867	80,762
Mortgage backed securities	83	1,869	-	1,952
Corporate debt	502	9,190	9,230	18,922
	635	85,374	32,420	118,429
Designated as FVTPL				
Issued or guaranteed by:				
Canadian federal government	\$ 28,228	21,830	-	50,058
Canadian provincial and municipal governments	22,753	34,905	44,439	102,097
Mortgage backed securities	361	10,352	-	10,713
Corporate debt	27,642	83,286	91,860	202,788
	78,984	150,373	136,299	365,656
Fixed income securities	\$ 79,619	235,747	168,719	484,085
Percent of total	16%	49%	35%	100%

The weighted average duration of fixed income securities as at December 31, 2014 is 2.77 years (December 31, 2013: 3.10 years). The effective yield on fixed income securities as at December 31, 2014 is 2.67% (December 31, 2013: 2.79%).

Notes to Financial Statements

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c) Impairment Analysis

Management performs a quarterly analysis of the Company's available-for-sale investments to determine whether there is objective evidence that the estimated cash flows of the investments have been affected. The analysis includes the following procedures as deemed appropriate by management:

- identifying all security holdings in unrealized loss positions that have existed for a length of time that management believes may impact the recoverability of the investment;
- identifying all security holdings in unrealized loss positions that have an unrealized loss magnitude that management believes may impact the recoverability of the investment;
- reviewing the trading range of certain investments over the preceding calendar period;
- assessing whether any credit losses are expected for those investments. This assessment includes consideration of, among other things, all available information and factors having a bearing upon collectability such as changes to credit rating by rating agencies, financial condition of the issuer, expected cash flows and value of any underlying collateral;
- assessing whether declines in fair value for any fixed income securities represent objective evidence of impairment based on their investment grade credit ratings from third party security rating agencies;
- assessing whether declines in fair value for any fixed income securities with non-investment grade credit rating represent objective evidence of impairment based on the history of its debt service record; and
- obtaining a valuation analysis from third party investment managers regarding the intrinsic value of these holdings based on their knowledge, experience and other market based valuation techniques.

As a result of the impairment analysis performed by management, \$857,061 in write-downs to various equity securities were required for the year ended December 31, 2014 (2013: \$850,680).

The movements in cumulative impairment write-downs on available-for-sale investments for the years ended December 31 were as follows:

	2014	2013
Balance, as at January 1	\$ 5,336	5,174
Increase for the year charged to the income statement	857	851
Release upon disposition	(853)	(689)
Balance, as at December 31	\$ 5,340	5,336

Notes to Financial Statements

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d) Net investment income

Net investment income arising from investments designated as FVTPL and classified as available-for-sale recorded in profit or loss for the year ended December 31 is as follows:

	2014			2013		
	Designated as FVTPL	Available- for-sale	Total	Designated as FVTPL	Available- for-sale	Total
Interest	\$ 12,166	3,480	15,646	12,777	3,042	15,819
Dividends	21	2,817	2,838	21	2,613	2,634
Net realized gains (losses)	307	7,278	7,585	(475)	6,104	5,629
Change in net unrealized gains (losses)	2,333	97	2,430	(6,003)	67	(5,936)
Impairments	-	(857)	(857)	-	(851)	(851)
	14,827	12,815	27,642	6,320	10,975	17,295
Less: Investment expenses	(781)	(389)	(1,170)	(388)	(652)	(1,040)
Net investment income	\$ 14,046	12,426	26,472	5,932	10,323	16,255

e) Realized and change in unrealized gains and losses

The realized gains (losses) and increase (decrease) in the unrealized gains and losses of the Company's available-for-sale investments recorded in OCI for the year ended December 31 are as follows:

	2014					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 415	(110)	305	1,905	(505)	1,400
Equities	6,863	(1,819)	5,044	1,170	(310)	860
Total	\$ 7,278	(1,929)	5,349	3,075	(815)	2,260

	2013					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 911	(241)	670	(2,235)	592	(1,643)
Equities	5,193	(1,377)	3,816	18,797	(4,981)	13,816
Total	\$ 6,104	(1,618)	4,486	16,562	(4,389)	12,173

Notes to Financial Statements

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6. Fair Value Measurements of Financial Assets and Liabilities

The following tables present the fair value of the Company's financial assets and liabilities categorized by either recurring or non-recurring. The items presented below include related accrued interest or dividends, as appropriate.

As at December 31, 2014		Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value (recurring basis)									
Cash and cash equivalents	\$ 17,333	-	-	-	17,333	17,333	-	-	17,333
Fixed income securities	360,398	-	143,409	-	503,807	238,857	264,950	-	503,807
Common equities	-	-	94,958	-	94,958	94,958	-	-	94,958
Preferred equities	522	-	-	-	522	-	522	-	522
	378,253	-	238,367	-	616,620	351,148	265,472	-	616,620
Financial assets measured at fair value (non-recurring basis)									
Due from reinsurers	-	726	-	-	726	-	726	-	726
Due from insureds	-	1,909	-	-	1,909	-	1,909	-	1,909
Due from the Law Society of Upper Canada	-	6,623	-	-	6,623	-	6,623	-	6,623
Other receivables	-	1,404	-	-	1,404	-	1,404	-	1,404
Other assets	-	294	-	-	294	-	294	-	294
	-	10,956	-	-	10,956	-	10,956	-	10,956
Financial liabilities measured at fair value (non-recurring basis)									
Due to reinsurers	-	-	-	612	612	-	612	-	612
Due to insureds	-	-	-	265	265	-	265	-	265
Expenses due and accrued	-	-	-	1,635	1,635	-	1,635	-	1,635
Other taxes due and accrued	-	-	-	456	456	-	456	-	456
	-	-	-	2,968	2,968	-	2,968	-	2,968
Total	\$ 378,253	10,956	238,367	(2,968)	624,608	351,148	273,460	-	624,608

As at December 31, 2013		Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value (recurring basis)									
Cash and cash equivalents	\$ 14,525	-	-	-	14,525	14,525	-	-	14,525
Fixed income securities	367,033	-	118,897	-	485,930	244,017	241,913	-	485,930
Common equities	-	-	90,740	-	90,740	90,740	-	-	90,740
Preferred equities	505	-	-	-	505	-	505	-	505
	382,063	-	209,637	-	591,700	349,282	242,418	-	591,700
Financial assets measured at fair value (non-recurring basis)									
Due from reinsurers	-	309	-	-	309	-	309	-	309
Due from insureds	-	2,027	-	-	2,027	-	2,027	-	2,027
Other receivables	-	1,419	-	-	1,419	-	1,419	-	1,419
Other assets	-	280	-	-	280	-	280	-	280
	-	4,035	-	-	4,035	-	4,035	-	4,035
Financial liabilities measured at fair value (non-recurring basis)									
Due to reinsurers	-	-	-	591	591	-	591	-	591
Due to insureds	-	-	-	66	66	-	66	-	66
Due from the Law Society of Upper Canada	-	-	-	3	3	-	3	-	3
Expenses due and accrued	-	-	-	1,526	1,526	-	1,526	-	1,526
Other taxes due and accrued	-	-	-	402	402	-	402	-	402
	-	-	-	2,588	2,588	-	2,588	-	2,588
Total	\$ 382,063	4,035	209,637	(2,588)	593,147	349,282	243,865	-	593,147

There were no transfers between any levels during the year ended December 31, 2014 (2013: none).

Note that for financial instruments such as short term trade receivables and payables, the Company believes that their carrying amounts are reasonable approximations of fair value.

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7. Property and Equipment

During the years ending December 31, details of the movement in the carrying values by class of property and equipment are as follows:

	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Total
January 1, 2013	\$ 57	562	204	2,012	2,835
Additions	7	90	62	14	173
Amortization	(31)	(292)	(119)	(373)	(815)
December 31, 2013	33	360	147	1,653	2,193
Additions	36	25	98	34	193
Amortization	(15)	(216)	(116)	(381)	(728)
December 31, 2014	\$ 54	169	129	1,306	1,658

Details of the cost and accumulated amortization of property and equipment are as follows:

	December 31, 2014			December 31, 2013		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Furniture and fixtures	\$ 1,407	(1,353)	54	1,372	(1,339)	33
Computer equipment	2,065	(1,896)	169	2,040	(1,680)	360
Computer software	732	(603)	129	633	(486)	147
Leasehold improvements	3,441	(2,135)	1,306	3,407	(1,754)	1,653
Total	\$ 7,645	(5,987)	1,658	7,452	(5,259)	2,193

8. Intangible Asset

The Company's recognized intangible asset consists of a license. During the years ending December 31, details of the movement in the carrying values are as follows:

	2014	2013
Cost	-	-
Balance, beginning of year	\$ -	-
Additions from separate acquisitions	1,028	-
Additions from internal developments	-	-
Disposals or classified as held for sale	-	-
Balance, end of year	1,028	-
Accumulated amortization and impairment	-	-
Balance, beginning of year	-	-
Amortization expense	-	-
Disposals or classified as held for sale	-	-
Impairment losses	-	-
Balance, end of year	-	-
Carrying amount	\$ 1,028	-

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For the year ended December 31, 2014
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9. Provision for Unpaid Claims and Adjustment Expenses

a) Nature of unpaid claims and adjustment expenses

The determination of the provision for unpaid claims and adjustment expenses is a complex process based on known facts, interpretations and judgment and is influenced by a variety of factors. These factors include the Company's own experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims and adjustment expenses, product mix and concentration, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Company's claim departments' personnel and independent adjusters retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, investment rates of return, court decisions and economic conditions. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the settlement of the claim, the more potential for variation in the ultimate settlement amount. Accordingly, short-tailed claims, such as property claims, tend to be more reasonably predictable than long-tailed claims, such as professional liability and title claims.

The process of establishing the provision relies on the judgment and opinions of a large number of individuals, on historical precedents and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The provision reflects expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, together with a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

Consequently, the measurement of the ultimate settlement costs of claims to date that underlies the provision for unpaid claims and adjustment expenses, and any related recoveries for reinsurance and deductibles, involves estimates and measurement uncertainty. The amounts are based on estimates of future trends in claim severity and other factors which could vary as claims are settled. Variability can be caused by several factors including the emergence of additional information on claims, changes in judicial interpretation, significant changes in severity or frequency of claims from historical trends, and inclusion of exposures not contemplated at the time of policy inception. Ultimate costs incurred could vary from current estimates. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the methods of estimation that have been used will produce reasonable results given the current information.

b) Methodologies and assumptions

The best estimates of future claims payments and adjustment expenses are determined based on one or more of the following actuarial methods: the Adler-Kline method, the chain ladder method, the frequency and severity method and the expected loss ratio method. Considerations in the choice of methods to estimate ultimate claims include, among other factors, the line of business, the number of years of experience and the relative maturity of the experience, and as such, reflect methods for lines of business with long settlement patterns and which are subject to the occurrence of large claims.

Each method involves tracking claims data by "policy year", which is the year in which such claims are made for the Company's professional liability policies, and the year in which such policies were written for its title policies. Claims paid and reported, gross and net of reinsurance recoveries and net of salvage and subrogation, are tracked by lines of business, policy years and development periods in a format known as claims development triangles.

Notes to Financial Statements

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A description of each of these methods is as follows:

i. Adler-Kline method

This is a form of frequency and severity method which involves estimation of the closing pattern for current open and estimated unreported claims, which is combined with estimates of the average severity across successive intervals of percentage claims closed, based on consideration of historical claim settlement patterns and average amounts paid on closed claims.

ii. Chain ladder method

The distinguishing characteristic of this form of development method is that ultimate claims for each policy year are projected from recorded values assuming the future claim development is similar to the prior years' development.

iii. Frequency and severity method

This method assumes that, for each identified homogenous claims type group, claims count reported to date will develop to ultimate in a similar manner to historical patterns, and settle at predictable average severity amounts. This method involves applying the developed estimated ultimate claims count to selected estimated ultimate average claim severities.

iv. Expected loss ratio method

Using the expected loss ratio method, ultimate claims projections are based upon *a priori* measures of the anticipated claims. An expected loss ratio is applied to the measure of exposure to determine estimated ultimate claims for each year. This method is commonly used in lines of business with a limited experience history.

Claims data includes external claims adjustment expenses, and for a portion of the portfolio includes internal claims adjustment expenses ("IAE"). A provision for IAE has been determined based on the Mango-Allen claim staffing technique, a transaction-based method which utilizes expected future claims handler workload per claim per handler, claims closure rates and ultimate claims count. The IAE provision is included in the IBNR balances.

The provision for unpaid claims and adjustment expenses is discounted using an interest rate based on the estimated market value based yield to maturity, inherent credit risk and related investment expense of the Company's fixed income securities supporting the provision for unpaid claims and adjustment expense as at December 31, 2014, which was 1.95% (December 31, 2013: 2.69%). Reinsurance recoverable estimates and claims recoverable from other insurers are discounted in a manner consistent with the method used to establish the related liability. Based on published guidance from the CIA, as at December 31, 2014 the PfAD was calculated at 15% (December 31, 2013: 15%) of the net discounted claim liabilities, 1.5% (December 31, 2013: 1.5%) of the ceded discounted claim liabilities, and a 0.50% reduction to the discount rate (December 31, 2013: 0.50%).

As the provision for unpaid claims and adjustment expenses is recorded on a discounted basis and reflects the time value of money, its carrying value is expected to provide a reasonable basis for the determination of fair value. However, determination of fair value also requires the practical context of a buyer and seller, both of whom are willing and able to enter into an arm's length transaction. In the absence of such a practical context, the fair value is not readily determinable.

The following table shows unpaid claims and adjustment expenses on an undiscounted basis and a discounted basis:

	December 31, 2014		December 31, 2013	
	Undiscounted	Discounted	Undiscounted	Discounted
Unpaid claims and adjustment expenses	\$ 426,622	468,493	417,231	447,912
Recoverable from reinsurers	(41,349)	(44,900)	(38,063)	(40,487)
Net	<u>\$ 385,273</u>	<u>423,593</u>	<u>379,168</u>	<u>407,425</u>

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For the year ended December 31, 2014
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Details of the provision for unpaid claims and adjustment expenses, by line of business, are summarized as follows:

	December 31, 2014			December 31, 2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Professional liability	\$ 453,626	(44,814)	408,812	430,823	(40,348)	390,475
Title	14,867	(86)	14,781	17,089	(139)	16,950
Total	\$ 468,493	(44,900)	423,593	447,912	(40,487)	407,425

The provision for unpaid claims and adjustment expenses by case reserves and IBNR are as follows:

	December 31, 2014			December 31, 2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Case reserves	\$ 287,235	(3,056)	284,179	269,525	(3,473)	266,052
IBNR	181,258	(41,844)	139,414	178,387	(37,014)	141,373
Total	\$ 468,493	(44,900)	423,593	447,912	(40,487)	407,425

An evaluation of the adequacy of claims liabilities is completed at the end of each financial quarter. This evaluation includes a re-estimation of the liability for unpaid claims and adjustment expenses compared to the liability that was originally established. As adjustments to estimated claims liabilities become necessary, they are reflected in current operations.

c) Changes in methodologies or basis of selection of assumptions

Based on the Company's actuarial valuation process, at each valuation the Company's claims data is analyzed to determine whether the current methodologies and basis of selection of actuarial assumptions continue to be appropriate for the determination of the IBNR provision. As a result, the Company revised the basis of selection of some key assumptions used in its actuarial valuation methods as at December 31, 2014 and December 31, 2013.

In 2014, the Company updated the methodologies and basis of selection of key assumptions used in determining its provision for unpaid claims and adjustment expenses to ensure they appropriately reflect emerging experience and changes in risk profile, which resulted in a change to projected net cash outflows and, therefore, to the provision. In addition, as at December 31, 2014, an amount of \$2,303,584 was added explicitly to the IBNR provision to account for a group of related claims. The net impact of these changes was a \$4,979,000 decrease in the provision, before reinsurance, as at December 31, 2014, which included a net decrease of \$5,378,629 relating to severity assumptions and an increase of \$399,629 relating to claim frequency assumptions. This total impact has been allocated by policy year as a \$2,607,000 decrease related to the current year and a \$2,372,000 decrease related to the prior years, and by line of business as a \$4,135,119 net decrease to professional liability and an \$843,881 net decrease to title.

In 2013, the Company performed a detailed re-evaluation of the methodologies and basis of selection of key assumptions used in determining its provision for unpaid claims and adjustment expenses to ensure they appropriately reflect emerging experience and changes in risk profile. Changes to the actuarial methods and assumptions resulted in a change to projected net cash outflows and, therefore, to the provision. The net impact of the changes in the basis of selection of assumptions and model enhancements was an \$11,417,969 decrease in the provision, before reinsurance, as at December 31, 2013, which included a net decrease of \$11,609,994 relating to severity assumptions, and an increase of \$192,025 relating to claim frequency assumptions. This total impact has been allocated by policy year as a \$4,925,517 decrease related to the current year and a \$6,492,452 decrease related to the prior years and by line of business as a \$12,136,482 net decrease to professional liability and a \$718,513 increase to title.

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For the year ended December 31, 2014

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Details of the claims and adjustment expenses for the year ended December 31 are as follows:

	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Claims & external adjustment expenses paid	\$ 76,408	849	75,559	77,248	1,924	75,324
Change in case reserves	10,501	(500)	11,001	1,930	(3,106)	5,036
Change in IBNR	(2,176)	3,786	(5,962)	(4,446)	2,300	(6,746)
Discount expense	11,190	1,127	10,063	14,763	1,357	13,406
IAE paid	7,858	-	7,858	7,347	-	7,347
Change in provision for IAE	1,066	-	1,066	2,336	-	2,336
	\$ 104,847	5,262	99,585	99,178	2,475	96,703

Changes in the provision for unpaid claims and adjustment expenses, including IAE, recorded in the statement of financial position during the year is comprised of the following:

	2014	2013
Provision for unpaid claims and adjustment expenses – January 1 – net	\$ 407,425	393,393
Change in net provision for claims and adjustment expenses due to:		
Prior years' incurred claims	(19,658)	(24,366)
Current year's incurred claims	109,180	107,663
Net claims and adjustment expenses paid in relation to:		
Prior years	(74,147)	(74,920)
Current year	(9,270)	(7,751)
Impact of discounting	10,063	13,406
Provision for unpaid claims and adjustment expenses – December 31 – net	423,593	407,425
Reinsurers' share of provisions for unpaid claims and adjustment expenses	44,900	40,487
Provision for unpaid claims and adjustment expenses – December 31 – gross	\$ 468,493	447,912

d) Loss development tables

The tables on the following pages show the development of claims, excluding IAE, by policy year over a period of time. The first table reflects development for gross claims, which excludes any reductions for reinsurance recoverables. The second table reflects development for net claims, which is gross claims less reinsurance recoverables. The top triangle in each table shows how the estimates of total claims for each policy year develop over time as more information becomes known regarding individual claims and overall claims frequency and severity. Claims are presented on an undiscounted basis in the top triangle. The bottom triangle in each table presents the cumulative amounts paid for claims and external loss adjustment expenses for each policy year at the end of each successive year. At the bottom of each table, the provision for IAE as well as the effect of discounting and the PfAD, as at December 31, 2014, is presented based on the net amounts of the two triangles.

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Before the effect of reinsurance, the loss development table is as follows:

		Policy Year										
	All Prior Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimate of Ultimate Claims												
At end of Policy year	\$	76,338	82,043	88,720	91,567	94,936	90,778	98,870	110,380	102,937	103,962	
One Year Later		77,704	81,820	90,139	99,776	95,781	90,585	100,573	93,630	95,423		
Two Years Later		78,736	82,040	95,375	94,086	97,708	89,394	97,841	90,749			
Three Years Later		72,246	78,097	93,715	93,942	96,541	87,128	96,265				
Four Years Later		74,959	72,438	93,424	92,322	94,258	87,341					
Five Years Later		71,851	70,399	90,823	89,566	91,157						
Six Years Later		68,675	71,942	91,450	88,292							
Seven Years Later		66,854	71,364	90,168								
Eight Years Later		64,347	70,799									
Nine Years Later		63,693										
Cumulative Claims Paid												
At end of Policy year		(3,792)	(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	
One Year Later		(14,771)	(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,743)	(18,406)		
Two Years Later		(26,437)	(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(30,885)	(26,124)			
Three Years Later		(35,268)	(35,114)	(51,509)	(47,582)	(48,477)	(42,488)	(44,452)				
Four Years Later		(43,306)	(44,050)	(59,136)	(55,086)	(59,669)	(54,208)					
Five Years Later		(50,379)	(49,252)	(65,553)	(63,348)	(67,445)						
Six Years Later		(53,878)	(56,997)	(71,553)	(66,017)							
Seven Years Later		(56,628)	(60,476)	(75,582)								
Eight Years Later		(58,992)	(61,965)									
Nine Years Later		(60,194)										
Estimate of Ultimate Claims		63,693	70,799	90,168	88,292	91,157	87,341	96,265	90,749	95,423	103,962	
Cumulative Claims Paid		(60,194)	(61,965)	(75,582)	(66,017)	(67,445)	(54,208)	(44,452)	(26,124)	(18,406)	(5,516)	
Undiscounted Claims Liabilities	13,422	3,499	8,834	14,586	22,275	23,712	33,133	51,813	64,625	77,017	98,446	411,362
Provision for IAE	147	81	136	264	421	540	711	1,364	2,354	3,395	5,847	15,260
Discounting (including PfAD)	1,398	378	905	1,562	2,427	2,487	3,468	5,398	6,778	7,712	9,358	41,871
Present Value recognized in the												
Statement of Financial Position	\$ 14,967	3,958	9,875	16,412	25,123	26,739	37,312	58,575	73,757	88,124	113,651	468,493

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After the effect of reinsurance, the loss development table is as follows:

		Policy Year											
	All Prior Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	
Estimate of Ultimate Claims													
At end of Policy year	\$	72,615	78,076	84,240	86,762	89,886	86,458	94,874	106,381	98,696	99,579		
One Year Later		73,981	77,873	85,659	94,971	91,732	86,265	96,577	89,631	91,183			
Two Years Later		75,013	78,093	90,895	90,242	93,660	85,075	93,845	86,750				
Three Years Later		68,523	74,150	90,130	90,098	92,492	82,808	92,269					
Four Years Later		71,236	69,280	89,840	88,478	90,209	83,022						
Five Years Later		68,873	67,241	87,238	85,722	87,108							
Six Years Later		65,696	68,785	87,866	84,448								
Seven Years Later		63,875	68,207	86,584									
Eight Years Later		64,347	67,641										
Nine Years Later		63,693											
Cumulative Claims Paid													
At end of Policy year		(3,792)	(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)		
One Year Later		(14,771)	(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,741)	(18,406)			
Two Years Later		(26,437)	(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(29,976)	(26,122)				
Three Years Later		(35,268)	(35,114)	(51,509)	(47,582)	(48,477)	(42,466)	(43,542)					
Four Years Later		(43,306)	(44,050)	(59,136)	(55,086)	(59,669)	(54,111)						
Five Years Later		(50,379)	(49,252)	(65,553)	(63,348)	(67,409)							
Six Years Later		(53,878)	(56,997)	(71,553)	(66,017)								
Seven Years Later		(56,628)	(60,476)	(75,582)									
Eight Years Later		(58,992)	(61,965)										
Nine Years Later		(60,194)											
Estimate of Ultimate Claims		63,693	67,641	86,584	84,448	87,108	83,022	92,269	86,750	91,183	99,579		
Cumulative Claims Paid		(60,194)	(61,965)	(75,582)	(66,017)	(67,409)	(54,111)	(43,542)	(26,122)	(18,406)	(5,516)		
Undiscounted Claims Liabilities	6,600	3,499	5,676	11,002	18,431	19,699	28,911	48,727	60,628	72,777	94,063	370,013	
Provision for IAE	147	81	136	264	421	540	711	1,364	2,354	3,395	5,847	15,260	
Discounting (including PfAD)	816	378	637	1,237	2,070	2,133	3,094	5,129	6,430	7,367	9,029	38,320	
Present Value recognized in the													
Statement of Financial Position	\$	7,563	3,958	6,449	12,503	20,922	22,372	32,716	55,220	69,412	83,539	108,939	423,593

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10. Unearned Premiums

The following changes have occurred in the provision for unearned premiums during the years ended December 31:

	2014	2013
Balance, as at January 1	\$ 749	723
Net premiums written during the year	114,920	106,510
Less: Net premiums earned during the year	(114,900)	(106,484)
Increase (decrease) in unearned premiums	20	26
Balance, as at December 31	\$ 769	749

The estimates for unearned premium liabilities have been actuarially tested to ensure that they are sufficient to pay for future claims and expenses in servicing the unexpired policies as of the valuation dates.

11. Reinsurance

The Company's reinsurance program consists of a 90% quota share cession on its excess professional liability policies (2013: 90%), and a \$10 million in excess of \$5 million per occurrence clash reinsurance arrangement which provides protection for single events that bring about multiple professional liability and/or title claims with an additional \$20 million in excess of \$15 million per occurrence relating to class action proceedings (2013: \$20 million in excess of \$15 million). Reinsurance does not relieve the Company of its primary liability as the originating insurer. In the event that a reinsurer is unable to meet obligations assumed under reinsurance agreements, the Company is liable for such amounts. Reinsurance treaties typically renew annually and the terms and conditions are reviewed by senior management and reported to the Company's Board of Directors. Reinsurance agreements are negotiated with reinsurance companies that have an independent credit rating of "A-" or better and that the Company considers creditworthy. Based on current information on the financial health of the reinsurers, no provision for doubtful debts has been made in the financial statements in respect of reinsurers.

12. Related Party Transactions

Pursuant to a service agreement effective January 1, 1995, and as amended effective September 30, 2009, the Company administers the Errors and Omissions Insurance Fund (the "Fund") of the Law Society and provides all services directly related to the operations and general administration of the Fund in consideration for the Law Society insuring its mandatory professional liability insurance program with the Company.

The insurance policy under the mandatory professional liability insurance program of the Law Society is written by the Company and is effective on a calendar year basis. The insurance policy is renewed effective January 1 each year subject to the Law Society's acceptance of the terms of renewal submitted by the Company. The annual policy limits for each of the years effective January 1, 1995 to December 31, 2014 are \$1 million per claim and \$2 million in aggregate per member. Under the insurance policy that was in force between July 1, 1990 and December 31, 1994, the Company was responsible for claims in excess of the Law Society and member deductibles. The provision for unpaid claims and adjustment expenses is net of amounts relating to policies for years prior to 1995 that are payable by the Law Society.

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For the year ended December 31, 2014, \$110,871,667 of the gross premiums written related to mandatory insurance coverage provided to the Law Society and its members (2013: \$102,093,412). As at December 31, 2014, the Company had a balance due from the Law Society of \$6,622,607 (December 31, 2013: \$2,896 due to Law Society).

For the year ended December 31, 2014, the Company contributed to the Law Society \$231,194 in regards to a wellness program to be made available to the insureds of the Company's primary liability policy (2013: \$210,230). This expenditure is included in operating expenses (see note 15).

The total compensation to Company personnel classified as key management, being those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors of the Company, is as follows:

	2014	2013
Short-term compensation and benefits	\$ 3,372	3,163
Post employment benefits	246	251
	\$ 3,618	3,414

13. Employee Benefits

The Company has a defined contribution pension plan which is available to all its employees upon meeting the eligibility requirements. Each employee is required to contribute 4.5% of yearly maximum pensionable earnings, and 6% in excess thereof, of an employee's annual base earnings. Under the plan, the Company matches all employee contributions. In 2014, the Company made payments of \$641,012 (2013: \$603,836) and recorded pension expense of \$675,910 (2013: \$630,402).

The Company also has a supplemental defined benefit pension plan, which provides pension benefits on a final salary or fixed schedule basis, depending on certain criteria. Measurements and funding requirements of this plan are based on valuations prepared by an external actuary. For reporting purposes the plan is measured using the projected unit credit method, which involves calculating the actuarial present value of the past service liability to members including an allowance for their projected future earnings. Funding requirements for the plan are determined using the solvency method, which utilizes the estimated cost of securing each member's benefits with an insurance company or alternative buy-out provider as at the valuation date. The valuation methods are based on a number of assumptions, which vary according to economic conditions, including prevailing market interest rates, and changes in these assumptions can significantly affect the measurement of the pension obligations.

Funding for the supplemental plan commenced in 2005, with no payments made in 2014 (2013: \$248,402) and recorded pension expenses of \$11,865 in 2014 (2013: \$59,671). Funding requirements are reviewed annually with an actuarial valuation for funding purposes effective as at December 31. As the Company's defined benefit pension plan qualifies as a "retirement compensation arrangement" pursuant to the *Income Tax Act*, half of any required annual contribution to the plan is remitted to the Canada Revenue Agency, held in a refundable tax account and refunded in prescribed amounts as actual benefit payments are made to the participants. The most recent actuarial valuation for funding purposes was performed effective December 31, 2013. Management's preliminary estimate is that no contribution is required to the plan during the year ending December 31, 2015.

The assets of both pension plans are held separately from those of the Company in funds under the control of trustees.

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The defined benefit pension plan exposes the Company to risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality mid-duration corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity and fixed income securities. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest rate risk	A decrease in the market interest rate will increase the plan obligation; however, this will be partially offset by an increase in the return of the plan's fixed income securities.
Longevity risk	The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's obligation.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's obligation.

The following represents the assets and liabilities associated with pension benefits measured using values as at December 31:

Defined benefit plan obligation

	2014	2013
Accrued benefit obligation		
Balance, as at January 1	\$ 6,253	6,343
Current service cost	120	126
Interest cost	287	249
Remeasurement (gains) losses:		
Actuarial (gains) losses – demographic assumptions	72	285
Actuarial (gains) losses – financial assumptions	704	(545)
Actuarial (gains) losses – experience adjustments	(5)	-
Benefits paid	(273)	(205)
Balance, as at December 31	\$ 7,158	6,253

Defined benefit plan assets

	2014	2013
Plan assets		
Fair value, as at January 1	\$ 8,731	7,978
Interest income on plan assets	395	316
Remeasurement gains (losses):		
Return on plan assets greater (less) than discount rate	(5)	394
Benefits paid	(273)	(205)
Employer contribution	-	248
Fair value, as at December 31	\$ 8,848	8,731

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The defined benefit plan assets arise primarily from employer contributions that are originally allocated equally between deposits with the Government of Canada and investments in the units of a balanced pooled fund. The fair values of the above equity and fixed income securities are derived based on quoted market prices in active markets. The plan assets contain the following financial instrument allocation:

	December 31, 2014	December 31, 2013
Equity securities	33.21%	36.42%
Fixed income securities	17.32%	16.48%
Cash and cash equivalents	4.55%	1.31%
Refundable-tax account	44.92%	45.79%
	100%	100%

Reconciliation of funded status surplus of the benefit plans to the amounts recorded in the financial statements is as follows:

	December 31, 2014	December 31, 2013
Fair value of plan assets	\$ 8,848	8,731
Accrued benefit obligation	(7,158)	(6,253)
Funded status surplus	1,690	2,478
Irrecoverable surplus (effect of asset ceiling)	-	-
Accrued benefit asset	\$ 1,690	2,478

The accrued benefit asset is included in other assets in the statement of financial position.

Amounts recognized in comprehensive income in respect of the defined benefit plan in the year ended December 31:

	2014	2013
Service cost:		
Current service cost	\$ 120	126
Past service cost and (gain) loss from settlements	-	-
Net interest (income) expense	(108)	(67)
Components of defined benefit costs recognized in profit or loss	12	59
Remeasurement on the net defined benefit liability		
Actuarial (gain) loss due to liability experience	(5)	-
Actuarial (gain) loss due to liability assumption changes	776	(260)
Actuarial (gain) loss arising during year	771	(260)
Return on plan assets (greater) less than discount rate	5	(394)
Change in irrecoverable surplus (effect of asset ceiling)	-	-
Components of defined benefit costs recognized in OCI	776	(654)
Total	\$ 788	(595)

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

The significant assumptions used by the Company for year-end measurement purposes are as follows:

	2014	2013
Discount rate	3.80%	4.60%
Rate of compensation increase	3.50%	3.50%
Mortality	CPM 2014Priv mortality table with generational mortality improvements following Scale CPM-B; pension size adjustment factors of 0.83 for males and 0.88 for females	CPM-RPP2014Priv mortality table with generational mortality improvements following Scale CPM-A; pension size adjustment factors of 0.84 for males and 0.96 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2014, if the discount rate was 1% higher/(lower) the defined benefit obligation would decrease by \$863,800 (increase by \$1,061,400). Note that the sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one or other changes as some of the assumptions may be correlated.

The expected maturity profile of the defined benefit obligation as at December 31, 2014 is as follows:

	2015	2016	2017	2018	2019	Thereafter
Expected benefit payments	273	282	281	280	401	1,983

The defined benefit obligation as at December 31, 2014 by participant category is as follows:

Active participants	2,412
Pensioners	4,746

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

14. Income Taxes

a) Income tax expense recognized in profit or loss

The total income tax expense recognized in profit or loss is comprised as follows:

	2014	2013
Current income tax		
(Recovered) expensed during the year	\$ 6,220	2,129
Prior year adjustments	-	(3)
Total current income tax expense (recovery)	6,220	2,126
Deferred income tax		
Origination and reversal of temporary differences	(309)	(226)
Changes in statutory tax rates	-	-
Total deferred income tax expense (recovery)	(309)	(226)
Total income tax expense (recovery)	\$ 5,911	1,900

Deferred income tax expense recognized in profit or loss represents movements on the following items:

	2014	2013
Unpaid claims and adjustment expenses	\$ (214)	(186)
Investments	(40)	(42)
Pensions	(12)	43
Property and equipment	(43)	(41)
	\$ (309)	(226)

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

b) Income tax expense recognized in the statement of profit or loss and other comprehensive income

The total income tax expense recognized in OCI is comprised as follows:

	2014	2013
Current income tax		
Unrealized investment gains and losses on available-for-sale portfolio	\$ 815	4,388
Pensions	-	-
Total current income tax expense	815	4,388
Deferred income tax		
Unrealized investment gains and losses on available-for-sale portfolio	-	-
Pensions	(206)	174
Total deferred income tax expense	(206)	174
Total income tax expense in OCI	\$ 609	4,562

c) Income tax reconciliation

The following is a reconciliation of income taxes, calculated at the statutory income tax rate, to the income tax provision included in profit or loss.

	2014	2013
Profit or loss before income taxes	\$ 22,971	7,833
Statutory income tax rate	26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates	6,087	2,076
Increase (decrease) resulting from:		
Investments	(198)	(193)
Non-deductible meals and entertainment	13	12
Other non-deductible items	9	5
Provision for (recovery of) income taxes	\$ 5,911	1,900

The statutory rate applicable to the Company at December 31, 2014 is same as at December 31, 2013.

During the year, the Company made income tax payments of \$10,293,132 (2013: \$2,205,734) and received no income tax refunds (2013: \$2,674,499) from the various taxing authorities.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

d) Net deferred income tax asset

The Company's net deferred income tax asset is the result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The sources of these temporary differences and the tax effects are as follows:

	December 31, 2014	December 31, 2013
Deferred tax assets		
Net provision for unpaid claims and adjustment expenses	\$ 5,613	5,398
Property and equipment	292	249
	5,905	5,647
Deferred tax liabilities		
Investments	(433)	(471)
Pension	(415)	(633)
	(848)	(1,104)
Total net deferred tax assets	\$ 5,057	4,543

The Company believes that, based on available information, it is probable that the deferred income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

15. Operating Expenses

The following table summarizes the Company's operating expenses by nature:

	2014	2013
Salaries and benefits	\$ 9,755	9,373
Administrative expenses	2,631	2,203
Professional fees	1,746	1,682
Occupancy lease	1,047	1,100
Communication	463	582
Information systems	746	875
Amortization of property and equipment	442	515
Total	\$ 16,830	16,330

Included in salaries and benefits are amounts for future employee benefits under a defined contribution plan of \$641,012 (2013: \$603,836) and a supplementary defined benefit plan of \$11,865 (2013: \$59,671).

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

16. Operating Lease Commitments

The Company entered into a lease agreement for premises at 250 Yonge Street, with an effective date of February 1, 2008 and an expiry date of May 31, 2018. The Company has an option to extend the lease period for five additional years under the current general terms and conditions.

At December 31, 2014, lease obligations on office premises were as follows:

2015	1,220
2016	1,220
2017	1,220
2018	508

17. Capital Stock and Contributed Surplus

Capital stock of the Company represents:

30,000 Common Shares of par value of \$100 each – authorized, issued and paid.

20,000 6% non-cumulative, redeemable, non-voting Preferred Shares of par value of \$100 each – authorized, issued and paid.

The Preferred Shares meet the definition of equity in accordance with the criteria outlined in IAS 32 “*Financial Instruments: Presentation*”.

Contributed surplus represents additional capitalization funding provided by the Law Society.

18. Statutory Insurance Information

The Company is the beneficiary of trust accounts in the amount of \$1,238,354 as at December 31, 2014 (December 31, 2013: \$1,247,970) which are held as security for reinsurance ceded to unregistered reinsurers. This trust balance is not reflected in these financial statements but is considered in determining statutory capital requirements.

In accordance with licensing requirements, the Company no longer requires deposited securities with the regulatory authorities (December 31, 2013: market value of \$50,416).

19. Capital Management

Capital is comprised of the Company's equity. As at December 31, 2014 the Company's equity was \$208,625,233 (December 31, 2013: \$189,875,442). The Company's objectives when managing capital are to maintain financial strength and protect its claims paying abilities, to maintain creditworthiness and to provide a reasonable return to the shareholder over the long term. In conjunction with the Company's Board of Directors and its Audit Committee, senior management develops the capital strategy and oversees the capital management processes of the Company. Capital is managed using both regulatory capital measures and internal metrics.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

FSCO, the Company's primary insurance regulator, along with other provincial insurance regulators, regulate the capital required in the Company using two key measures, i.e., Minimum Capital Test ("MCT") and the Dynamic Capital Adequacy Test ("DCAT"). FSCO has established an MCT guideline which sets out 100% as the minimum and 150% as the supervisory target for P&C insurance companies. To ensure that it attains its objectives, the Company has established an internal target of 180% (2013: 180%) in excess of which, under normal circumstances, the Company will maintain its capital. During the year ended December 31, 2014, the Company complied with the various provincial regulators' guidelines and as at December 31, 2014, the Company has a MCT ratio of 251% (December 31, 2013: 233%). Annually, the Company's Appointed Actuary prepares a DCAT on the MCT to ensure that the Company has adequate capital to withstand significant adverse event scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. The Appointed Actuary must present both an annual report and the DCAT report to management and the Audit Committee. The DCAT report prepared during the year indicated that the Company's capital position is satisfactory. In addition, the target, actual and forecasted capital position of the Company is subject to ongoing monitoring by management using stress and scenario analysis to ensure its adequacy.

The Company may use reinsurance to manage its capital position.

20. Risk Management

By virtue of the nature of the insurance company business, financial instruments comprise the majority of the Company's statement of financial position as at both December 31, 2014 and 2013. The most significant identified risks to the Company which arise from holding financial instruments and insurance contract liabilities include insurance risk, credit risk, liquidity risk and market risk. The market risk exposure of the Company is primarily related to changes in interest rates and adverse movement in equity prices.

The Company employs an enterprise-wide risk management framework which establishes practices for risk management and includes policies and processes to identify, assess, manage and monitor risks and risk tolerance limits. It provides governance and supervision of risk management activities across the Company's business units, promoting the discipline and consistency applied to the practice of risk management.

The Company's risk framework is designed to minimize risks that could materially adversely affect the value or stature of the Company, to contribute to stable and sustainable returns, to identify risks that the Company can manage in order to increase earnings, and to provide transparency of the Company's risks through internal and external reporting. The Company's risk philosophy involves undertaking risks for appropriate return and accepting those risks that meet its objectives. The Company's risk management program is aligned with its long term vision and its culture supports an effective risk management program. The key components of the risk culture include acting with fairness, appreciating the impact of risk on all major stakeholders, embedding risk management into day to day business activities, fostering full and transparent communications, cooperation, and aligning of objectives and incentives. The Company's risk management activities are monitored by its Risk Committee and Board of Directors.

The risk exposure measures expressed below primarily include the sensitivity of the Company's profit or loss, and OCI as applicable, to the movement of various economic factors. These risk exposures include the sensitivity due to specific changes in market prices and interest rate levels projected using internal models as at a specific date, and are measured relative to a starting level reflecting the Company's assets and liabilities at that date and the actuarial factors, investment returns and investment activity the Company assumes in the future. The risk exposures measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ materially from these estimates for a variety of reasons including the interaction among these factors when more than one changes, changes in actuarial and investment return and future investment activity assumptions, actual experience differing from the assumptions, changes in business mix, effective tax rates, and other market factors and general limitations of the Company's internal models.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

a) Insurance risk

Insurance risk is the risk of loss due to actual experience differing from the experience assumed when a product was designed and priced with respect to claims, policyholder behaviour and expenses. The Company has identified pricing risk, concentration of risk and reserving risk as its most significant sources of insurance risks. The Company's underwriting objective is to develop business within its target market on a prudent and diversified basis and to achieve profitable operating results.

Pricing risk

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclical nature of the insurance market. The market cycle is affected by the frequency and severity of claims, levels of capacity and demand, general economic conditions and price competition.

The Company focuses on profitable underwriting using a combination of experienced underwriting staff, pricing models and price adequacy monitoring tools. The Company prices its products taking into account numerous factors including claims frequency and severity trends, product line expense ratios, special risk factors associated with the product line, and the investment income earned on premiums held until the payment of claims and expenses. The Company's pricing is designed to ensure an appropriate return while also providing long-term rate stability. These factors are reviewed and adjusted periodically to ensure they reflect the current environment.

Concentration of risk

A concentration of risk represents the exposure to increased losses associated with an inadequately diversified portfolio of policy coverage. The Company has a reinsurance program to limit its exposure to catastrophic losses from any one event or set of events. The Company has approximately 99% of its business in Ontario (2013: 99%) and 96% in professional liability (2013: 95%), and consequently is exposed to trends, inflation, judicial changes and regulatory changes affecting these segments. The geographical diversity by location of the underlying insurance risk for the year ended December 31 is summarized below:

Gross written premium	2014			2013		
	Ontario	All other provinces	Total	Ontario	All other provinces	Total
Professional liability	\$ 116,979	-	116,979	108,009	-	108,009
Title	4,966	204	5,170	5,257	295	5,552
Total	\$ 121,945	204	122,149	113,266	295	113,561

Reserving risk

Reserving risk arises because actual claims experience can differ adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and the ultimate resolution of the claim. Claims provisions reflect expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors. Reserve changes associated with claims of prior periods are recognized in the current period, which could have a significant impact on current year profit or loss. In order to mitigate this risk the Company utilizes information systems in order to maintain claims data integrity, and the claims provision valuations are prepared by an internal actuary on a quarterly basis, and are reviewed separately by, and must be acceptable to, management of the Company every quarter and the external Appointed Actuary at mid-year and year-end.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

Sensitivity analyses

Risks associated with property and casualty insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the provision for its unpaid claims and adjustment expenses recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome. Among the Company's lines of business, the professional liability line of business has the largest provision for unpaid claims and adjustment expenses. Given this line of business and the actuarial methods utilized to estimate the related provision for unpaid claims and adjustment expenses, the reported claims count development factors and average claim severity selections are the most critical of the assumptions used. The following table provides the estimated increase (decrease) of the net provision for unpaid claims and adjustment expense and the after-tax net effect on equity if the reported claims count development factors were increased such that the estimate of unreported claims was 20% higher or the average claim severity selections were 1% higher. Other changes in assumptions are considered to be less material.

	December 31, 2014		December 31, 2013	
	Net provision for unpaid claims and adjustment expenses	Equity	Net provision for unpaid claims and adjustment expenses	Equity
Unreported claims +20%	5,283	(3,883)	4,904	(3,605)
Average claim severities +1%	5,299	(3,895)	4,843	(3,560)

b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a borrower or counterparty to fulfill its payment obligation to the Company. Credit risks arise from investments in fixed income securities and preferred shares, and balances due from insureds and reinsurers.

Management monitors credit risk and any mitigating controls. The Company has established a credit review process where the credit quality of all exposures is continually monitored so that appropriate prompt action can be taken when there is a change which may have material impact.

Governance processes around investments include oversight by the Board of Directors' Investment Committee. The oversight includes reviews of the Company's third party investment managers, investment performance and adherence to the Company's investment policy. The Company's investment policy statement is reviewed at least on an annual basis and addresses various matters including investment objectives, risks and management. Guidelines and limits have been established in respect of asset classes, issuers of securities and the nature of securities to address matters such as quality and concentration of risks.

With respect to credit risk arising from balances due from reinsurers, the Company's exposure is measured to reflect both current exposure and potential future exposure to ceded liabilities. Reinsurance and insurance counterparties must also meet minimum risk rating criteria. The Company's Board of Directors has approved a reinsurance policy, which is monitored by the Company's Audit Committee.

Notes to Financial Statements

For the year ended December 31, 2014
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The following table provides a credit risk profile of the Company's applicable investment assets and amounts recoverable from reinsurers.

December 31, 2014							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 3,580	-	-	-	-	13,748	17,328
Fixed income securities	93,346	92,900	224,115	66,619	-	25,115	502,095
Investment income due and accrued	182	286	891	470	1	182	2,012
Due from reinsurers	-	-	651	-	7	68	726
Due from insureds	-	-	-	-	-	1,909	1,909
Due from the Law Society of Upper Canada	-	-	-	-	-	6,623	6,623
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	44,595	-	53	252	44,900
Other receivables	-	-	-	-	-	1,404	1,404
Other assets	\$ -	-	-	-	-	1,984	1,984

December 31, 2013							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 550	-	-	-	-	13,975	14,525
Fixed income securities	107,128	109,025	193,069	69,077	-	5,786	484,085
Investment income due and accrued	216	294	832	678	-	116	2,136
Due from reinsurers	-	-	276	-	7	26	309
Due from insureds	-	-	-	-	-	2,027	2,027
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	40,049	-	-	438	40,487
Other receivables	-	-	-	-	-	1,419	1,419
Other assets	\$ -	-	-	-	-	2,758	2,758

Fixed income securities are rated using a composite of Moody's, Standard & Poor and Dominion Bond Rating Service ratings, and reinsurers are rated using A.M. Best. The balances in the above tables do not contain any amounts that are past due.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have enough funds available to meet all expected and unexpected cash outflow commitments as they fall due. Under stressed conditions, unexpected cash demands could arise primarily from a significant increase in the level of claim payment demands.

To manage its cash flow requirements, the Company has arranged diversified funding sources and maintains a significant portion of its invested assets in highly liquid securities such as cash and cash equivalents and government bonds (see note 5b). In addition, the Company has established counterparty exposure limits that aim to ensure that exposures are not so large that they may impact the ability to liquidate investments at their market value.

Claims liabilities account for the majority of the Company's liquidity risk. A significant portion of the investment portfolio is invested with the primary objective of matching the investment asset cash flows with the expected future payments on these claims liabilities. This portion, referred to as the cash-flow matched investment portfolio, consists of fixed income and preferred equity securities that are intended to address the liquidity and cash flow needs of the Company as claims are settled. The remainder of the Company's overall investment portfolio, the available-for-sale portfolio, backs equity and is invested in fixed income securities and equities with the objective of preserving capital and achieving an appropriate return consistent with the objectives of the Company.

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The following tables summarize the carrying amounts of financial instruments and insurance assets and liabilities by contractual maturity or expected cash flow dates (the actual repricing dates may differ from contractual maturity because certain securities and debentures have the right to call or prepay obligations with or without call or prepayment penalties) as at:

December 31, 2014

	Within one year	One to five years	More than five years	No fixed maturity	Total
Assets					
Cash and cash equivalents	\$ 17,328	-	-	-	17,328
Investments – designated as FVTPL	80,885	135,715	142,612	516	359,728
Investments – available-for-sale	2,850	116,742	23,291	94,669	237,552
Investment income due and accrued	2,012	-	-	-	2,012
Due from reinsurers	726	-	-	-	726
Due from insureds	1,909	-	-	-	1,909
Reinsurers' share of unpaid claims	10,691	25,157	7,496	1,556	44,900
Due from Law Society	6,623	-	-	-	6,623
Other receivable	1,404	-	-	-	1,404
Other assets	1,984	-	-	-	1,984
Total	126,412	277,614	173,399	96,741	674,166
Liabilities					
Provision for unpaid claims	111,554	262,493	78,213	16,233	468,493
Due to reinsurers	612	-	-	-	612
Due to insureds	265	-	-	-	265
Expenses due and accrued	1,635	-	-	-	1,635
Total	\$ 114,066	262,493	78,213	16,233	471,005

December 31, 2013

	Within one year	One to five years	More than five years	No fixed maturity	Total
Assets					
Cash and cash equivalents	\$ 14,525	-	-	-	14,525
Investments – designated as FVTPL	78,984	150,373	136,299	499	366,155
Investments – available-for-sale	635	85,374	32,420	90,455	208,884
Investment income due and accrued	2,136	-	-	-	2,136
Due from reinsurers	309	-	-	-	309
Due from insureds	2,027	-	-	-	2,027
Reinsurers' share of unpaid claims	10,347	18,989	5,952	5,199	40,487
Other receivable	1,419	-	-	-	1,419
Other assets	2,758	-	-	-	2,758
Total	113,140	254,736	174,671	96,153	638,700
Liabilities					
Provision for unpaid claims	98,586	215,468	70,553	63,305	447,912
Due to reinsurers	591	-	-	-	591
Due to insureds	66	-	-	-	66
Due to Law Society	3	-	-	-	3
Expenses due and accrued	1,526	-	-	-	1,526
Total	\$ 100,772	215,468	70,553	63,305	450,098

Notes to Financial Statements

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d) Market and interest rate risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates, and equity prices. Due to the nature of the Company's business, invested assets and insurance liabilities as well as revenues and expenses are impacted by movements in capital markets, interest rates, and to a lesser extent, foreign currency exchange rates. Accordingly, the Company considers these risks together in managing its asset and liability positions and ensuring that risks are properly addressed. These risks are referred to collectively as market price and interest rate risk - the risk of loss resulting from movements in market price, interest rate, credit spreads and foreign currency rates.

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company is exposed to interest rate price risk on monetary financial assets and liabilities that have a fixed interest rate and is exposed to interest rate cash flow risk on monetary financial assets and liabilities with floating interest rates that are reset as market rates change.

For FVTPL assets and other financial assets supporting actuarial liabilities, the Company is exposed to interest rate risk when the cash flows from assets and the policy obligations they support are significantly mismatched, as this may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows under unfavourable interest environments. Bonds designated as available-for-sale generally do not support actuarial liabilities. Changes in fair value, other than foreign exchange rate gains and losses, of available-for-sale fixed income securities are recorded to OCI.

The following chart provides the estimated increase (decrease) on the Company's net investment income, net provision for unpaid claims and adjustment expenses, and after-tax OCI, after an immediate parallel increase or decrease of 1% in interest rates as at December 31 across the yield curve in all markets.

		December 31, 2014			December 31, 2013		
		Net investment income	Net provision for unpaid claims and adjustment expenses	After-tax OCI	Net investment income	Net provision for unpaid claims and adjustment expenses	After-tax OCI
Interest rates	+1%	(9,224)	(12,741)	(2,951)	(10,780)	(11,686)	(3,003)
	-1%	9,664	13,428	3,092	11,332	9,717	3,161

Market price and interest rate risk is managed through established policies and standards of practice that limit market price and interest rate risk exposure. Company-wide market price and interest rate risk limits are established and actual positions are monitored against limits. Target asset mixes, term profiles, and risk limits are updated regularly and communicated to portfolio managers. Actual asset positions are periodically rebalanced to within established limits.

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual equity securities. The Company's equities are designated as available-for-sale and generally do not support actuarial liabilities. The following chart provides the estimated increase (decrease) on the Company's after-tax OCI, assuming all other variables held constant, after an immediate 10% increase or decrease in equity prices as at December 31.

		2014 After-tax OCI	2013 After-tax OCI
Equity prices	+10%	6,958	6,648
	-10%	(6,958)	(6,648)

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Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, in particular when an asset and liability mismatch exists in a different currency than the currency in which they are measured. As the Company does not hold significant liabilities in foreign currencies, the resulting currency risk is borne by the Company and forms part of its overall investment income. The table below details the effect of a 10% movement of the currency rate against the Canadian dollar as at December 31, with all other variables held constant.

Currency	2014		2013	
	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)
US Dollar	356	3,081	344	2,600
Euro	-	1,142	1	1,204
Other	-	830	-	847
	356	5,053	345	4,651

The Company also manages possible excessive concentration of risk. Excessive concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company applies specific policies on maintaining a diversified portfolio. Identified risk concentrations are managed accordingly.

The following tables summarize the carrying amounts of financial instruments by geographical location of the issuer, as at:

December 31, 2014						
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 13,770	486,983	25,358	1,772	527,883	85.6%
USA	3,558	-	39,083	61	42,702	6.9%
France	-	-	9,573	-	9,573	1.6%
Netherlands	-	-	5,216	-	5,216	0.8%
Others	-	15,112	15,955	179	31,246	5.1%
Total	\$ 17,328	502,095	95,185	2,012	616,620	100.0%

December 31, 2013						
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 11,068	465,013	26,786	1,911	504,778	85.3%
USA	3,443	-	29,961	50	33,454	5.7%
France	-	-	9,155	-	9,155	1.6%
Australia	-	4,197	1,387	30	5,614	0.9%
Others	14	14,875	23,665	145	38,699	6.5%
Total	\$ 14,525	484,085	90,954	2,136	591,700	100.0%

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

21. Contingent Liability

During 2012, three insurance companies providing a separate coverage to the insured in excess of the Company's primary professional liability policy commenced independent but related legal actions against the Company, claiming total damages of \$28,000,000 for alleged breaches of duty in the Company's handling of a claim. The Company believes that the actions lack merit and will vigorously defend its position. Accordingly, the Company has not recorded any related provision in its statement of financial position. Subsequent to the claims being brought forward, two claimants have agreed to drop their actions against the Company without costs. The amount of damages claimed by the remaining claimant is \$14,000,000.

22. Contingent Asset

In 2013, the *Income Tax Act* was amended to extend tax exempt status given to certain subsidiaries of Canadian municipalities to also include certain subsidiaries of public bodies performing a function of government in Canada. Transitional rules were also included to allow applicable taxpayers to refile on this tax exempt basis for their taxation years beginning after May 8, 2000. After completing a detailed and careful evaluation of the applicability of the new provisions to the Company, the Company believes that it is probable that a refund claim would be successful. Accordingly, during the current year the Company has filed as a tax exempt organization for income tax purposes, and has requested full retrospective exemption back to its 2001 taxation year. The income tax payments relating to taxation years 2001 onwards total as much as \$65,810,261. The exemption would also give rise to significant ongoing future income tax savings, but the Company's deferred income tax asset would be of nil value.

LIBRARYCO INC.

PROXY

The undersigned, a shareholder of LibraryCo Inc. (the "Corporation"), hereby appoints E. Susan Elliott as proxyholder for the undersigned to attend, act and vote for and on behalf of the undersigned at the Annual Meeting of Shareholders of the Corporation to be held on Tuesday, May 12, 2015 at Osgoode Hall, Toronto, at 9:00 a.m, and any adjournment or adjournments thereof, and to vote and otherwise act before the meeting, in the same manner as the undersigned could do if personally present there at, the undersigned hereby ratifying and confirming and agreeing to ratify and confirm all that such proxyholder may lawfully do by virtue hereof.

Dated the _____ day of _____, 2015.

The Law Society of Upper Canada
By: Janet E. Minor, Treasurer



LIBRARYCO INC.

**NOTICE
OF THE ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders (the “**Shareholders**”) of LibraryCo Inc. (the “Corporation”) will be held at Osgoode Hall, Toronto, Ontario on Tuesday, May 12, 2015 at 9:00 a.m. for the following purposes:

1. To approve the minutes of the May 9, 2014 Annual Meeting;
2. To receive and consider LibraryCo Inc.'s 2014 Annual Report and the financial statements for the Corporation for the fiscal year ended 2014 together with the auditor's report thereon;
3. To confirm proceedings since the last Annual Meeting of Shareholders; and
4. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED at Toronto, Ontario this 14th day of April, 2015.

On behalf of the Board of Directors,

Wendy Tysall, Secretary



LIBRARYCO INC.

**ANNUAL MEETING OF SHAREHOLDERS
TUESDAY, MAY 12, 2015**

PROPOSED SHAREHOLDER RESOLUTIONS

1. APPROVAL OF MINUTES OF PREVIOUS MEETING*

RESOLVED THAT the minutes of the previous meeting of the shareholders of the Corporation held on May 9, 2014, are accepted.

2. CONFIRMATION OF PROCEEDINGS

RESOLVED that all by-laws, resolutions, contracts, acts and proceedings of the board of directors, shareholders and officers of the Corporation enacted, passed, made, done or taken since the date of the last annual meeting of shareholders are hereby approved, ratified, sanctioned and confirmed.

* Attached are draft minutes of the May 9, 2014 Shareholders Meeting.



DRAFT – FOR APPROVAL AT 2015 ANNUAL MEETING

MINUTES of the annual meeting of the shareholders of LibraryCo Inc. (the “Corporation”) held at the offices of the Corporation, Osgoode Hall, Toronto, Ontario on the 9th day of May, 2014 at the hour of 1:30 o'clock.

PRESENT:

Alan Silverstein (who acted as proxy for the Treasurer of the Law Society of Upper Canada)
Michael Drake
Ross Earnshaw
Brett Harrison ((who acted as proxy for the President of the Toronto Lawyers' Association)
Clarke Melville
Frances Wood
Miriam Young, representing the County and District Law Presidents' Association

being all of the shareholders of the Corporation.

OTHERS PRESENT:

Martha Foote, Board General Manager
Wendy Tysall, Chief Financial Officer

REGRETS:

Jacqueline Horvat
James Scarfone

Alan Silverstein, a member of the Corporation, acted as Chair of the meeting.

The Chair stated that a quorum of the shareholders of the Corporation being personally present and that notice of the meeting had been given to all the shareholders in accordance with the by-laws of the Corporation, the Chair declared the meeting to be regularly constituted for the transaction of business.

The Chair introduced and thanked the shareholder representatives for attending the meeting.

Minutes of Previous Meeting

Upon motion duly made, seconded and carried unanimously, **IT WAS RESOLVED THAT** the reading of the minutes of the previous meeting of the shareholders of the Corporation held on May 3, 2013, as the same appear in the minute book of the Corporation, was dispensed with and the same be taken as read and confirmed.

Moved by: R. Earnshaw

Seconded: F. Wood

Carried.

Report of the Chair

The Chair laid before the meeting a report of the activities of the Corporation in the preceding year and a full statement of accounts of the Corporation showing all receipts and expenditures for the current year as received by the Board of Directors.

Financial Statements

The Chair presented to the meeting the financial statements of the Corporation for the financial year ended 2013, together with the auditor's report thereon, as approved by the directors.

Confirmation of Proceedings

Upon motion duly made, seconded and carried unanimously, **IT WAS RESOLVED** that all by-laws, resolutions, contracts, acts and proceedings of the Board of Directors of the Corporation enacted, passed, made, done or taken since the date of the last annual meeting of shareholders are approved, ratified, sanctioned and confirmed.

Moved by: M. Drake

Seconded: M. Young

Carried.

Appointment of Directors

The Chair advised the meeting that it was in order to proceed with the appointment of directors for the ensuing year, and the following persons were appointed:

Michael Drake, County and District Law Presidents' Association
Ross Earnshaw, Law Society of Upper Canada
Jacqueline Horvat, Law Society of Upper Canada
Brett Harrison, Toronto Lawyers' Association
Clarke Melville, County & District Law Presidents' Association
James Scarfone, Law Society of Upper Canada
Alan Silverstein, Law Society of Upper Canada
Frances Wood, County & District Law Presidents' Association

Upon motion duly made, seconded and carried unanimously, **IT WAS RESOLVED** that these persons are appointed directors of the Corporation to hold office until the next annual meeting of members or until their respective successors are elected or appointed.

Moved by: M. Young

Seconded: B. Harrison

Carried.

Termination

There being no further business before the meeting, the meeting then terminated.

Moved by: R. Earnshaw

Carried.

Chair of the Meeting

Secretary of the Meeting



Tab 3

**Secretary's Report to Convocation
April 23, 2015**

**Amendment to By-Law 3 Respecting Nominations for the
Treasurer's Election**

Purpose of Report: Decision

**Prepared by the Policy Secretariat
Jim Varro (416-947-3434)**

FOR DECISION

AMENDMENT TO BY-LAW 3

Motion

1. That Convocation make the amendment to By-Law 3 [Benchers, Convocation and Committees] set out in the motion at [Tab 3.1](#) respecting the date for the close of nominations for the election of the Treasurer in a year for the election of lawyer benchers.

Issue for Consideration

2. In a year in which a bencher election for lawyer benchers is held, By-Law 3 (Benchers, Convocation and Committees) provides that the close of nominations for the Treasurer's election is the fourth Friday in May.
3. The *Law Society Act* requires that an elected bencher be elected as Treasurer.
4. If Convocation in May is scheduled to be after the fourth Friday in May in an election year, those benchers who may wish to be candidates for the election of the Treasurer will not have taken office as benchers, as By-Law 3 provides that they take office as an elected bencher at the May Convocation in an election year. As such, benchers who are elected at the end of April but who have not taken office before the close of nominations for the election of the Treasurer are not eligible candidates in the Treasurer's election.
5. An amendment to the By-Law is required to modify the date for the close of nominations in an election year to ensure that candidates are eligible for election.
6. The proposed amendment to By-Law 3 in this report provides that the close of nominations is on the Friday immediately after the day on which the regular meeting of Convocation is held in May.

THE LAW SOCIETY OF UPPER CANADA
BY-LAWS MADE UNDER SUBSECTIONS 62 (0.1) AND (1) OF THE LAW SOCIETY ACT
BY-LAW 3
[BENCHERS, CONVOCATION AND COMMITTEES]

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 23, 2015

MOVED BY

SECONDED BY

THAT By-Law 3 [Benchers, Convocation and Committees], made by Convocation on May 1, 2007 and amended by Convocation on June 28, 2007, September 20, 2007, November 22, 2007, June 26, 2008, April 30, 2009, September 24, 2009, February 25, 2010, May 27, 2010, October 28, 2010, November 25, 2010, January 27, 2011, November 24, 2011, April 26, 2012, September 27, 2012, September 25, 2013, February 27, 2014, March 4, 2014 and September 24, 2014, be further amended as follows:

1. Subsection 55 (4) of the English version of the By-Law is amended by deleting “the fourth Friday in May” and substituting “the Friday immediately after the day on which the regular meeting of Convocation is held in May”.
2. Subsection 55 (4) of the French version of the By-Law is amended by deleting “autorisés à pratiquer le droit en Ontario en qualité d’avocat et avocate, la date de clôture des mises en candidature tombe le quatrième vendredi de mai à 17 heures” and substituting “autorisés à exercer le droit en Ontario en qualité d’avocats, la date de clôture des mises en candidature tombe à 17 heures le vendredi qui suit immédiatement le jour de la réunion ordinaire du Conseil de mai”.



TAB 4

**Report to Convocation
April 23, 2015**

Audit & Finance Committee

Committee Members

Christopher Bredt (Co-Chair)

Peter Wardle (Co-Chair)

John Callaghan

Susan Elliott

Seymour Epstein

Michelle Haigh

Vern Krishna

Judith Potter

James Scarfone

Alan Silverstein

Catherine Strosberg

Purpose of Report: Decision and Information

Prepared by the Finance Department

Wendy Tysall, Chief Financial Officer, 416-947-3322 or wtysall@lsuc.on.ca

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COMMITTEE PROCESS

1. The Audit & Finance Committee (“the Committee”) met on April 8, 2015. Committee members in attendance were Chris Bredt (co-chair), Peter Wardle (co-chair), John Callaghan, Susan Elliott (phone), Seymour Epstein, Michelle Haigh, Vern Krishna, Judith Potter, Alan Silverstein and Catherine Strosberg (phone).
2. Bob Evans also attended.
3. Also in attendance were:
 - Paula Jesty, Steve Stewart and Pina Colavecchia – Deloitte LLP
 - Stephen Copeland and Ryan Domsey – Foyston, Gordon & Payne
 - Brian White – AON Hewitt
 - Kathleen Waters and Steve Jorgensen – LAWPRO
4. Law Society staff in attendance: Robert Lapper, Wendy Tysall, Fred Grady, Brenda Albuquerque-Boutilier and Andrew Cawse.

TAB 4.1

FOR DECISION

**LAW SOCIETY OF UPPER CANADA, DRAFT AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Motion:

5. **That Convocation approve the draft audited Annual Financial Statements for the Law Society for the financial year ended December 31, 2014 including the transfers to and from the restricted funds which are listed in Note 14 of the Notes to the Annual Financial Statements.**

Actual-to-Budget Analysis

6. An unaudited actual-to-budget analysis for the Lawyer and Paralegal General Funds is also provided for supplementary information.
7. The Law Society's lawyer and paralegal General Funds, which account for the Law Society's program delivery and administrative activities, are reporting a combined operating surplus of \$2.6 million compared to a budgeted deficit of \$2.5 million. The 2014 budget for these two Funds included the use of accumulated balances in the Funds of \$759,000 supplemented by the use of surplus investment income in the E&O Fund of \$1.5 million, so operating results are better than budgeted. Annual fees, professional development revenues, investment income and other revenues are above budget. Virtually all of the expense categories in the General Funds are less than budget, although there are some noteworthy negative variances in individual accounts.
8. Overall, professional regulation expenses tracked close to budget with the exception of spending on outside counsel and expert witnesses.
9. Professional development and competence expenses were under budget primarily because of development expenses for the Pathways Pilot Project.
10. Corporate Services expenses primarily comprising the Client Service Centre, Information Systems, Facilities, Finance and Human Resources were over budget because of severance costs related to the operational review and increased expenditures on counsel fees.

11. Convocation, policy and outreach expenses primarily comprising Policy, Equity & Public Affairs and bencher expenses were all under budget with the largest component being less bencher remuneration and expense reimbursement than budgeted.

THE LAW SOCIETY OF UPPER CANADA

2014 ANNUAL REPORT

Financial Statements

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THE LAW SOCIETY OF UPPER CANADA ANNUAL FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Performance

The Law Society of Upper Canada's ("The Society") lawyer and paralegal General Funds, which account for the Society's program delivery and administrative activities, are reporting a combined operating surplus of \$2.6 million, approximately the same as in 2013. The 2014 budget for these two Funds projected a combined deficit of \$759,000 with the use of accumulated balances in the Funds so operating results are better than budgeted. Annual fees, professional development revenues, investment income and other revenues are above budget. Virtually all of the expense categories in the General Funds are less than budget, although there are some noteworthy negative variances in individual accounts, discussed later in this document.

The Society's restricted funds are reporting a combined deficit of \$18.5 million in 2014 (2013 - \$1.3 million surplus). There are three primary reasons for the restricted funds deficit in 2014. The Lawyer Compensation Fund experienced an adverse claims experience, primarily from two large scale alleged defalcations, resulting in a deficit of \$10.2 million compared to a surplus of \$498,000 in 2013. Premium transfers to LAWPRO, anticipated in the insurance contract, resulted in a deficit in the Errors & Omissions Insurance Fund of \$5.2 million. Amortization in the Invested in Capital Assets Fund of \$3.6 million was the third significant contributor to the restricted funds deficit in the current year.

The approved 2014 budget included the transfer of \$6.0 million from the General Fund balance to the Capital Allocation Fund dedicated to the revitalization of the Society's information systems. This is included in the interfund transfers set out in the Schedule of Restricted Funds.

Statement of Revenues and Expenses and Change in Fund Balances

Revenues

Annual Fees

Total annual fee revenues have increased to \$73.2 million from \$70.8 million in 2013 primarily due to an increase in the number of lawyers and paralegals billed. Also, there were fluctuations in the individual fee components but the annual fee per lawyer increased by \$15 from 2013. The annual fee per paralegal was the same as 2013.

Insurance Premiums and Levies

The Errors & Omissions Insurance Fund ("the E&O Fund") accounts for insurance related transactions between LAWPRO, the Society and insured lawyers. The E&O Fund collects premiums and levies from lawyers and remits these amounts to LAWPRO. Insurance premiums and levies increased to \$104.4 million in 2014 from \$102.4 million in 2013 as the number of insured lawyers was slightly higher than 2013. The base premium for professional liability insurance coverage for Ontario lawyers was \$3,350 per lawyer, the same premium charged in 2013. The professional liability insurance program was essentially the same, year on year.

Professional Development & Competence ("PD&C")

Total PD&C revenues have increased from \$17.4 million in 2013 to \$22 million in 2014.

- Licensing Process revenues from lawyer and paralegal candidates have increased from \$9.4 million to \$13.5 million due to increased fees and a higher number of candidates as compared in the table below:

Candidate Registrants	2014	2013
Lawyer	2,333	2,211
Paralegal	1,558	1,600

1,984 lawyer candidates were licensed in 2014 compared to 1,995 in 2013. 1,156 paralegal candidates were licensed in 2014 compared to 1,344 in 2013.

The Society is undertaking a pilot that allows lawyer licensing candidates to either article or complete a Law Practice Program (LPP). The first LPP commenced in the fall of 2014. The total Licensing Process fee for 2014-2015, including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar is \$4,710 compared to \$2,810 per candidate in 2013 for all fees associated with licensing.

The Law Foundation of Ontario approved grants totaling \$385,000 for the 2014 lawyer and paralegal Licensing Processes, 30% lower than 2013.

With more candidates, paralegal licensing process revenues increased from \$2.3 million in 2013 to \$2.5 million.

- Continuing Professional Development ("CPD") revenues have increased from \$8 million in 2013 to \$8.6 million. In 2014, the Society began charging a small fee for professionalism-only courses which were previously free which was the main factor in the decline in total registrations as analysed below. However the number of registrations for paid programs continues to increase.

Registration (all formats)	2014	2013
Paid programs	46,828	37,449
Free / nominal fee programs	16,635	51,244
Total number of registrants	63,463	88,693

One result of a review of the CPD requirement is the Accredited Provider framework commenced in 2014. So far, 58 other education providers have received approval to deliver professionalism content without the requirement for individual program accreditation as the number of service providers other than the Society continues to increase.

Investment Income

Total investment income has decreased from \$4.7 million to \$3.7 million. An increase in interest, dividends and realized gains was more than offset by unrealized gains / losses.

Expenses

Professional Regulation, Tribunals and Compliance

Total regulatory expenses of \$27.9 million have increased by \$1.7 million compared to last year. There were two primary components to the increase. 2014 was the first full year in the establishment of the Tribunal office and spending on outside counsel and expert witnesses within professional regulation totalled \$2 million compared to \$1.1 million in 2013.

The processing of files through the Intake, Complaints, Investigations and Discipline departments comprise a significant part of regulatory resources. Complaint trends have fluctuated in a fairly narrow band in recent years with 2014 showing a slight decline. Expenses and staff numbers in these areas were relatively static year-on-year.

Cost awards arising from the disciplinary process are occasionally awarded against the Society. At the current time, there are three matters which may lead to significant cost awards against the Society, although, in compliance with generally accepted accounting principles, there is insufficient certainty for these cost awards to be accrued at this time.

Professional Development & Competence

In 2014, total PD&C expenses of \$24.8 million exceeded the 2013 comparative by \$3.7 million.

The Licensing Process has been heavily engaged in the implementation of the Pathways Pilot Project which included the creation of a Law Practice Program as a path to licensing which consists of a four month training course at Ryerson University or the University of Ottawa followed by a four month work placement. 243 candidates are enrolled in the program. The development of Pathways was significantly under budget as the confirmation of the retainers for external assistance and scope of activities were finalized after the budget was approved and the Society was able to leverage existing content and services to support the new program.

In 2014, PD&C produced 143 continuing professional development programs including 85 live programs, 51 replays and 7 e-courses. This was 6 fewer programs than 2013 reflecting the decline in registrations.

The other relatively significant 2014 occurrence in PD&C was the streamlining of the Spot Audit program and the subsequent reduction in staffing by three employees.

Corporate Services

Corporate Services expenses, primarily comprising the Client Service Centre, Information Systems, Facilities, Finance and Human Resources, increased from \$21.9 million in 2013, to \$23.1 million in 2014. Severance costs arising from an operational review have exceeded the severance and contingency budget, somewhat offset by savings in other areas.

Office of General Counsel expenditures on counsel fees total \$588,000, exceeding budget and 2013 levels. In the current year, the Trinity Western University matter involved significant expenditures. Trinity Western University's application to the Ontario Divisional Court regarding the Society's decision not to accredit its law school is scheduled to be heard in June 2015.

Convocation, Policy and Outreach

Convocation, policy and outreach expenses primarily comprises Policy, Equity & Public Affairs and benchers expenses and total \$8.6 million compared to \$8 million in 2013. The new office of Executive Director, Policy, Equity and Public Affairs was implemented during the year. Included in Convocation, policy and outreach expenses are payments to benchers during the year. In respect of remuneration, these payments totalled \$972,000 (2013 – \$836,000) and in respect of expense reimbursements these payments, totalled \$545,000 (2013 – \$557,000).

Services to Members and Public

These expenses, which mainly comprise the Law Society's Referral Service, payments to CANLII and the Members Assistance Plan, were relatively static at \$4.2 million compared to \$4.3 in 2013.

The Law Society Referral Service has transitioned away from being primarily a phone service. While a dedicated phone service remains in place for callers in crisis and others with special needs, most referrals will now be processed through a web-based service.

Balance Sheet*Current Assets and Liabilities*

The most significant change in working capital is the increase in amounts due to LAWPRO of \$6.6 million, with premiums written exceeding payments from the E&O Fund. Deferred revenue decreased from \$13.2 million to \$11.4 million relating primarily to less future year membership fees received in 2014 as compared to 2013. The timing of these payments does not follow a pattern and is dependent on when members actually pay their fees.

Investment in Subsidiaries

Investment in subsidiaries comprises the Society's investments in LibraryCo and LAWPRO recorded at cost. The Society owns all the common shares of LibraryCo at a cost of \$100. The LAWPRO investment is made up of two parts: the cost of the acquired share capital of \$4,997,000 plus contributed capital of \$30,645,000.

Portfolio Investments

Portfolio investments are shown at fair value of \$78.4 million compared to \$77.1 million in 2013. In 2014, an amount of \$1.5 million has been transferred from the E&O Fund portfolio as part of the transfer of surplus investment income to fund General Fund operations. Investments are held in the following funds:

(\$000's)	2014	2013
E&O Fund	29,067	29,576
Compensation Fund	34,243	33,000
General Fund	15,090	14,573
Total	78,400	77,149

Investments comprise Canadian equities (21%) and Canadian fixed income investments (79%). The portfolio is managed in compliance with the Society's investment policy. Fixed income investments are in a pooled fund of government, provincial and corporate bonds with an investment rating of BBB or better. Equity investments are in a pooled fund of diversified securities listed on the Toronto Stock Exchange.

Capital Assets

The decrease in capital assets to \$12.5 million from \$13.7 million reflects amortization for the period, offset by \$2.5 million in additions for projects such as the replacement of building infrastructure and the enterprise content management initiative. Capital assets are recorded at cost and are amortized over their useful lives according to the Society's capital asset policy. Capital asset additions are typically financed from the Society's Capital Allocation Fund.

Provision for Unpaid Grants

The provision for unpaid grants in the Compensation Fund represents the estimate for unpaid claims and inquiries against the Compensation Fund, supplemented by the costs for processing these claims. The Compensation Fund provision for unpaid grants (that is, the amount reserved) has risen to \$21.4 million from \$10 million in 2013. This increase is attributable to some large alleged defalcations on the part of certain licensees. The Compensation Fund describes a major defalcation as being over 35 claims arising from the conduct of one licensee and the Fund currently has two of these major defalcations. Most of these claims are still being evaluated and in some instances related investigations are still ongoing. Based on the advice of the actuary, however, the Fund balance remains sufficient to absorb the additional potential exposure. The paralegal Compensation Fund provision for unpaid grants comprises \$225,000 (2013 – \$98,000) of the total Compensation Fund provision for unpaid grants.

Unclaimed Trust Funds

Unclaimed trust funds continue to increase, now totalling \$3.7 million compared to \$3.2 million at the end of 2013. These are trust monies turned over to the Society by lawyers who are unable to locate or identify the clients to whom the monies are owed. To date, monies returned to clients from the fund have been nominal. By statute, the Society administers the unclaimed trust funds, in perpetuity, and is entitled to reimbursement for administrative expenses to a limit of the annual income earned on funds held. Net income, if any, is available for transfer to the Law Foundation of Ontario ("LFO"). To date, administrative expenses have exceeded income and no transfers to the LFO have been made.

Other Trust Funds

Included in the notes to the financial statements, but not the Balance Sheet, is a reference to other trust funds held by the Society. The Society administers client funds for lawyers under voluntary or court-ordered trusteeships. These funds and matching liabilities are not reflected on the Balance Sheet as they are held temporarily and with a restricted administrative mandate. Money paid to the Society is held in trust until it is repaid to the appropriate payee or transferred to the Unclaimed Trust Funds. At the end of 2014, total funds held in trust amounted to \$2.4 million (2013 – \$2.8 million). The volume and value of balances depend on trusteeships at the time.

Schedule of Restricted Funds*Compensation Fund*

Total Compensation Fund expenses have increased from \$10.1 million in 2013 to \$21.7 million because of an increase in the provision for lawyer unpaid grants. The 2013 amount was exceptionally low and, as noted above, the 2014 number is above the normal range.

Errors & Omissions Insurance Fund

Expenses in the E&O Fund have increased from \$102 million to \$111 million. The fund is reporting a deficit of \$5.2 million due to the use of \$5 million of the fund balance to mitigate the 2014 base insurance levy for lawyers.

County Libraries Fund

Funding of county libraries totalled \$7.5 million the same as 2013.

The Legal Information and Support Services Working Group reported to Convocation in October 2014 on the potential next steps in the evolution of legal information and library services. The information affirms the important role of courthouse libraries in the provision of legal information and library services and the maintenance of member competence. New appointments have been made to the Board of LibraryCo and a committee of board members is assessing transition requirements.

Other Restricted Funds

The other restricted funds balance is made up of the Repayable Allowance Fund, the Special Projects Fund and the Parental Leave Assistance Plan Fund ("PLAP").

The last grant from the J.S. Denison Fund, which assisted impoverished lawyers, candidates and their families, was approved by Convocation in November 2014. All money in the fund has now been distributed. The fund was established under the terms of the will of former Treasurer John Shirley Denison, KC. Born in 1870, Mr. Denison was called to the Bar in 1892, and practised in Toronto. He was Treasurer of the Society from 1944-47 and died in 1951.

PLAP provides financial assistance to lawyers in firms of five lawyers or fewer and do not have access to any other parental leave financial benefits. For the first time in 2014, a means test was implemented limiting eligibility to lawyers who have a net annual practice income of less than \$50,000. Under the program terms, the Society provided a fixed sum of \$750 a week to eligible applicants for up to 12 weeks to cover expenses associated with maintaining their practice during a maternity, parental or adoption leave. Benefit payments totaled \$280,000 to 32 successful applicants (2013 - \$418,000 to 54 successful applicants).

Changes in Fund Balances

The 2014 budget planned to reduce the lawyer General Fund balance by \$446,000 but an operating surplus of \$1.5 million was achieved. Based on these actual results and after the budgeted transfer of \$1.5 million from the accumulated surplus investment income in the E&O Fund and \$6 million to the Capital Allocation Fund, the lawyer General Fund has decreased by \$2.9 million. The lawyer General Fund balance is now \$18.5 million. In 2015, \$641,000 of this accumulated balance has again been earmarked for the reduction of annual fees. The accumulated fund balance complies with Convocation's policy which, in brief, requires a minimum of two months and a maximum of three months operating expenses be maintained in the General Fund balance.

The 2014 budget planned to use \$313,000 from the paralegal General Fund balance, although based on actual results, the paralegal General Fund has increased by \$1.1 million. The paralegal General Fund balance is now \$3 million. In 2015, \$541,000 of this accumulated balance has again been earmarked for the reduction of annual fees.

The Compensation Fund balance of \$15.6 million for lawyers has decreased by \$10.2 million. The 2014 budget planned to reduce the lawyer Compensation Fund balance by \$707,000. In 2015, \$707,000 has again been earmarked for the reduction of Compensation Fund levies for lawyers. The accumulated fund balance complies with Convocation's policy which, in brief, requires an amount sufficient to provide for a minimum of three successive one-in-one-hundred-year events and a maximum of four such events to be maintained in the Fund balance.

The Compensation Fund balance of \$426,000 for paralegals has increased by \$7,000. The 2014 budget planned to reduce the paralegal Compensation Fund balance by \$40,000. In 2015, \$77,000 has been earmarked for the reduction of Compensation Fund levies for paralegals.

As noted above, the E&O Fund balance has decreased from \$65 million in 2013 to \$58 million in 2014. Surplus investment income of \$1.5 million accumulated in this fund had been earmarked for the reduction of lawyers' annual fees and was transferred in 2014. In 2015, another \$1.5 million has been earmarked for the reduction of lawyers' annual fees. \$2.5 million is expected to be drawn from the available surplus in the E&O Fund and applied to the 2015 insurance premium (2014 - \$5 million).

The Capital Allocation Fund has increased from \$4 million in 2013 to \$8.1 million in 2014. The three-year budget scenario approved by Convocation with the 2014 budget, included a provision of \$8.0 million, comprising \$6.0 million transferred from the General Fund balance to the Capital Fund and \$2.0 million from the existing Capital Fund balance, dedicated to the revitalization of the Society's information systems over the next three years. In 2014, the Society embarked on this plan to modernize its technology infrastructure, improving both its internal systems and its external-facing presence. The largest project, implementation of Enterprise Content Management, revolves around the concept of a single secure location to develop, collaborate, distribute and archive information internally using Microsoft SharePoint. Another relevant project is the Finance portlet, which allows licensees to view and pay their annual fees and initiate fee adjustments using the LSUC Portal. This was launched in December 2014.

Conclusion

A plan of action for setting strategic priorities has been approved by the Priority Planning Committee and includes the appointment of a Strategic Planning Steering Group of benchers and senior management. This Group will work with a consultant to develop the process and supporting materials for the Bencher Planning Session that will follow the next lawyer Bencher election.

The Society remains financially sound and is well placed for the future. The Society's accumulated fund balances total \$118 million of which \$12.5 million represents the book value of the Society's capital assets and \$36 million the value, at cost, of its investments in LAWPRO.

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Independent Auditor's Report

To the Members of
The Law Society of Upper Canada

We have audited the accompanying financial statements of The Law Society of Upper Canada, which comprise the balance sheet as at December 31, 2014, and the statements of revenue and expenses and change in fund balances and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Law Society of Upper Canada as at December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
April 23, 2015

THE LAW SOCIETY OF UPPER CANADA

Balance Sheet

Stated in thousands of dollars

As at December 31

		2014	2013
	Assets		
	Current Assets		
1	Cash	19,441	19,424
2	Short-term investments	20,280	19,687
3	Cash and short-term investments	39,721	39,111
4	Accounts receivable (note 8)	3,768	2,494
5	Prepaid expenses	2,141	1,621
6	Due from LAWPRO (note 4)	-	3
7	Total current assets	45,630	43,229
8	Investment in subsidiaries (note 4)	35,642	35,642
9	Portfolio investments (note 6)	78,400	77,149
10	Capital assets (note 7)	12,549	13,653
11	Total Assets	172,221	169,673
	Liabilities and Fund Balances		
	Current Liabilities		
12	Accounts payable and accrued liabilities (note 8)	11,412	9,686
13	Deferred revenue	11,428	13,234
14	Due to LAWPRO (note 4)	6,634	-
	Total current liabilities	29,474	22,920
15	Provision for unpaid grants	21,433	10,003
16	Unclaimed trust funds (note 9)	3,712	3,195
17	Total Liabilities	54,619	36,118
	Fund Balances		
	General funds		
18	Lawyers	18,507	21,410
19	Paralegals	2,974	1,882
	Restricted funds		
20	Compensation - lawyers	15,618	25,829
21	Compensation - paralegals	426	419
22	Errors and omissions insurance	58,305	65,042
23	Capital allocation	8,096	3,953
24	Invested in capital assets	12,549	13,653
25	Other	1,127	1,367
26	Total Fund Balances	117,602	133,555
27	Total Liabilities and Fund Balances	172,221	169,673

See accompanying notes

On behalf of Convocation

Treasurer

Co-Chairs, Audit & Finance Committee

THE LAW SOCIETY OF UPPER CANADA

Statement of Revenues and Expenses and Change in Fund Balances

Stated in thousands of dollars

For the year ended December 31

	2014	2013	2014	2013	2014	2013	2014	2013
	General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
Revenues								
1 Annual fees	50,189	47,879	3,554	3,035	19,492	19,866	73,235	70,780
2 Insurance premiums and levies	-	-	-	-	104,415	102,428	104,415	102,428
3 Professional development and competence	18,774	14,458	3,273	2,939	-	-	22,047	17,397
4 Investment income (note 12)	925	1,074	77	85	2,733	3,520	3,735	4,679
5 Other (note 11)	5,917	5,599	557	466	597	236	7,071	6,301
6 Total revenues	75,805	69,010	7,461	6,525	127,237	126,050	210,503	201,585
Expenses								
7 Professional regulation, tribunals and compliance	25,817	24,263	2,094	1,924	-	-	27,911	26,187
8 Professional development and competence	22,794	19,252	2,055	1,813	-	-	24,849	21,065
9 Corporate services	21,143	20,254	1,931	1,640	-	-	23,074	21,894
10 Convocation, policy and outreach	7,958	7,524	595	500	-	-	8,553	8,024
11 Services to members and public	3,972	4,068	218	206	-	-	4,190	4,274
12 Allocated to Compensation Fund	(7,365)	(7,753)	(507)	(600)	-	-	(7,872)	(8,353)
13 Restricted (schedule of restricted funds)	-	-	-	-	145,751	124,704	145,751	124,704
14 Total expenses	74,319	67,608	6,386	5,483	145,751	124,704	226,456	197,795
15 Surplus (Deficit)	1,486	1,402	1,075	1,042	(18,514)	1,346	(15,953)	3,790
16 Fund balances, beginning of year	21,410	6,710	1,882	847	110,263	122,208	133,555	129,765
17 Interfund transfers (notes 2 and 14)	(4,389)	13,298	17	(7)	4,372	(13,291)	-	-
18 Fund balances, end of year	18,507	21,410	2,974	1,882	96,121	110,263	117,602	133,555

See accompanying notes

THE LAW SOCIETY OF UPPER CANADA

Statement of Cash Flows

Stated in thousands of dollars

For the year ended December 31

	2014	2013
Net inflow of cash related to the following activities		
Operating		
1 (Deficit) surplus	(15,953)	3,790
Items not affecting cash:		
2 Increase (decrease) in provision for unpaid grants	11,430	(672)
3 Amortization of capital assets	3,576	3,484
4 Loss on disposal of capital assets	-	37
	(947)	6,639
Net change in non-cash operating items:		
5 Accounts receivable	(1,274)	(345)
6 Prepaid expenses	(520)	(69)
7 Accounts payable and accrued liabilities	1,726	580
8 Due from LAWPRO	6,637	2,562
9 Deferred revenue	(1,806)	1,979
10 Fund contribution - unclaimed trusts	517	448
11 Cash from operating activities	4,333	11,794
Investing		
12 Portfolio investments (net)	(1,251)	(6,285)
13 Short-term investments (net)	(593)	(3,129)
14 Capital asset additions	(2,472)	(2,430)
15 Cash used by investing activities	(4,316)	(11,844)
16 Net inflow (outflow) of cash, during the year	17	(50)
17 Cash, beginning of year	19,424	19,474
18 Cash, end of year	19,441	19,424

See accompanying notes

THE LAW SOCIETY OF UPPER CANADA

Notes to Financial Statements, December 31, 2014

Stated in whole dollars except where indicated

1. Background

The Law Society of Upper Canada (the “Society”) was founded in 1797 and incorporated in 1822 with the enactment of the Law Society Act.

The Law Society Act, section 4.1, states that it is a function of the Society to ensure that:

- All persons who practise law in Ontario or provide legal services in Ontario meet standards of learning, professional competence and professional conduct that are appropriate for the legal services they provide; and
- The standards of learning, professional competence and professional conduct for the provision of a particular legal service in a particular area of law apply equally to persons who practise law in Ontario and persons who provide legal services in Ontario.

In carrying out its functions, duties and powers, the Society, pursuant to section 4.2 of the Law Society Act, shall have regard to the following principles:

- The Society has a duty to maintain and advance the cause of justice and the rule of law;
- The Society has a duty to act so as to facilitate access to justice for the people of Ontario;
- The Society has a duty to protect the public interest;
- The Society has a duty to act in a timely, open and efficient manner;
- Standards of learning, professional competence and professional conduct for members and restrictions on who may provide particular legal services should be proportionate to the significance of the regulatory objectives sought to be realized.

The governing body of the Society, which is known as Convocation, carries out this mandate. Convocation comprises benchers and the Treasurer who presides over Convocation.

In 2014, the Modernizing Regulation of the Legal Profession Act, 2013, which amended the Law Society Act, increased the number of paralegal benchers from two to five and established the Law Society Tribunal, including the provision for the appointment of an independent Tribunal Chair and two bencher vice-chairs.

At December 31, 2014, the total number of lawyers and paralegals entitled to provide legal services in Ontario were 47,400 and 6,700 respectively. The primary sources of revenues are member annual fees and insurance premiums and levies, set by Convocation, based on the financial requirements of the Society.

The Society is not subject to federal or provincial income taxes.

2. Nature of Financial Statements

These financial statements present the financial position and operations of the Society and include the General Fund and a number of special purpose funds restricted by the Law Society Act or Convocation.

Subsidiaries and Related Corporation

The Society has two wholly-owned subsidiaries: Lawyers' Professional Indemnity Company ("LAWPRO"), and LibraryCo Inc. ("LibraryCo") and a related corporation, the Law Society Foundation. These entities have not been consolidated or included in the Society's financial statements apart from the information in Notes 4 and 5. The audited annual financial statements for these three entities are available separately.

General Fund

The General Fund accounts for the Society's program delivery and administrative activities related to the regulation and licensing of lawyers and paralegals. This fund reports unrestricted resources. At December 31, 2014, the lawyer fund balance was \$18,507,000 (2013 – \$21,410,000). The paralegal fund balance was \$2,974,000 (2013 – \$1,882,000).

The Society's policy is to maintain the General Fund balance at no less than two and no more than three months of General Fund budgeted expenses.

If the General Fund balance exceeds three months of budgeted General Fund expenses, Convocation shall utilize the excess for one or more of the following:

- Mitigate the General Fund levy for the next fiscal year;
- Transfer the excess to another Law Society fund if the fund balance is below its stated policy benchmark.

If the General Fund balance is less than two months of budgeted General Fund expenses, Convocation shall budget for an annual surplus to restore the fund balance to its minimum policy objective. The minimum policy benchmark should be restored within three fiscal periods.

If the General Fund balance is more than two months of budgeted General Fund expenses and less than three months of budgeted General Fund expenses, Convocation may appropriate funds from the General Fund Balance for one or more of the following:

- Mitigate the General Fund levy for the next fiscal year;
- Transfer the excess to another Law Society fund if the fund balance is below its stated policy benchmark.

Restricted Funds

Compensation Fund

The Society maintains the Compensation Fund pursuant to section 51 of the Law Society Act to relieve or mitigate loss sustained by any person in consequence of dishonesty on the part of a member, in connection with the member's professional business or in connection with any trust of which the member was a trustee. The Compensation Fund is restricted in use by the Law Society Act.

Pursuant to the Law Society Act, the Compensation Fund is supported by members' annual fees, investment income and recoveries. The Compensation Fund accounts for program delivery, administration and payment of grants and has separate fund balances for lawyer members and paralegal members.

During 2014, Convocation approved new Guidelines for the determination of grants from the Compensation Fund replacing the existing Guidelines for lawyers and for paralegals. Their purpose is to structure the exercise of the Society's discretion and promote consistency in determining grants from the Compensation Fund. The new Guidelines were written to be clearer and more accessible but the underlying principles used to determine grants did not change.

The Society's policy is to maintain the Lawyer Compensation Fund balance at an amount sufficient to provide for a minimum of three successive 99th percentile aggregate claim scenarios (one-in-one-hundred-year event) and a maximum of four such events. The estimated amount of aggregate claims in the 99th percentile is to be actuarially reviewed at least every three years.

If the Lawyer Compensation Fund balance exceeds four one-in-one-hundred year events, Convocation shall utilize some or all of the excess for the following:

- Mitigation of the Lawyer Compensation Fund levy for the next fiscal year;
- Annual mitigation of the Lawyer Compensation Fund levy shall continue such that within the next three fiscal years, the maximum benchmark shall be achieved.

If the Lawyer Compensation Fund balance is less than three one-in-one-hundred-year events, Convocation shall budget for an annual surplus to restore the fund balance to its minimum policy objective. The minimum policy benchmark should be restored within three fiscal periods.

If the Lawyer Compensation Fund balance is more than three one-in-one-hundred-year events and less than four one-in-one-hundred-year events Convocation may:

- Mitigate the Lawyer Compensation Fund levy for the next fiscal year;
- Budget for a surplus sufficient to increase the fund balance to its maximum policy objective of four one-in-one-hundred-year events;
- Leave the fund balance at its current balance for the upcoming fiscal year.

The General Fund allocates certain administrative expenses, spot audit expenses and a portion of the costs of operating the investigation and discipline functions of the Society to the Compensation Fund. In 2014, these amounted to \$7,872,000 (2013 – \$8,353,000). At December 31, 2014, the lawyer share of the fund balance was \$15,618,000 (2013 – \$25,829,000) and the paralegal share of the fund balance was \$426,000 (2013 – \$419,000).

Errors and Omissions Insurance Fund

The Errors and Omissions Insurance Fund (“E&O Fund”) accounts for insurance-related transactions between LAWPRO, the Society and insured lawyers. The E&O Fund collects premiums and levies from lawyers, reported as revenues, and remits these amounts to LAWPRO, reported as expenses.

Pursuant to section 61 of the Law Society Act, the Society arranges mandatory professional liability insurance for practising lawyers with LAWPRO, and through the E&O Fund, levies the insured lawyers. Each year, the premium for the insurance program is established through a process whereby LAWPRO provides an offer for review and acceptance by Convocation. The offer provides details on the components of the insurance program, including anticipated base premiums, claims history levies, transaction-based levies and amounts to be drawn from the E&O Fund balance.

Under the offer for 2014, \$5 million was drawn from the available surplus in the E&O Fund built up in prior years and applied to the 2014 insurance premium (2013 - \$nil).

To the extent that transaction-based levies exceed anticipated amounts, the excess remains in the E&O Fund and is applied as premiums in future years. In the event of a shortfall, the shortfall is met by additional funds from the E&O fund balance. The net 2014 contribution to the insurance program was \$1,458,000. The net 2013 contribution to the E&O Fund balance was \$334,000.

There is also a retrospective premium provision under the insurance policy between the Society and LAWPRO. To the extent underwriting results vary from the approved program, additional premiums are charged. Under these provisions, LAWPRO made no retrospective premium assessment in 2014 and 2013.

At December 31, 2014, the E&O Fund balance was \$58,305,000 (2013 – \$65,042,000) of which \$35,642,000 (2013 – \$35,642,000) comprises the Society’s investment in LAWPRO.

Capital Allocation Fund

The Capital Allocation Fund is maintained to provide a source of funds for the acquisition and maintenance of the Society’s capital assets. These include buildings and major equipment including computers. Amounts of assets capitalized, according to the Society’s capital asset policy, are transferred to the Invested in Capital Assets Fund. Expenditures not capitalized are expended in the Capital Allocation Fund. During 2014, \$6,000,000 was transferred to the Capital Allocation Fund from the lawyer General Fund to finance information systems upgrades over the next three years. At December 31, 2014, the balance was \$8,096,000 (2013 – \$3,953,000).

Invested in Capital Assets Fund

The Invested in Capital Assets Fund records transactions related to the Society’s capital assets, specifically acquisitions, amortization and disposals. At December 31, 2014, the balance was \$12,549,000 (2013 – \$13,653,000), representing the net book value of the Society’s capital assets.

County Libraries Fund

The County Libraries Fund records transactions related to the Society's support of county law libraries. As approved by Convocation, the fund accumulates funds for county library purposes which are remitted to LibraryCo. The fund balance at December 31, 2014 and 2013 was \$nil.

Other Restricted Funds

The Repayable Allowance Fund provides loans for tuition and living expenses to candidates in the lawyer licensing process. At December 31, 2014, the balance was \$300,000 (2013 – \$316,000).

The J. Shirley Denison Fund, an endowment fund, provided relief and assistance to lawyers, candidates in the lawyer licensing process and former lawyers who found themselves in difficult financial circumstances. Contributions for endowments were recognized as revenues. At December 31, 2014, the balance was \$nil (2013 – \$46,000) and the Fund is closed.

The Special Projects Fund is maintained to ensure that financing is available for ongoing special projects approved by Convocation. The balance at December 31, 2014 was \$460,000 (2013 – \$758,000).

The Parental Leave Assistance Fund accounts for the delivery of the Parental Leave Assistance Program ("PLAP") and is funded by lawyers' fees. The PLAP provides financial assistance to lawyers in firms of five lawyers or fewer who have a net annual practice income of less than \$50,000 and who do not have access to any other parental leave financial benefits. Under the program, the Society provides a fixed sum of \$750 a week to eligible applicants for up to 12 weeks to cover expenses associated with maintaining their practice during a maternity, parental or adoption leave. At December 31, 2014, the Fund balance was \$367,000 (2013 – \$247,000).

3. Significant Accounting Policies**Basis of presentation**

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations set out in the CPA Canada Handbook – Accounting.

Financial instruments

The Society's financial assets and financial liabilities are classified and measured as follows:

Asset / Liability	Measurement
Cash and short-term investments	Fair value
Accounts receivable	Amortized cost
Portfolio investments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Unclaimed trust funds	Amortized cost

Other amounts noted on the Balance Sheet such as prepaid expenses, capital assets, investment in subsidiaries, deferred revenue, and the provisions for unpaid grants/claims, are not financial instruments. Investments in subsidiaries are reported at cost.

The fair value of portfolio investments is determined by reference to transactional net asset values for the fixed income and Canadian equity pooled funds. Transaction costs are expensed as incurred. The fair value of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and unclaimed trust funds approximate their carrying values due to their nature or capacity for prompt liquidation.

There has been no change in risk exposures from the previous period.

Interest rate risk

The risk that the fair value of financial instruments will fluctuate due to changes in market interest rates is managed through compliance with the Society's investment policy. The normal duration range for the bond portfolio administered under the policy is between 1 and 5 years. The Society has no interest-bearing liabilities.

Fluctuations in interest rates do not have a significant effect on cash and short-term investments of the Society.

Market risk

The risk that the fair value of financial instruments will fluctuate due to changes in market prices is managed through compliance with the Society's investment policy which requires a diversified portfolio of government bonds, corporate bonds and Canadian equities meeting specified quality requirements.

Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. At year end, the maximum exposure of the Society to credit risk in cash and short and long-term fixed income investments was \$101,642,000 (2013 – \$101,776,000). In compliance with the Society's investment policy, fixed income investments are in the financial obligations of governments, major financial institutions and commercial paper with investment grade ratings.

At year end, the maximum exposure of the Society to credit risk in accounts receivable was \$3,768,000 (2013 – \$2,494,000). This credit risk is minimized by the credit quality and a diverse debtor base. The Society maintains an allowance for potential credit losses.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to fund its obligations as they come due, including being unable to liquidate assets in a timely manner at a reasonable price. The Society monitors forecasts of cash flows from operations and investments and holds investments that can readily be converted into cash. Investment income is not a primary source of revenue for the Society and all underlying long-term securities are publicly listed.

The Society has not entered into any derivative transactions. In addition, the Society's contractual arrangements do not have any embedded features.

Cash and short-term investments

Cash (bank balances) and short-term investments (less than one year) are amounts on deposit and invested in short-term investment vehicles according to the Society's investment policy.

Portfolio investments

Portfolio investments are recorded at fair value. The Society manages financial risk associated with portfolio investments in accordance with its investment policy. The primary objective of the investment policy is to preserve and enhance the real capital base. The secondary objective is to generate investment returns to assist the Society in funding its programs. Convocation monitors compliance with the investment policy and regularly reviews the policy.

Capital assets

Capital assets are presented at cost net of accumulated amortization. For purposes of calculating the first year's amortization, all capital assets are deemed to be acquired, put into service, or completed on July 1. Amortization is charged to expenses on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	30 years
Building improvements	10 years
Furniture, equipment and computer hardware and software	3 to 5 years

Revenue recognition

Annual member fees, premiums and levies are set annually by Convocation and are recognized in the year to which they relate if the amount can be reasonably estimated and collection is reasonably assured. Accordingly, fees for the next fiscal year received prior to December 31 have been deferred and are recognized as revenue in the next year. Premium revenues are recognized on a pro rata basis over the term of the respective insurance policies. Premiums related to the unexpired term of coverage at the balance sheet date are reported as deferred revenue. Transaction-based levies are recorded as revenues in the year received.

Professional development & competence, and other revenues and realized investment income/losses are recognized when receivable if the amount can be reasonably estimated. Unrealized investment gains/losses are recognized with changes in the fair value of financial instruments.

Fees and premiums receivable are recorded as accounts receivable on the balance sheet, net of any required provision for doubtful amounts.

Grant - related balances

Pursuant to section 51(5) of the Law Society Act, the payment of grants from the Compensation Fund is at the discretion of Convocation. Grants paid from the lawyer pool of the Compensation Fund are subject to a \$150,000 limit per applicant. Grants paid from the paralegal pool of the Compensation Fund are subject to a \$10,000 limit per applicant. The Compensation Fund expense represents a provision for unpaid grants, administrative expenses and expenses allocated from the General Fund.

Provisions for unpaid grants are recorded as liabilities on the balance sheet. The measurement of the ultimate settlement costs of claims made to date that underlies the provision for unpaid grants involves estimates and measurement uncertainty. Ultimate costs incurred could vary from current estimates. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the methods of estimation that have been used will produce reasonable results given the current information. These provisions represent an estimate of the present value of grants to be paid for claims and the associated administrative costs net of recoveries. Grant liabilities are carried on a discounted basis using the yield of the underlying assets backing the grant liabilities with a provision for adverse deviation. The discount rate is 0.86% (2013 – 1.28%).

Collections

The Society owns a collection of legal research and reference material as well as a collection of portraits and sculptures. The cost of additions to the collections is expensed as incurred. No value is recorded in these financial statements for donated items. There have not been any significant changes to the collections in the current year.

Volunteer services

Convocation, consisting of the Treasurer and benchers, governs the Society. Benchers may be elected by lawyers, paralegals, appointed by the provincial government, have ex-officio status by virtue of their office or past service as elected benchers or Treasurers, or qualify as emeritus benchers. In addition, the Paralegal Standing Committee is responsible for developing policy related to paralegal regulation for Convocation's approval. With effect from when they took office in April 2014, licensed paralegals elect five paralegals as benchers and members of the Paralegal Standing Committee.

Elected and ex-officio benchers are only eligible for remuneration after contributing 26 days of voluntary time. The work of the Society is also dependent on other voluntary services by lawyers and paralegals. No value has been included in these financial statements for volunteer services.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The valuation of liabilities, unpaid grants and unpaid claims anticipates the combined outcomes of events that are yet to occur. There is uncertainty inherent in any such estimation and therefore a limitation upon the accuracy of these valuations. Future loss emergence may deviate from these estimates.

4. Investment in Subsidiaries

Investment in the Society's subsidiaries is recorded at cost:

	2014	2013
LAWPRO	35,642,000	35,642,000
LibraryCo	100	100
Total investment in subsidiaries	35,642,100	35,642,100

LAWPRO

The Society provides mandatory professional liability insurance to lawyers through LAWPRO, a provincially licensed insurer and wholly-owned subsidiary of the Society.

The professional liability insurance program generally requires practising lawyers to pay premiums and levies to the E&O Fund that contribute toward the premium paid by the Society to fund the anticipated costs of professional liability claims made in each annual policy period.

Paralegals obtain this form of coverage through independent insurance companies. In addition to providing mandatory lawyers professional liability insurance, LAWPRO also sells optional excess lawyers professional liability and title insurance.

The \$5 million in capital stock of LAWPRO comprises 30,000 common shares of par value of \$100 each and 20,000 6% non-cumulative, redeemable, non-voting preferred shares. In the period from 1995 to 1997, the Society transferred a net amount of \$30.6 million in capitalization funding as contributed surplus to LAWPRO.

As required by Canadian generally accepted accounting principles, LAWPRO, a publicly accountable entity, uses International Financial Reporting Standards ("IFRS").

There are therefore significant differences in the accounting policies of LAWPRO and the Society, but because the two organizations are so different and LAWPRO is not consolidated, variances arising from the different financial reporting framework adopted by the two organizations have not been reconciled.

Summarized balance sheet of LAWPRO:

(\$000's)	2014	2013
Total assets	681,909	645,436
Total liabilities	473,284	455,561
Total shareholder's equity	208,625	189,875
Total liabilities and shareholder's equity	681,909	645,436

Summarized statement of income of LAWPRO for the year ended December 31:

(\$000's)	2014	2013
Revenue	143,051	124,274
Expenses	120,080	116,441
Income before taxes	22,971	7,833
Income tax expense	5,911	1,900
Net income	17,060	5,933
Other comprehensive income net of tax	1,690	12,653
Comprehensive income	18,750	18,586

Summarized statement of cash flows of LAWPRO for the year ended December 31:

(\$000's)	2014	2013
Net cash inflow from operating activities	12,109	20,413
Net cash outflow from investing activities	(9,306)	(24,265)
Cash and cash equivalents, beginning of year	14,525	18,377
Cash and cash equivalents, end of year	17,328	14,525

LAWPRO administers the operations of the E&O Fund at no charge, under an administrative services agreement. LAWPRO billed the Society \$110,872,000 (2013 – \$102,093,000) for premiums during the year. LAWPRO contributed \$231,000 to a wellness program provided by the Society to its members (2013 – \$210,000). Included in the Society's financial statements are amounts due to LAWPRO of \$6,634,000 (2013 – due from of \$3,000).

LibraryCo

LibraryCo, a wholly-owned, not-for-profit subsidiary of the Society, was established to develop policies, procedures, guidelines and standards for the delivery of county law library services and legal information across Ontario and to administer funding on behalf of the Society. LibraryCo was incorporated under the Business Corporations Act (Ontario) in 2001. The Society holds all of the 100 common shares. Of the 100 special shares, 25 are held by the Toronto Lawyers Association ("TLA") and 75 are held by the County and District Law Presidents' Association ("CDLPA"). The Society may appoint up to four directors, CDLPA may appoint up to three directors and TLA may appoint one director. The investment is recorded at cost on the Society's Balance Sheet.

The Society levies and collects funds for county and district law library purposes and transfers these funds to LibraryCo. Convocation internally restricts these funds for use by county and district law libraries to carry out their annual operations and any special projects approved by Convocation.

Summarized balance sheet of LibraryCo:

(\$000's)	2014	2013
Total assets	740	909
Total liabilities	98	26
Total share capital and fund balances	642	883
Total liabilities, share capital and fund balances	740	909

Summarized statement of income of LibraryCo for the year ended December 31:

(\$000's)	2014	2013
Total revenue	8,049	8,230
Total expenses	8,290	8,318
Deficit	241	88

Summarized statement of cash flows of LibraryCo for the year ended December 31:

(\$000's)	2014	2013
Net cash outflow from operating activities	201	(98)
Cash and short-term investments, beginning of year	864	962
Cash and short-term investments, end of year	663	864

The Society administers the operations of LibraryCo under an administrative services agreement. The total amount billed by the Society was \$589,000 (2013 – \$591,000) for administrative services and certain other services and publications. Included in the Society's accounts receivable are amounts due from LibraryCo of \$1,000 (2013 – \$8,000).

5. Related Corporation

The Law Society Foundation ("LSF") is regarded as a related corporation, although the Society does not have an equity interest in the LSF.

The LSF, a registered charity, was incorporated by Letters Patent in 1962. The objectives of the LSF are to foster, encourage and promote legal education in Ontario, provide financial assistance to licensing process candidates in Ontario, restore and preserve land and buildings of historical significance to Canada's legal heritage, receive gifts of muniments and legal memorabilia of interest and significance to Canada's legal heritage, maintain a collection of gifts of books and other written material for use by educational institutions in Canada, receive donations and maintain funds for the relief of poverty by providing meals to persons in need.

The Society provides facilities, administration, accounting, security and certain other services at no cost to the LSF. Trustees of the LSF are elected by the members of the LSF. Included in the Society's accounts receivable are amounts due from the LSF of \$99,000 (2013 – \$30,000).

6. Portfolio Investments

(\$000's)	2014	2013
Debt securities	61,924	62,665
Canadian equities	16,476	14,484
Total portfolio investments	78,400	77,149

At December 31, 2013 the Society's debt securities were invested in individual securities. In June 2014 these were transferred to a pooled fund. The debt securities have effective interest rates and maturity dates as follows:

	2014	2013
Effective interest rates (%)	1.1 – 2.8	1.4 – 3.1
Maturity dates (years)	1 - 5	1 - 5

7. Capital Assets

(\$000's)	2014		
	Cost	Accumulated Amortization	Net
Land and buildings	25,395	21,622	3,773
Building improvements	23,368	16,591	6,777
Furniture, equipment and computer hardware and software	9,183	7,184	1,999
Total capital assets	57,946	45,397	12,549

(\$000's)	2013		
	Cost	Accumulated Amortization	Net
Land and buildings	25,395	21,071	4,324
Building improvements	22,994	15,160	7,834
Furniture, equipment and computer hardware and software	7,901	6,406	1,495
Total capital assets	56,290	42,637	13,653

8. Accounts Payable and Accrued Liabilities and Accounts Receivable

Included in accounts payable is \$258,000 in government remittances, primarily sales taxes (2013 – \$934,000).

The accounts receivable balance comprises:

(\$000's)	2014	2013
Accounts receivable	19,186	15,352
Allowance for doubtful accounts	15,418	12,858
Accounts receivable – net	3,768	2,494

The allowance for doubtful accounts mainly relates to monitoring and enforcement receivables and annual fees receivable.

9. Unclaimed Trust Funds

Section 59.6 of the Law Society Act permits a member who has held money in trust for, or on account of, a person for a period of at least two years, to apply in accordance with the by-laws for permission to pay the money to the Society. Money paid to the Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. Subject to certain provisions in the Act enabling the Society to recover its expenses associated with maintaining these funds, net income from the money held in trust shall be paid to the Law Foundation of Ontario. Unclaimed money held in trust amounts to \$3,712,000 (2013 – \$3,195,000).

10. Other Trust Funds

The Society administers client funds for members under voluntary or court-ordered trusteeships. These funds and matching liabilities are not reflected on the Balance Sheet. Money paid to the Society is held in trust until it is repaid to the clients or transferred to the Unclaimed Trust Funds. At December 31, 2014, total funds held in trust amount to \$2,449,000 (2013 – \$2,760,000).

11. Other Revenues

Included in other revenues are late fees, catering, monitoring & enforcement revenues, *Ontario Reports*, the LibraryCo administration fee and other miscellaneous revenue.

12. Investment Income

Investment income is summarized below:

(\$000's)	2014	2013
Dividends and interest	2,749	2,555
Realized gains	1,542	608
Unrealized (losses) gains	(556)	1,516
Total	3,735	4,679

13. Other Expenses

Included in Convocation, policy and outreach expenses are payments for the total remuneration of elected and ex-officio benchers, lay benchers and Paralegal Standing Committee members during the year of \$972,000 (2013 – \$836,000). The total expense reimbursements of the elected and ex-officio benchers, lay benchers and Paralegal Standing Committee members during the year was \$544,000 (2013 – \$557,000). The Treasurer's honorarium for the year was \$185,000 (2013 – \$176,000).

14. Interfund Transfers

During the year the following interfund transfers took place:

- \$2,472,000 transferred from the Capital Allocation Fund to the Invested in Capital Assets Fund representing assets capitalized during the year in compliance with the Society's accounting policies;
- \$12,000 transferred from the County Libraries Fund to the lawyer General Fund;
- \$17,000 transferred from the lawyer General Fund to the paralegal General Fund;
- Transfer of \$100,000 from the lawyer General Fund to the Repayable Allowance Fund, as provided in the 2014 budget to fund the Repayable Allowance Program in the Licensing Process;
- Transfer of \$298,000 from the Special Projects Fund to the lawyer General Fund;
- Transfer of \$1,500,000 from the E&O Fund to the lawyer General Fund as provided in the 2014 budget representing surplus investment income;
- Transfer of \$6,082,000 from the lawyer General Fund to the Capital Allocation Fund as provided in the 2014 budget to fund information technology projects.

15. Pension Plan

The Society maintains a defined contribution plan for all eligible employees of the Society. Each member of the plan, other than designated employees, elect to contribute matching employee and employer contributions from 1% to 6% of annual earnings up to the maximum deduction allowed by the Canada Revenue Agency. Designated employees, who hold executive positions, have contributions made to the plan by the Society equivalent to 12% of annual earnings up to the maximum deduction allowed by the Canada Revenue Agency. The Society's pension expense in 2014 amounted to \$2,526,000 (2013 – \$2,495,000).

16. Commitments

The Society is committed to monthly lease payments for property under leases having various terms up to April 2020. Aggregate minimum annual payments to the expiry of the leases are as follows:

2015	\$955,000
2016	\$922,000
2017	\$923,000
2018	\$926,000
2019	\$928,000
Thereafter	\$309,000

In 2011, the Society renewed a five-year commitment in the annual amount of \$138,000 to the Law Commission of Ontario to support its operations.

17. Contingent Liabilities

A number of claims or potential claims are pending against the Society. It is not possible for the Society to predict with any certainty the outcomes of such claims or potential claims. Except as set out in the next paragraph, management is of the opinion, based on the information presently available, that it is unlikely any liability, to the extent not covered by insurance or inclusion in the financial statements, would be material to the Society's financial position.

Members failing to meet their professional and ethical obligations are subject to the Society's regulatory process. Regulatory proceedings may result in cost awards against the Society. At the end of 2014, in management's judgement, there is at least a reasonable possibility that a contingent liability relating to one or more cost awards may exist but the amount of any losses cannot be reliably estimated. From its regulatory proceedings, the Society has determined that the ultimate settlement for costs awards could range from nil to approximately \$5 million. No amount has been recorded in the financial statements.

THE LAW SOCIETY OF UPPER CANADA

Schedule of Restricted Funds

Stated in thousands of dollars

For the year ended December 31

		2014							2013	
		Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital assets	County libraries	Other restricted	Total Restricted funds	Total
		Lawyer	Paralegal							
1	Fund balances, beginning of year	25,829	419	65,042	3,953	13,653	-	1,367	110,263	122,208
Revenues										
2	Annual fees	8,850	654	-	2,077	-	7,511	400	19,492	19,866
3	Insurance premiums and levies	-	-	104,415	-	-	-	-	104,415	102,428
4	Investment income	1,517	-	1,216	-	-	-	-	2,733	3,520
5	Other	483	4	-	110	-	-	-	597	236
6	Total revenues	10,850	658	105,631	2,187	-	7,511	400	127,237	126,050
Expenses										
7	Allocated expenses	7,365	507	-	-	-	-	-	7,872	8,353
8	Provision for grants	13,091	144	-	-	-	-	-	13,235	1,147
9	Direct expenses	605	-	110,868	1,654	3,576	7,499	442	124,644	115,204
10	Total expenses	21,061	651	110,868	1,654	3,576	7,499	442	145,751	124,704
11	(Deficit) Surplus	(10,211)	7	(5,237)	533	(3,576)	12	(42)	(18,514)	1,346
12	Interfund transfers	-	-	(1,500)	3,610	2,472	(12)	(198)	4,372	(13,291)
13	Fund balances, end of year	15,618	426	58,305	8,096	12,549	-	1,127	96,121	110,263

**THE LAW SOCIETY OF UPPER
CANADA Lawyers and Paralegals
General Fund Schedule of Revenues and
Expenses**

*Stated in thousands of dollars
For the year ended December 31, 2014*

<i>Unaudited</i>	Actual	Annual Budget	Variance
REVENUES			
1 Annual fees	53,743	53,687	56
2 Professional development and competence	22,047	20,324	1,723
3 Investment income	1,002	701	301
4 Ontario reports revenue	1,641	1,636	5
5 Other	4,833	4,617	216
6 Total revenues	83,266	80,965	2,301
EXPENSES			
7 Professional regulation, tribunals and compliance	27,911	28,193	282
8 Professional development and competence	24,849	26,984	2,135
9 Corporate services	23,074	22,407	(667)
10 Convocation, policy and outreach	8,553	9,454	901
11 Services to members and public	4,190	4,456	266
12 Allocated to Compensation Fund	(7,872)	(8,056)	(184)
13 Total expenses	80,705	83,438	2,733
14 Surplus (Deficit)	2,561	(2,473)	5,034

TAB 4.2

FOR DECISION

INVESTMENT POLICY

Motion:

12. **That Convocation approve the updated Investment Policy.**
13. A copy of the draft Investment Policy follows.
14. In the “Accountabilities and Responsibilities” section of the Investment Policy it states that “Convocation shall.... review the administration of the Portfolios in the context of this policy. This shall be done on at least an annual basis.” This was last completed in May 2014.
15. The Investment Policy governs the investment portfolios of the General, Compensation and Errors & Omissions Insurance (“E&O”) Funds. At December 31, 2014, excluding cash and short-term investments, these investments had a total market value of \$78 million comprising \$62 million in fixed income investments and \$16 million in equity investments.
16. The General Fund is the Law Society’s operating fund, accounting for the Law Society’s program delivery and administrative activities related to the regulation and licensing of members. The Law Society maintains the Compensation Fund pursuant to section 51 of the Law Society Act to relieve or mitigate loss sustained by any person in consequence of dishonesty on the part of a member. The E&O Fund accounts for insurance-related transactions between LAWPRO, the Law Society and insured lawyers.

Revisions

17. Many of the edits can be characterized as housekeeping such as updating balances at December 31, 2014.
18. However the revised draft policy also recommends a change in the mix of the fixed income portfolio which comprises 85% of the total portfolio with Canadian equities

making up the remaining 15%. The fixed income portfolio uses the FTSE TMX Short Term Bond Index as the benchmark for its performance and therefore its asset mix. The possible change to the policy's fixed income asset mix has been initiated because of the considerable change in the composition of the FTSE TMX Short Term Bond Index over the last five years as a result of relative shifts between the amounts of net issuance of bonds in each sector. Since 2010, the following are the major changes to weightings within the FTSE TMX Short Term Bond Index:

	Change in benchmark over last five years
Government of Canada or Government of Canada guaranteed bonds	59% to 46%
Corporate bonds	26% to 36%
Corporate BBB bonds	4% to 8%

19. The Law Society's current fixed income asset mix no longer accurately reflects the benchmark TMX Short Term Bond index and the proposed changes are primarily intended to more properly align the Law Society's fixed income portfolio with its benchmark index. The proposal is to change the fixed income asset mix from:

Bond Holdings	Maximum
Government of Canada or Government of Canada guaranteed bonds	100%
Provincial government and provincial government guaranteed bonds	60%
Municipal bonds	10%
Corporate bonds	50%
Corporate BBB bonds	10%

to:

Bond Holdings	Asset Mix		
	Maximum	Target	Minimum
Government of Canada or Government of Canada guaranteed bonds	100%	46%	26%
Provincial government and provincial government guaranteed bonds and municipal bonds	38%	18%	0%
Corporate bonds*	56%	36%	0%

*The Target for BBB bonds within corporate bonds is 8% of the fixed income portfolio with a maximum of 18%.

20. In the future, the Law Society's investment manager expects that corporate bonds and BBB corporate bonds will continue to increase their relative weightings within the FTSE TMX Short Term Bond Index and the current restrictions may make it more difficult to tactically overweight/underweight sectors such as federal bonds or corporate BBB's.
21. The Law Society's investment advisor, AON Hewitt, considers the suggested changes to be reasonable in the context of an active mandate. The 2 biggest risks of the fixed income portfolio are interest rate and credit risk with interest rate risk typically having the larger weighting, but this can partially be offset if the manager buys corporate bonds. AON still considers the weighting for BBBs at 8.5% +/- 10% fairly small and the portfolio has a more balanced profile.
22. The draft change to the fixed income asset mix increases risk, but the overall asset mix of the portfolio, with its concentration in short-term, fixed income securities is still very conservative.

Other Information

23. The Law Society's investment policy, with its significant bias towards short-term fixed income securities is conservative and relatively defensive. Investment returns in 2014 exceeded budget although the Law Society does not rely on investment returns as core funding for programs. The Committee deferred discussing increasing exposure to equities due to the wide variety of options. The recommended policy is intended to guide the Law Society's investment activities for the next year after which time the annual policy review will again be presented for consideration.
24. The Law Society has tax-exempt status under paragraph 149(1)(l) of the Income Tax Act. An organization that claims a tax exemption under paragraph 149(1)(l) of the Act is described as a club, society, or association that is organized and operated exclusively for social welfare, civic improvement, pleasure or recreation, or any other purpose except profit. In noting evidence of a profit purpose which would contravene paragraph 149(1)(l), the CRA has identified the holding of speculative or non-passive investments as a risk area. Aggressive investment policies may be regarded as a profit purpose and the primary objective of an investment policy should be to preserve capital, not maximize

returns. Investments that do not match the purpose of the underlying reserves and cash flow needs may be regarded as an issue by CRA.

25. Brian White from consultants AON Hewitt and Steven Copeland and Ryan Domsey from investment manager Foyston Gordon & Payne, assisted the Committee in assessing the Investment Policy.
26. Some issues typically considered in assessing the Investment Policy are:
 - a) Risk - The Law Society has an *ability* to adopt a higher level of risk, however the Law Society's *willingness* to adopt a higher level of risk is very low. The current Investment Policy is generally in line with the Law Society's nature, goals and purpose.
 - b) Active versus Passive Management - The Law Society could consider passive investment management. Passive management aims to replicate the performance of a specified stock market index. This consideration is based on the difficulty active managers have experienced in adding value to Canadian bond returns, where we have the most exposure. However it is important for an investment manager to strive to exceed the relevant benchmark and to make tactical decisions on asset allocation when appropriate. As analyzed in the attached report on the returns achieved by the Investment Manager, their performance supports this decision.
 - c) Global Equities - Investing in global equities may increase expected returns without increasing expected risk, because of improved diversification. However the relatively small scale of the Law Society's investments means managing the currency risk can be expensive, reducing net investment returns. The general principle of reduced risk with geographic diversification appears muted in practice and the current economic climate lends itself to a defensive investment strategy. The current policy has demonstrated its effectiveness under volatile market conditions.
 - d) Asset Mix – the allocation between fixed income securities and equities is currently considered to be appropriate in the context of the paragraph on the Law Society's tax-exempt status above.
 - e) Investment Manager - Moving to a passive investment structure as in b) above may require a change in investment manager. AON Hewitt has noted that such a change could be disruptive and costly.

Recommendation

27. The draft policy is based on the Law Society's tax-exempt status and focuses on capital preservation rather than the pursuit of aggressive investment returns. The Law Society's fixed income portfolio currently has a relatively high yield compared to current rates

available. Within this context, and after the proposed changes to the bond portfolio asset mix, the recommendation is to approve the revised Investment Policy.

28. This has the following advantages:
- a. Maintains the Law Society's orientation to fixed income investments reducing exposure to volatile equity markets.
 - b. Denominates the Law Society's investments in Canadian dollars eliminating exposure to foreign currency fluctuations.
 - c. Offers relatively low investment management fees for an actively management fixed income portfolio.
 - d. Does not force a liquidation of fixed income investments that currently have a relatively high yield and the reinvestment in lower yielding fixed income instruments.

LAW SOCIETY OF UPPER CANADA

INVESTMENT POLICY

To be Revised by Convocation
April 2015

Purpose

1. The Law Society, has adopted the following Investment Policy governing the management of the General Fund Long-Term Funds, the Compensation Fund Long-Term Funds and the Errors & Omissions Insurance Fund Long-Term Funds ("the Portfolios") and short-term investments. The Portfolios comprise the funds not required to finance the short-term obligations of the Law Society's operations. Descriptions of these Funds can be found in the Law Society's Annual Financial Statements.

Accountabilities and Responsibilities

2. Convocation

Convocation shall:

- review and approve the Investment Policy
- approve investment performance objectives
- approve the appointment and continuing retention of the Investment Manager and Custodian
- review the Portfolios' investment returns, and the administration of the Portfolios in the context of this policy. This shall be done on at least an annual basis

3. **Audit & Finance Committee**

The Audit & Finance Committee shall:

- review and recommend approval of the Investment Policy to Convocation
- review the Portfolios and monitor their performance
- review and recommend the appointment and continuing retention of the Investment Manager and Custodian
- review and recommend investment performance objectives
- periodically report to Convocation on the investment returns of the Portfolios, and the administration of the Portfolios. This shall be done on at least an annual basis.

4. **Law Society Management**

Law Society management, supplemented by professional assistance when required, has overall responsibility for:

- preparing and recommending changes to the Policy
- recommending the selection of the Investment Manager and Custodian
- recommending investment performance objectives
- monitoring the Portfolios to ensure compliance with legislative requirements and this policy
- periodically evaluating the Investment Manager and Custodian

- accounting for transactions in the Portfolios
- reviewing the Portfolios' investment returns and the administration of the Portfolios in the context of this policy. This shall be done on at least a quarterly basis.
- periodically report to Audit & Finance Committee on the investment returns of the Portfolios, and the administration of the Portfolios. This shall be done on at least an annual basis

5. Investment Manager

The Investment Manager directs the business of the Portfolios' purchases and sales, has full investment discretion subject to the Investment Policy, and has responsibility for:

- Managing the Portfolios in terms of this Investment Policy, and in the best interests of the Law Society
- Providing written notification to management of the Law Society of any violations of this Investment Policy
- Adhering to the best standards of industry practice
- Required communications as described in Section 35

6. Custodian

The Custodian shall:

- store and protect all ownership documentation for the Portfolios
- execute all transactions for the Portfolios as directed by the Investment Manager
- collect all income of the Portfolios
- provide monthly statements to the Law Society
- make all required filings to government, regulatory, taxation or other authorities

and shall be one of the following:

- A bank listed in Schedule I or II of the Bank Act (Canada)
- A trust company that is incorporated under the laws of Canada, and that has shareholders' equity of not less than \$10,000,000
- A company that is incorporated under the laws of Canada and that is an affiliate of a bank or trust company referred to above and has shareholders' equity, of not less than \$10,000,000

Philosophy

7. The Law Society is of the belief that:

- superior rates of return over longer time periods will be achieved through active management of a broadly diversified portfolio of high quality securities
- high-risk securities, which could lead to excessive volatility and the possibility of a reduction in the capital value of the Portfolios in a depressed market, are to be avoided
- extreme positions in either individual securities or in an asset class are to be avoided

Business Characteristics

8. In order to establish an appropriate Investment Policy for the Portfolios, the following characteristics of the Law Society, relevant to the Portfolios, are noted.
- The Law Society is the governing body of Ontario's legal profession
 - Governance of the Law Society is regulated by *The Law Society Act*
 - The Law Society is a not-for-profit corporation and is not subject to income or capital taxes
 - The primary revenue source for both the General Fund and the Compensation Fund is member fees, mainly received between December and April of each year
 - The primary revenue source for the E&O Fund is premiums and levies from members received in the period November to January and then in quarterly increments
 - Total revenue for the Law Society for the year ended December 31, 2014 was \$211 million
 - The General Fund finances the day-to-day operation of the Law Society.
 - The Compensation Fund is maintained to mitigate losses sustained by clients because of the dishonesty of a member. It is a discretionary fund, and claim payments have a maximum of \$150,000
 - The Errors & Omissions Insurance Fund accounts for insurance related transactions between Lawyers' Professional Insurance Company, the Law Society and insured lawyers
 - Balances for investments at 31 December 2014 were:

CATEGORY	2014 (\$mill)
Total Cash and Short-Term Investments	39.7
Errors & Omissions Insurance Fund - Long-Term Investments	29.1
General Fund – Long-Term Investments	15.1
Compensation Fund – Long-Term Investments	34.2
TOTAL	118.1

- Withdrawals from the Portfolios will depend on operating conditions and capital requirements and therefore the Portfolios should be sensitive to short-term volatility.

Objectives

9. The primary objective is to preserve and enhance the real capital base of the Portfolios.
10. The secondary objective is to generate investment returns to assist the Law Society in funding its programs.

11. Even with the guidelines outlined in this Policy, the investment returns from the Portfolios will vary from year to year, reflecting market and economic conditions, levels of inflation, government policies and many other factors which are beyond the control of the Investment Manager. These outside factors should not deter the Investment Manager from exercising due diligence and using its best efforts to achieve the long-term primary investment objective for the Portfolios as set out above, and the following benchmarks:

- By asset class
 - to outperform the appropriate market index return
- By benchmark portfolio
 - To outperform the benchmark asset mix noted below (i.e., a portfolio consisting of 85% of the FTSE TMX Short-Term Bond Index total return, and 15% of the total return of the S&P/TSX Composite Index, over a four year moving average or complete market cycle)

Investment Manager

12. To achieve these objectives the Law Society will retain the services of a firm registered as Investment Counsel and Portfolio Manager with the Ontario Securities Commission to manage the investment Portfolios on a discretionary basis within the constraints outlined in this document. The Investment Manager is to be guided by the following:

Asset Mix

13. The following asset mix guidelines, based on market values, constitute the acceptable range of exposure for the various asset classes, which comprise each Portfolio:

	% of Total Fund		
	Minimum	<i>Benchmark Asset Mix</i>	Maximum
Cash and Short-Term	0%	0%	15%
Bonds	60%	85%	95%
Total Fixed Income	75%	85%	95%
Canadian Equity	5%	15%	25%

Diversification

14. The investment risk of the Portfolios shall be reduced by maintaining a diversified selection of industries and companies which places primary emphasis on value, long-term growth, and safety of capital. All percentages are based on market values, except where indicated.

Short-Term Investments

15. Short-term investments with a maximum term to maturity at purchase of 364 days may be held in the Portfolios when appropriate as an alternative to bond and equity investments. Appropriate short-term investments are:
- (a) Treasury bills issued by the Government of Canada and provincial governments and their agencies
 - (b) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances
 - (c) Commercial paper issued by Canadian corporations with a rating of "R1" or better as established by The Dominion Bond Rating Service or equivalent rating by another recognized bond rating service, at the time of purchase.
16. No more than 8% of each of the portfolios may be invested in the securities of any one single issuer permitted in 15(b) and (c) above.
17. Where the Investment Manager operates a pooled money market fund, which meets the requirements set out in 15(a), (b) and (c), this pooled money market fund may be used as an alternative in order to achieve better rates and liquidity.

Bonds

18. Investment instruments allowed include:
- bonds, debentures, notes, non-convertible preferred stock, term deposits and guaranteed investment certificates
 - bonds of foreign issuers denominated in Canadian dollars
 - NHA-insured mortgage-backed securities or collateralized mortgage-backed securities
 - Marketable private placements of bonds.
19. Each bond portfolio may be invested within the following parameters:

Bond Holdings	Asset Mix		
	Maximum	Target	Minimum
Federal and Federally Guaranteed Bonds	100%	46%	26%
Provincials, Provincially Guarantees and Municipals	38%	18%	0%
Total Corporate Issues	56%	36%	0%
Total BBB Issues with Corporate issues	18%	8%	0%
Cash or Money Market	5%	0%	0%

20. Investment in any one security or issuer shall not exceed 10% of each Bond portfolio with the exception of Government of Canada and provincial government bonds and their guarantees.

21. In line with the benchmark portfolio of the FTSE TMX Short Term Bond Index, the normal Duration range for the bond portfolio administered under this policy should be between 1 and 5 years. The Duration of a portfolio is a measure of the portfolio's sensitivity to changes in the general level of interest rates (Duration multiplied by change in interest rates gives change in value of bond portfolio).
22. The emphasis within the bond portfolio will be on quality, with a minimum rating "BBB" for bonds and debentures or "P2" for preferred shares by The Dominion Bond Rating Service or equivalent rating by another recognized bond rating service, at the time of purchase.
23. In the event of a downgrade below "BBB" for bonds and debentures, "P2" for preferred shares or "R-1" for short-term investments, the Investment Manager will advise of an appropriate course of action.
24. In cases where the recognized bond rating agencies do not agree on the credit rating, the bond will be classified according to the methodology used by FTSE TMX, which states:
 - If two agencies rate a security, use the lower of the two ratings
 - If three agencies rate a security, use the most common; and
 - If all three agencies disagree, use the middle rating.
25. In the event that an individual bond, debenture, short-term investment or preferred share is no longer rated by a recognized bond rating agency, that security will no longer be considered to be investment grade and the Investment Manager will place the asset on a watch list subject to monthly review by the Investment Manager with the Law Society until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the guidelines listed above. The Manager may not infer a rating for an individual unrated security from ratings of other securities issued by the same issuer.

Equities

26. The intent is to provide a diversified selection of Canadian common stocks, also allowing any of the following, provided that they are listed on a recognized stock exchange:
 - Convertible preferred stock and convertible debentures
 - Real estate investment trusts ("REITs").
27. The market value of any one issuer cannot represent more than 10% of the market value of the total Portfolios, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.

Other Investments

28. Investments in open or closed-ended pooled or mutual funds are permitted provided that the assets of such funds are permissible investments under this Policy.

29. Deposit accounts of the custodian or Schedule 1 banks can be used to invest surplus cash holdings.
30. With the exception of rights, warrants and special warrants or instruments used for exposure purposes, no derivative investments will be permitted without the prior written approval of the Audit & Finance Committee.
31. No venture capital financing or non-conventional investments will be permitted without the prior written approval of the Audit & Finance Committee.
32. In the event any investment has no active market, the Investment Manager will advise of an appropriate course of action for the valuation of that investment.

Discretion

33. The Investment Manager is to have full discretion in the management of the assets of the Portfolios, selecting the appropriate asset mix, and the individual securities, within the guidelines set out herein.

Delegation of Voting Rights

34. The Investment Manager has been delegated the responsibility of exercising all voting rights acquired through the Portfolios' investments. The Investment Manager will exercise acquired voting rights with the intent of fulfilling the investment policies and objectives of the Fund. The Investment Manager is expected to act in good faith and to exercise the voting rights in a prudent manner that will maximize returns for the Portfolios, and to act against any proposal which will increase the risk level or reduce the investment value of the relevant security.

Communications

35. The Communications process between the Investment Manager and Law Society Management is flexible, but at a minimum will include the following:
 - monthly transaction statements
 - a quarterly written summary listing of all portfolio transactions from the Investment Manager
 - a complete quarterly portfolio listing
 - a quarterly written assessment of the North American economies and the financial markets, and impact on the Portfolios
 - annual investment meetings with the Investment Manager. The agenda at these meetings would include an overview of the economy and the outlook for the financial markets, the current investment strategy, and a review of the performance results
 - an annual review of the Investment Policy and the Portfolios' quality and diversification guidelines.

- immediate notification of change with respect to the organization, investment professionals or investment process.
36. Any time that the Investment Manager is not in compliance with this policy, they are required to advise the Chief Financial Officer of the Law Society immediately, detailing the breach and recommending a course of action to remedy the situation.

Standard of Professional Conduct

37. All investment activities of the Investment Manager and their employees shall be conducted in accordance with the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

The Investment Manager will manage the Portfolios with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with institutional assets. The Investment Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent expert in investment management.

Securities Lending

38. No lending of securities is permitted.

Borrowing

39. The Portfolios shall not borrow money.

Conflicts of Interest – Investment Policy

40. Conflict of interest standards apply to all members of Convocation, Law Society management and the Investment Manager, as well as to all Agents employed by the Law Society, in the execution of their fiduciary responsibilities.
41. An 'Agent' is defined to mean a company, organization, association or individual, as well as its employees, retained by the Law Society to provide specific services with respect to the administration and management of the Law Society's investment assets.
42. In carrying out their fiduciary responsibilities, these parties must act at all times in the best interests, and for the benefit, of the Law Society. All parties must act in the manner that a "prudent person" would in matters related to the investment strategy and portfolio management.
43. No affected person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from an individual with whom the person deals in the course of performance of his or her duties and responsibilities.

44. In the execution of their duties, all of the parties listed in Section 40 above shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased decisions, as it relates to the administration of the investment assets.
45. Further, it is expected that none of the parties listed in Section 40 above shall make any personal financial gain (direct or indirect) because of their fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Law Society.
46. It is incumbent on any party affected by this Policy who believes that he/she may have a material conflict of interest, or who is aware of any conflict of interest, to notify the CEO or the CFO of the Law Society. Disclosure should be made promptly after the affected person becomes aware of the conflict. The CEO or CFO, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the Audit & Finance Committee.
47. No affected person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

Changes to Policy

48. This Investment Policy may only be changed by Convocation on the specific recommendation of the Audit & Finance Committee.

TAB 4.3

FOR DECISION

INVESTMENT MANAGER AND CUSTODIAN

Motion:

29. **That Convocation approve the continued retention of the Investment Manager, Foyston Gordon & Payne and the Custodian, CIBC Mellon Global Securities Services Company.**

Investment Manager

30. Foyston Gordon & Payne ("FGP") has been the Law Society's investment manager since 2003.
31. The Investment Monitoring Report as at December 31, 2014 from AON Hewitt, assessing the investing performance of FGP forms part of this material. The Report indicates that the gross return of the portfolio over the most recent four year period outperformed the benchmark by 1.1% and does not disclose any issues. AON Hewitt has also noted that FGP is well qualified to apply the provisions of the Law Society's investment policy with its emphasis on fixed income investments.
32. The Law Society currently enjoys a favourable management fee on the portfolio under management at FGP. In addition, FGP currently provides investment management services for the Law Society Foundation at no cost.

Custodian

33. Core custody services include safekeeping of securities, transaction settlements, and administering corporate actions. CIBC Mellon Global Securities Services Company has been the Law Society's investment custodian since 2001. Other options were last assessed in the custodial services marketplace five years ago but there is little incentive to redo this as the marketplace for investment custodians is limited and RBC Investor Services is the only viable competition.

34. Custodial fees are under \$2,000 per month so there is currently little prospect of significant savings. We are satisfied with the custodial services and there is no difference in the financial and other security risk of the two institutions, leading to a conclusion to remain with CIBC Mellon.

Aon Hewitt
Investment Consulting

Detailed Performance Review and Investment Manager Evaluation

*Law Society of Upper Canada:
Errors & Omissions Insurance Fund, Compensation Fund and General Fund*

Semi-Annual Period Ending 31 December 2014

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Executive Summary

Executive Summary

Commentary and Recommendations

As of 31 December 2014

	Comments	Recommendations
E&O Insurance Fund Performance	<ul style="list-style-type: none"> ▪ The overall gross return over the 4-year period ending 31 December 2014 was 4.40%, resulting in an outperformance of 1.13% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.78%. ▪ Negative asset class performance within Canadian equities, an overweight to Canadian equities and an underweight to Canadian fixed income detracted value from the overall portfolio. ▪ FGP Canadian equities underperformed the Index due to negative stock picks in Energy, Industrials, Consumer Discretionary and Telecommunications. An underweight to Health Care and Industrials, as well as an overweight to Energy also detracted value from the Fund. Strong stock picks in Materials along with an overweight to Consumer Discretionary and an underweight to Materials provided a partial offset to the Fund's overall negative performance. ▪ Fixed income underperformance was mainly due to its underweight in the provincials and a slightly lower than Index duration, as yields continued to fall during the period. 	<ul style="list-style-type: none"> ▪ No action is required.
Compensation Fund Performance	<ul style="list-style-type: none"> ▪ The overall gross return over the 4-year period ending 31 December 2014 was 4.41%, resulting in an outperformance of 1.14% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.78%. ▪ Performance attribution comments for this Fund are the same as the E&O Insurance Fund comments above. 	<ul style="list-style-type: none"> ▪ No action is required.
General Fund Performance	<ul style="list-style-type: none"> ▪ The overall gross return over the 4-year period ending 31 December 2014 was 4.41%, resulting in an outperformance of 1.14% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.79%. ▪ Performance attribution comments for this Fund are the same as the E&O Insurance Fund comments above. 	<ul style="list-style-type: none"> ▪ No action is required.
Portfolio Rebalancing	<ul style="list-style-type: none"> ▪ All asset classes were within their allowable ranges as at 31 December 2014. 	<ul style="list-style-type: none"> ▪ No action is required.

Executive Summary

Commentary and Recommendations

As of 31 December 2014

	Comments	Recommendations
Statement of Investment Policies and Procedures (SIPP)	<ul style="list-style-type: none"> The SIPP was last updated in May 2014. 	<ul style="list-style-type: none"> The SIPP should be reviewed and updated annually and any changes to the Plan's investment policies should be reflected accordingly.
Foyston, Gordon & Payne (FGP)	<ul style="list-style-type: none"> Michel Rheaume, Vice President and Portfolio Manager, Institutional Client Services, left the firm in November 2014. Jim Houston, President, resigned from FGP in December. He was replaced by Bryan Pilsworth, who has been with FGP since 2007. In addition to managing the Canadian Small Cap equity strategies, Bryan will also lead the firm's strategic direction. 	<ul style="list-style-type: none"> Continue to monitor.

Executive Summary

E&O Insurance Fund Asset Allocation and Annualized Performance

As of 31 December 2014

	Market Value (\$000)	%	Performance (%)								Inception Date
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception		
E&O Insurance Fund (Gross)	30,715	100.0	0.02	4.26	4.96	4.69	4.40	4.98	4.36	1/04/2006	
E&O Insurance Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.75	3.60		
Value Added			-0.78	0.07	1.17	1.22	1.13	1.23	0.76		
E&O Insurance Fund (Net)	30,715	100.0	-0.04	4.12	4.83	4.56	4.27	4.85	4.20	1/04/2006	
E&O Insurance Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.75	3.60		
Value Added			-0.84	-0.07	1.04	1.09	1.00	1.10	0.60		
E&O Canadian Equities	6,041	19.7	-4.40 (86)	7.69 (85)	15.23 (51)	14.39 (38)	8.96 (25)	10.46 (23)	6.58 (41)	1/04/2006	
S&P/TSX Capped Composite			-2.05 (69)	10.55 (59)	11.77 (86)	10.22 (91)	5.15 (82)	7.53 (80)	5.15 (72)		
Value Added			-2.35	-2.86	3.46	4.17	3.81	2.93	1.43		
E&O Canadian Fixed Income	23,026	75.0	1.18	3.43	2.99	2.93	3.37	3.81	4.53	1/04/2006	
FTSE TMX Short Term Bond			1.29	3.06	2.40	2.27	2.86	3.00	4.06		
Value Added			-0.11	0.37	0.59	0.66	0.51	0.81	0.47		
E&O Short-Term	1,648	5.4	0.55 (64)	1.07 (71)	1.08 (71)	1.08 (71)	1.06 (80)	0.97 (76)	0.94 (76)	1/10/2009	
FTSE TMX 91-Day T-Bill			0.47 (97)	0.91 (97)	0.96 (94)	0.98 (88)	0.98 (87)	0.89 (89)	0.87 (89)		
Value Added			0.08	0.16	0.12	0.10	0.08	0.08	0.07		

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.
 Returns for periods greater than one year are annualized.

Executive Summary

E&O Insurance Fund Annual Performance

As of 31 December

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
E&O Insurance Fund (Gross)	4.26	5.67	4.14	3.54	7.34	11.22	-5.26	1.91	-	-	-
E&O Insurance Fund Benchmark	4.19	3.39	2.83	2.65	5.69	8.15	-3.15	2.70	-	-	-
Value Added	0.07	2.28	1.31	0.89	1.65	3.07	-2.11	-0.79	-	-	-
E&O Insurance Fund (Net)	4.12	5.55	4.00	3.42	7.22	11.02	-5.43	1.74	-	-	-
E&O Insurance Fund Benchmark	4.19	3.39	2.83	2.65	5.69	8.15	-3.15	2.70	-	-	-
Value Added	-0.07	2.16	1.17	0.77	1.53	2.87	-2.28	-0.96	-	-	-
E&O Canadian Equities	7.69 (85)	23.30 (25)	12.71 (21)	-5.82 (22)	16.65 (47)	37.96 (27)	-31.09 (37)	4.06 (82)	-	-	-
S&P/TSX Capped Composite	10.55 (59)	12.99 (97)	7.19 (77)	-8.71 (41)	17.61 (29)	35.06 (46)	-33.00 (59)	9.83 (38)	17.26 (52)	24.13 (50)	14.48 (62)
Value Added	-2.86	10.31	5.52	2.89	-0.96	2.90	1.91	-5.77	-	-	-
E&O Canadian Fixed Income	3.43	2.55	2.82	4.71	5.58	7.02	4.82	3.97	-	-	-
FTSE TMX Short Term Bond	3.06	1.74	2.01	4.65	3.56	4.54	8.55	4.09	4.00	2.37	5.08
Value Added	0.37	0.81	0.81	0.06	2.02	2.48	-3.73	-0.12	-	-	-
E&O Short-Term	1.07 (71)	1.09 (66)	1.08 (66)	1.00 (80)	0.62 (61)	-	-	-	-	-	-
FTSE TMX 91-Day T-Bill	0.91 (97)	1.01 (86)	1.01 (78)	1.00 (80)	0.54 (80)	0.62 (89)	3.33 (72)	4.43 (71)	3.98 (57)	2.58 (85)	2.30 (73)
Value Added	0.16	0.08	0.07	0.00	0.08	-	-	-	-	-	-

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.

Executive Summary

Compensation Fund Asset Allocation and Annualized Performance

As of 31 December 2014

	Market Value (\$000)	%	Performance (%)								Inception Date
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception		
Compensation Fund (Gross)	36,080	100.0	0.02	4.28	4.98	4.71	4.41	5.01	5.42	1/06/2003	
Compensation Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.88	4.87		
Value Added			-0.78	0.09	1.19	1.24	1.14	1.13	0.55		
Compensation Fund (Net)	36,080	100.0	-0.04	4.14	4.84	4.58	4.29	4.91	5.32	1/06/2003	
Compensation Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.88	4.87		
Value Added			-0.84	-0.05	1.05	1.11	1.02	1.03	0.45		
Compensation Canadian Equities	7,254	20.1	-4.34 (85)	7.83 (84)	15.31 (50)	14.43 (37)	9.00 (23)	10.48 (22)	11.10 (31)	1/06/2003	
S&P/TSX Capped Composite			-2.05 (69)	10.55 (59)	11.77 (86)	10.22 (91)	5.15 (82)	7.53 (80)	9.58 (67)		
Value Added			-2.29	-2.72	3.54	4.21	3.85	2.95	1.52		
Compensation Canadian Fixed Income	26,989	74.8	1.18	3.43	3.00	2.94	3.38	3.86	4.96	1/06/2003	
Compensation Fixed Income Benchmark			1.29	3.06	2.40	2.27	2.86	3.16	4.47		
Value Added			-0.11	0.37	0.60	0.67	0.52	0.70	0.49		
Compensation Short-Term	1,837	5.1	0.55 (65)	1.08 (70)	1.08 (70)	1.08 (71)	1.06 (79)	0.98 (75)	1.81 (96)	1/06/2003	
FTSE TMX 91-Day T-Bill			0.47 (97)	0.91 (97)	0.96 (94)	0.98 (88)	0.98 (87)	0.89 (89)	2.02 (88)		
Value Added			0.08	0.17	0.12	0.10	0.08	0.09	-0.21		

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.
 Returns for periods greater than one year are annualized.

Executive Summary

Compensation Fund Annual Performance

As of 31 December

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Compensation Fund (Gross)	4.28	5.68	4.18	3.52	7.43	9.74	0.92	2.16	6.23	7.22	6.65
Compensation Fund Benchmark	4.19	3.39	2.83	2.65	6.37	7.82	0.82	3.06	5.88	7.45	7.41
Value Added	0.09	2.29	1.35	0.87	1.06	1.92	0.10	-0.90	0.35	-0.23	-0.76
Compensation Fund (Net)	4.14	5.54	4.06	3.44	7.43	9.70	0.82	2.03	6.10	7.08	6.52
Compensation Fund Benchmark	4.19	3.39	2.83	2.65	6.37	7.82	0.82	3.06	5.88	7.45	7.41
Value Added	-0.05	2.15	1.23	0.79	1.06	1.88	0.00	-1.03	0.22	-0.37	-0.89
Compensation Canadian Equities	7.83 (84)	23.30 (25)	12.71 (21)	-5.82 (22)	16.65 (47)	37.96 (27)	31.09 (37)	4.06 (82)	14.53 (80)	27.52 (19)	16.57 (31)
S&P/TSX Capped Composite	10.55 (59)	12.99 (97)	7.19 (77)	-8.71 (41)	17.61 (29)	35.06 (46)	33.00 (59)	9.83 (38)	17.26 (52)	24.13 (50)	14.48 (62)
Value Added	-2.72	10.31	5.52	2.89	-0.96	2.90	1.91	-5.77	-2.73	3.39	2.09
Compensation Canadian Fixed Income	3.43	2.57	2.82	4.71	5.81	7.34	4.82	3.93	4.37	7.93	7.15
Compensation Fixed Income Benchmark	3.06	1.74	2.01	4.65	4.40	5.41	6.41	3.68	4.06	6.46	7.15
Value Added	0.37	0.83	0.81	0.06	1.41	1.93	-1.59	0.25	0.31	1.47	0.00
Compensation Short-Term	1.08 (70)	1.09 (66)	1.08 (66)	1.00 (80)	0.64 (58)	-4.60 (100)	9.37 (1)	1.73 (100)	3.82 (87)	2.05 (99)	2.49 (5)
FTSE TMX 91-Day T-Bill	0.91 (97)	1.01 (86)	1.01 (78)	1.00 (80)	0.54 (80)	0.62 (89)	3.33 (72)	4.43 (71)	3.98 (57)	2.58 (85)	2.30 (73)
Value Added	0.17	0.08	0.07	0.00	0.10	-5.22	6.04	-2.70	-0.16	-0.53	0.19

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.

Executive Summary

General Fund Asset Allocation and Annualized Performance

As of 31 December 2014

	Market Value (\$000)	%	Performance (%)							
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
General Fund (Gross)	15,918	100.0	0.01	4.26	4.96	4.70	4.41	4.57	4.44	1/04/2004
General Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.73	4.10	
Value Added			-0.79	0.07	1.17	1.23	1.14	0.84	0.34	
General Fund (Net)	15,918	100.0	-0.05	4.12	4.83	4.57	4.29	4.47	4.35	1/04/2004
General Fund Benchmark			0.80	4.19	3.79	3.47	3.27	3.73	4.10	
Value Added			-0.85	-0.07	1.04	1.10	1.02	0.74	0.25	
General Canadian Equities	3,181	20.0	-4.37 (86)	7.80 (84)	15.29 (50)	14.42 (37)	8.99 (23)	10.48 (22)	9.48 (33)	1/04/2004
S&P/TSX Capped Composite			-2.05 (69)	10.55 (59)	11.77 (86)	10.22 (91)	5.15 (82)	7.53 (80)	7.92 (76)	
Value Added			-2.32	-2.75	3.52	4.20	3.84	2.95	1.56	
General Canadian Fixed Income	11,909	74.8	1.18	3.43	3.00	2.95	3.38	3.32	3.92	1/04/2004
FTSE TMX Short Term Bond			1.29	3.06	2.40	2.27	2.86	3.00	3.79	
Value Added			-0.11	0.37	0.60	0.68	0.52	0.32	0.13	
General Short-Term	827	5.2	0.55 (65)	1.07 (71)	1.06 (73)	1.05 (80)	1.02 (83)	1.28 (8)	2.26 (15)	1/04/2004
FTSE TMX 91-Day T-Bill			0.47 (97)	0.91 (97)	0.96 (94)	0.98 (88)	0.98 (87)	0.89 (89)	1.94 (89)	
Value Added			0.08	0.16	0.10	0.07	0.04	0.39	0.32	

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.
 Returns for periods greater than one year are annualized.

Executive Summary

General Fund Annual Performance

As of 31 December

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund (Gross)	4.26	5.67	4.18	3.52	5.22	8.33	2.88	2.22	6.47	2.97	-
General Fund Benchmark	4.19	3.39	2.83	2.65	5.62	7.06	2.58	3.40	5.83	3.94	-
Value Added	0.07	2.28	1.35	0.87	-0.40	1.27	0.30	-1.18	0.64	-0.97	-
General Fund (Net)	4.12	5.54	4.06	3.44	5.22	8.32	2.78	2.08	6.37	2.85	-
General Fund Benchmark	4.19	3.39	2.83	2.65	5.62	7.06	2.58	3.40	5.83	3.94	-
Value Added	-0.07	2.15	1.23	0.79	-0.40	1.26	0.20	-1.32	0.54	-1.09	-
General Canadian Equities	7.80 (84)	23.30 (25)	12.71 (21)	-5.82 (22)	16.65 (47)	37.96 (27)	-31.09 (37)	4.06 (82)	14.53 (80)	27.52 (19)	-
S&P/TSX Capped Composite	10.55 (59)	12.99 (97)	7.19 (77)	-8.71 (41)	17.61 (29)	35.06 (46)	-33.00 (59)	9.83 (38)	17.26 (52)	24.13 (50)	14.48 (62)
Value Added	-2.75	10.31	5.52	2.89	-0.96	2.90	1.91	-5.77	-2.73	3.39	-
General Canadian Fixed Income	3.43	2.58	2.83	4.71	3.07	5.54	7.31	4.00	4.32	2.13	-
FTSE TMX Short Term Bond	3.06	1.74	2.01	4.65	3.56	4.54	8.55	4.09	4.00	2.37	5.08
Value Added	0.37	0.84	0.82	0.06	-0.49	1.00	-1.24	-0.09	0.32	-0.24	-
General Short-Term	1.07 (71)	1.04 (79)	1.02 (77)	0.95 (92)	2.29 (1)	-1.60 (100)	11.50 (1)	1.29 (100)	3.99 (55)	1.81 (99)	-
FTSE TMX 91-Day T-Bill	0.91 (97)	1.01 (86)	1.01 (78)	1.00 (80)	0.54 (80)	0.62 (89)	3.33 (72)	4.43 (71)	3.98 (57)	2.58 (85)	2.30 (73)
Value Added	0.16	0.03	0.01	-0.05	1.75	-2.22	8.17	-3.14	0.01	-0.77	-

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
 Parentheses contain percentile rankings.

Capital Market Performance

Capital Market Performance

Major Capital Markets' Returns

As of 31 December 2014

	6 Months	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Equity								
S&P/TSX Composite	-2.0	10.6	10.6	11.8	10.2	5.1	7.5	7.6
Foreign Equity								
S&P 500 (CAD)	15.4	23.9	23.9	32.3	25.7	20.1	17.8	7.3
S&P 500 (USD)	6.1	13.7	13.7	22.7	20.4	15.6	15.5	7.7
MSCI EAFE (Net) (CAD)	-1.3	3.7	3.7	16.5	15.9	8.8	7.5	4.1
MSCI World (Net) (CAD)	7.5	14.4	14.4	24.4	20.5	14.1	12.4	5.7
Real Estate								
REALpac / IPD Canada Property Index	2.9	5.9	5.9	8.4	10.3	11.6	11.5	11.2
Fixed Income								
FTSE TMX Universe Bond	3.8	8.8	8.8	3.7	3.7	5.1	5.4	5.3
FTSE TMX Long Term Bond	7.7	17.5	17.5	5.0	5.1	8.2	9.0	7.4
FTSE TMX 91-Day T-Bill	0.5	0.9	0.9	1.0	1.0	1.0	0.9	1.9
Consumer Price Index								
Canadian CPI, unadjusted	-1.1	1.5	1.5	1.4	1.2	1.5	1.6	1.7

Canadian Equities

The S&P/TSX Composite Index lost 2.0% during the last 6 months, due to the underperformance of the sectors of Energy (-21.4%) Materials (-16.5%) which represent more than 34% of the composition of the index. Top performers included Consumer Staples (35.2%), Health Care (23.9%) and Information Technology (20.1%). For the past twelve months the Index gained 10.6%, led by Consumer Staples (49.1%), Information technology (35.1%) and Health Care (30.3%). Energy (-4.8%) and Materials (-2.6%) were the only sectors posting losses for the year.

U.S. Equities

The S&P 500 (USD) posted a return of 6.1% for the past 6 months. The three top performing sectors were Health Care (13.3%), Information Technology (10.3%), and Consumer Staples (10.3%), while the bottom sectors included Energy (-18.4%), Materials (-1.6%), and Telecommunication Services (-1.2%). For the past twelve months the Index returned 13.7%. The top performing sectors were Utilities (29.0%), Health Care (25.3%), and Information Technology (20.1%), while the three worst performing sectors were Energy (-7.8%), Telecommunication Services (3.0%), and Materials (6.9%).

Non-North American Equities

MSCI EAFE lost 1.3% over the last six months (CAD). Top performing sectors included Information Technology (7.3 %) and Health Care (3.4 %), while the bottom three were Energy (-21.6%), Materials (-6.7%), and Industrials (-2.4%). For the past twelve months the Index returned 3.7%, led by Health Care (15.7%), Utilities (12.9%), and Information Technology (8.2%). The three trailing sectors were Energy (-11.0%), Materials (-2.7%), and Industrials (-0.3%).

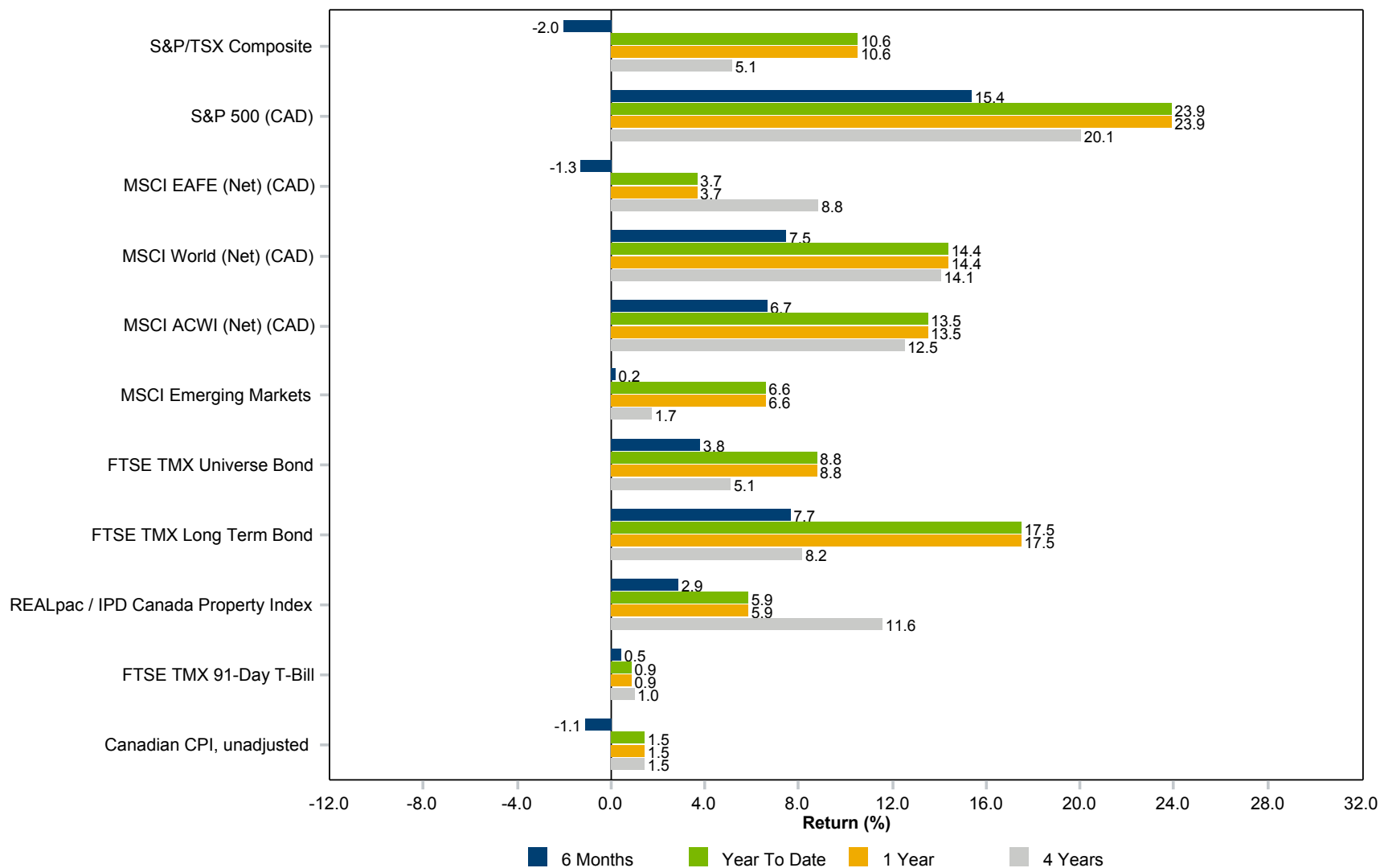
Fixed Income

The Canadian bond market as measured by the FTSE TMX Universe Bond Index gained 3.8% for the last six months, and 8.8% over the last 12 months. During the last six months, bond market returns were positive across sectors, and the best returns were earned in provincial bonds (5.5%), followed by municipal bonds (5.1%), and Federal bonds (3.3%). Money market (FTSE TMX 91-Day T-Bill) continued its pattern of low returns as the Bank of Canada left the Bank Rate unchanged.

Capital Market Performance

Comparative Performance

As of 31 December 2014



E&O Insurance Fund Analysis

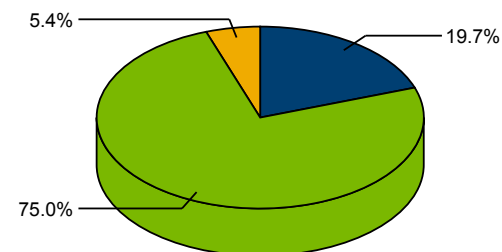
E&O Insurance Fund

Asset Allocation by Segment

E&O Insurance Fund

Segments	Market Value (\$)	Allocation (%)
■ Canadian Equity	6,041,061	19.7
■ Canadian Fixed Income	23,026,143	75.0
■ Short-Term	1,648,164	5.4

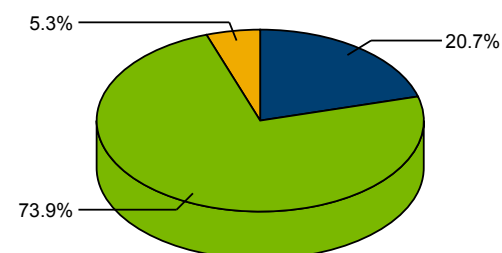
31 December 2014 : \$30,715,368



Segments	Market Value (\$)	Allocation (%)
■ Canadian Equity	6,362,392	20.7
■ Canadian Fixed Income	22,706,481	73.9
■ Short-Term	1,639,180	5.3

■ Canadian Equity ■ Canadian Fixed Income ■ Short-Term

30 June 2014 : \$30,708,053



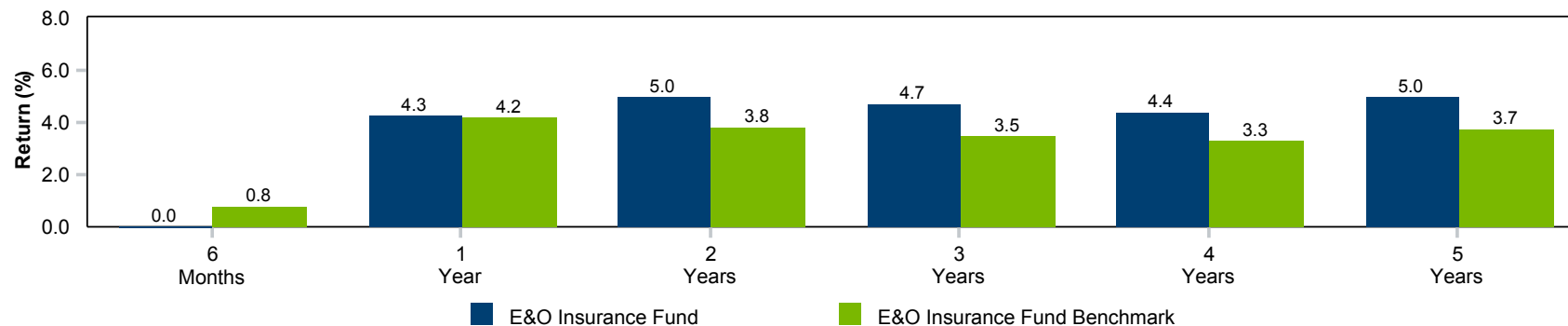
■ Canadian Equity ■ Canadian Fixed Income ■ Short-Term

E&O Insurance Fund

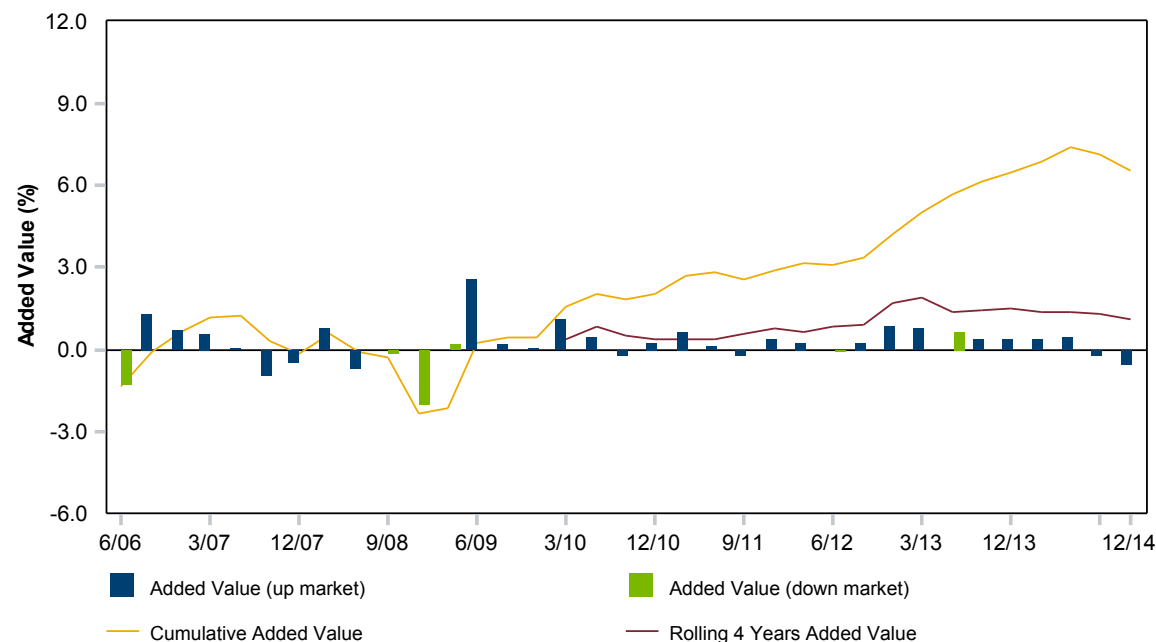
E&O Insurance Fund Performance Summary

As of 31 December 2014

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	29	124.3
Down Markets	6	135.5
Batting Average		
Up Markets	29	75.9
Down Markets	6	33.3
Overall	35	68.6

Negative asset class performance within Canadian equities, an overweight to Canadian equities and an underweight to Canadian fixed income detracted value from the overall portfolio over the six month period.

FGP Canadian equities underperformed the Index due to negative stock picks in Energy, Industrials, Consumer Discretionary and Telecommunications. An underweight to Health Care and Industrials, as well as an overweight to Energy also detracted value from the Fund. Strong stock picks in Materials along with an overweight to Consumer Discretionary and an underweight to Materials provided a partial offset to the Fund's overall negative performance.

Fixed income underperformance was mainly due to its underweight in the provincials and a slightly lower than Index duration, as yields continued to fall during the period.

E&O Insurance Fund

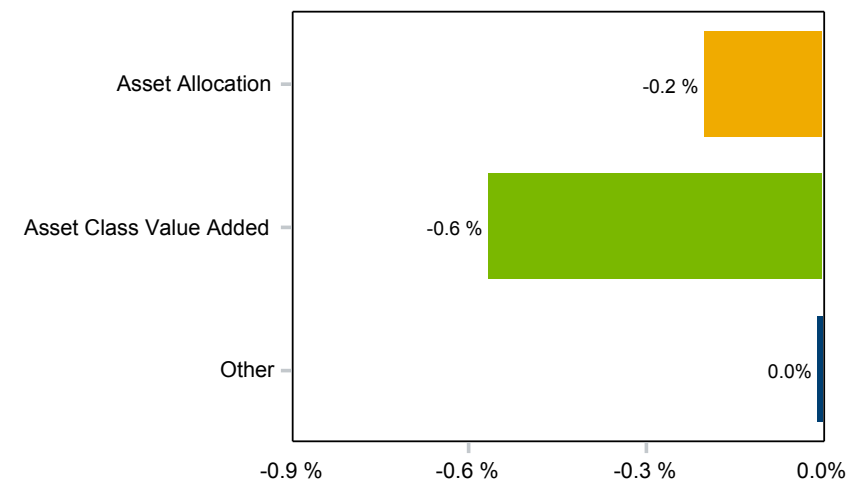
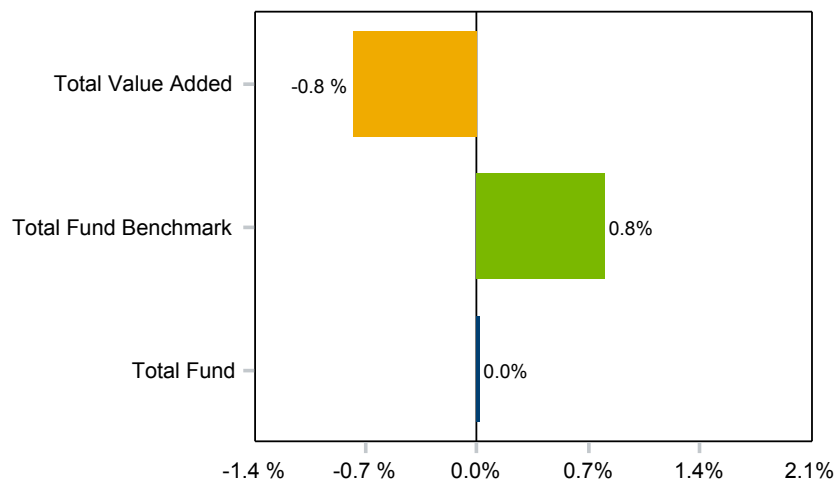
E&O Insurance Fund Performance Attribution

6 Months Ending 31 December 2014

Total Fund vs. Benchmark

Total Fund Performance

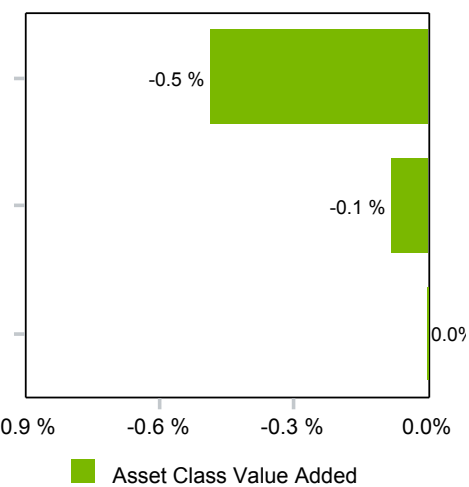
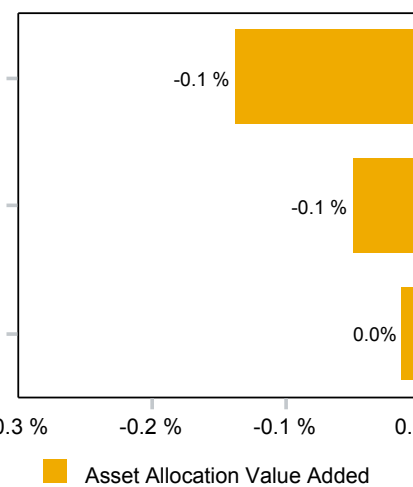
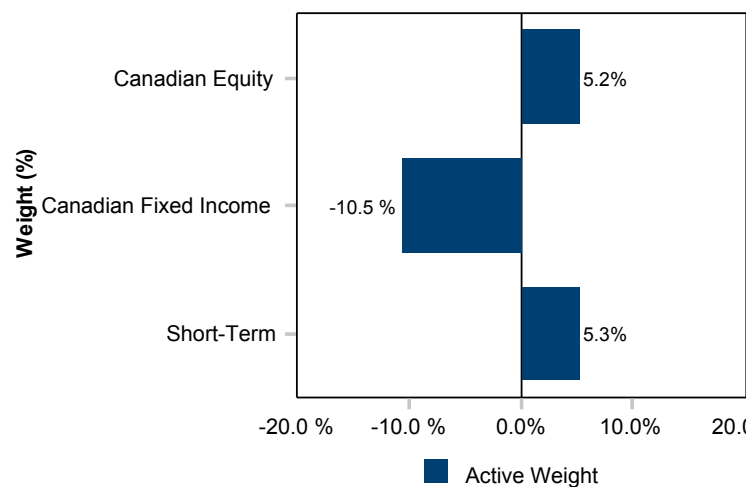
Total Value Added: -0.8 %



6 Months Ending 31 December 2014

Total Asset Allocation: -0.2 %

Total Asset Class Value Added: -0.6 %



Active Weight

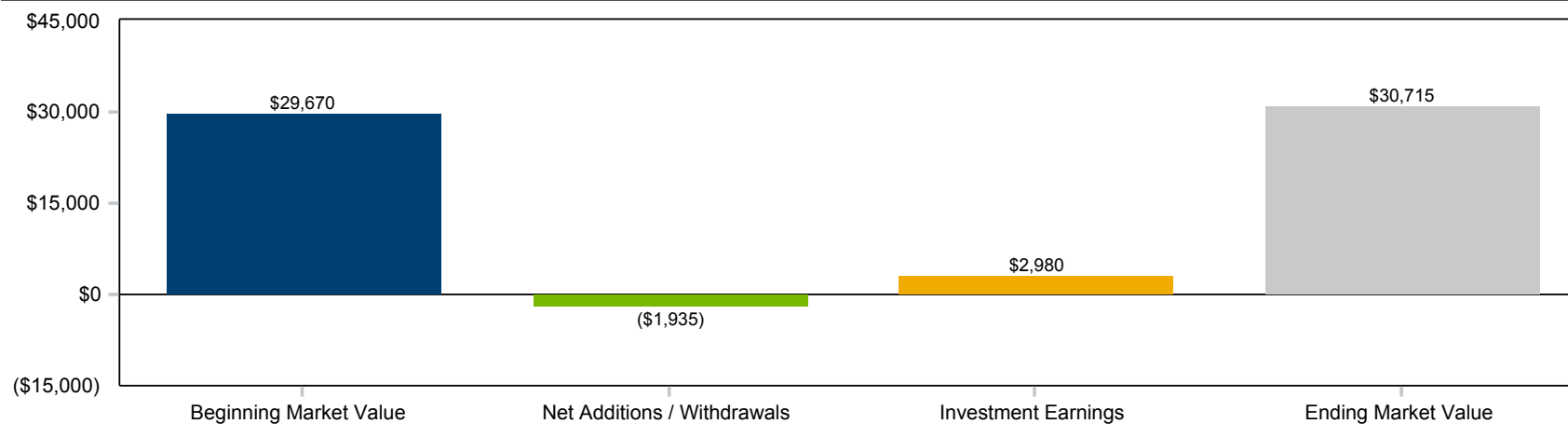
Asset Allocation Value Added

Asset Class Value Added

E&O Insurance Fund

E&O Insurance Fund Asset Summary

As of 31 December 2014

Change in Market Value (\$000)
From 1 January 2013 to 31 December 2014**Summary of Cash Flows (\$000)**

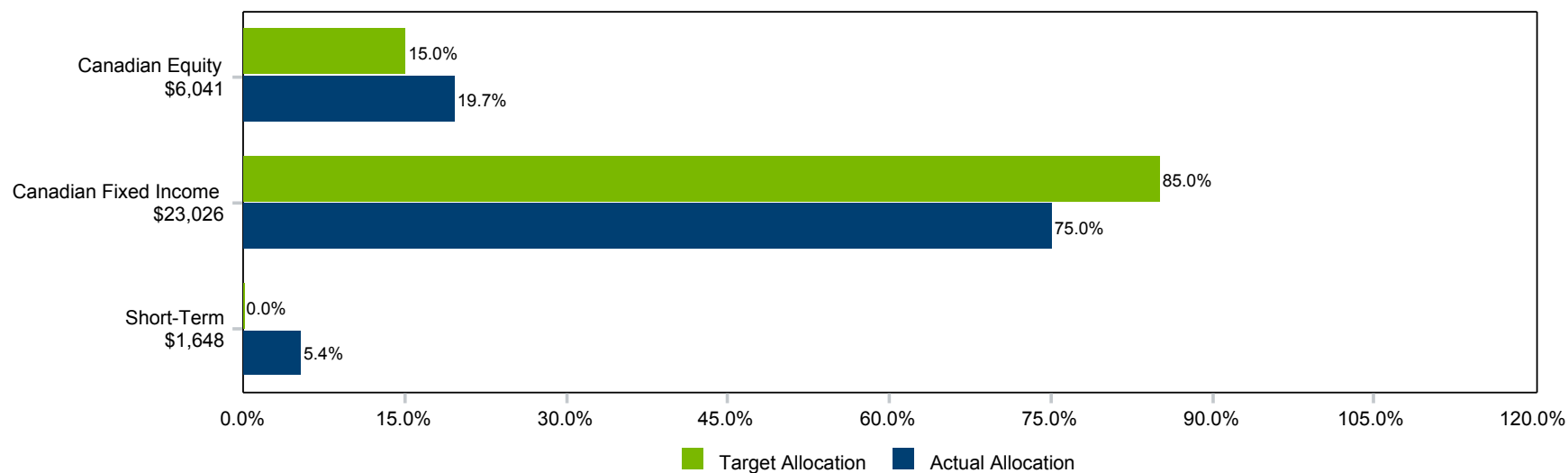
	Jan-2013 To Dec-2014
E&O Insurance Fund	
Beginning Market Value	29,670
+/- Net Cash Flows	-1,935
+/- Income	2,193
+/- Capital Gains / Losses	787
= Ending Market Value	30,715

Note: Capital Gains / Losses also includes Accretion / Amortization

E&O Insurance Fund

Asset Allocation Compliance

As of 31 December 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	30,715	100.0	100.0	0.0		
Canadian Equity	6,041	19.7	15.0	4.7	5.0	25.0
Canadian Fixed Income	23,026	75.0	85.0	-10.0	60.0	95.0
Short-Term	1,648	5.4	0.0	5.4	0.0	15.0

Compensation Fund Analysis

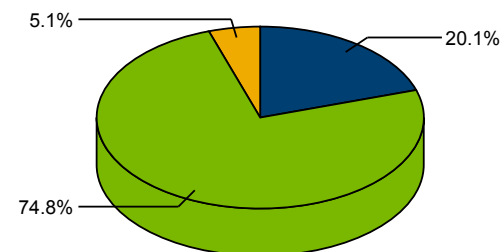
Compensation Fund

Asset Allocation by Segment

Compensation Fund

Segments	Market Value (\$)	Allocation (%)
■ Canadian Equity	7,254,169	20.1
■ Canadian Fixed Income	26,988,528	74.8
■ Short-Term	1,837,070	5.1

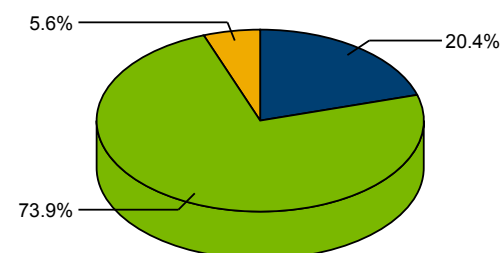
31 December 2014 : \$36,079,767



Segments	Market Value (\$)	Allocation (%)
■ Canadian Equity	7,372,921	20.4
■ Canadian Fixed Income	26,670,792	73.9
■ Short-Term	2,026,969	5.6

■ Canadian Equity ■ Canadian Fixed Income ■ Short-Term

30 June 2014 : \$36,070,683



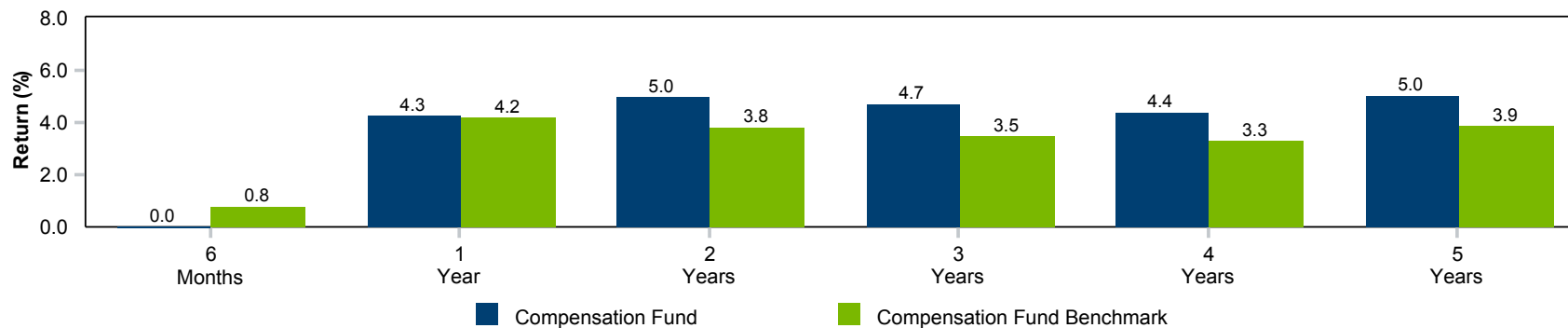
■ Canadian Equity ■ Canadian Fixed Income ■ Short-Term

Compensation Fund

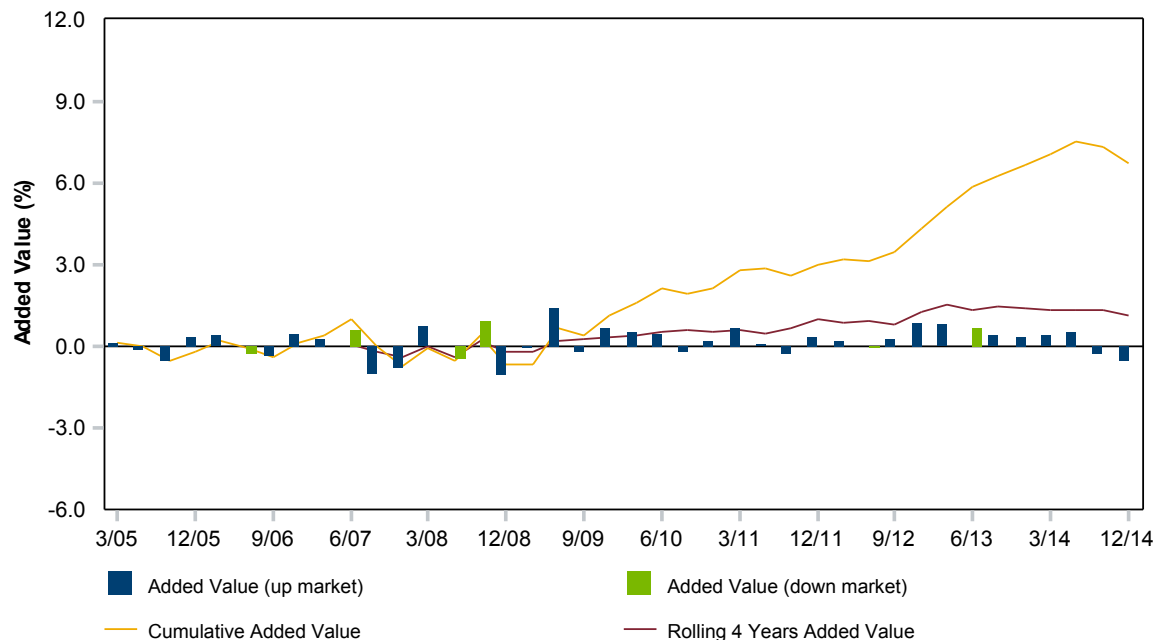
Compensation Fund Performance Summary

As of 31 December 2014

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	34	110.3
Down Markets	6	76.4
Batting Average		
Up Markets	34	64.7
Down Markets	6	50.0
Overall	40	62.5

Negative asset class performance within Canadian equities, an overweight to Canadian equities and an underweight to Canadian fixed income detracted value from the overall portfolio over the six month period.

FGP Canadian equities underperformed the Index due to negative stock picks in Energy, Industrials, Consumer Discretionary and Telecommunications. An underweight to Health Care and Industrials, as well as an overweight to Energy also detracted value from the Fund. Strong stock picks in Materials along with an overweight to Consumer Discretionary and an underweight to Materials provided a partial offset to the Fund's overall negative performance.

Fixed income underperformance was mainly due to its underweight in the provincials and a slightly lower than Index duration, as yields continued to fall during the period.

Compensation Fund

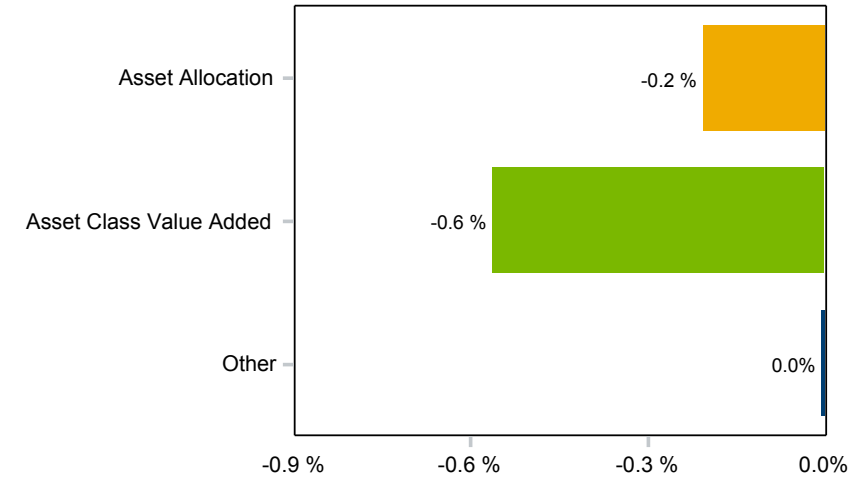
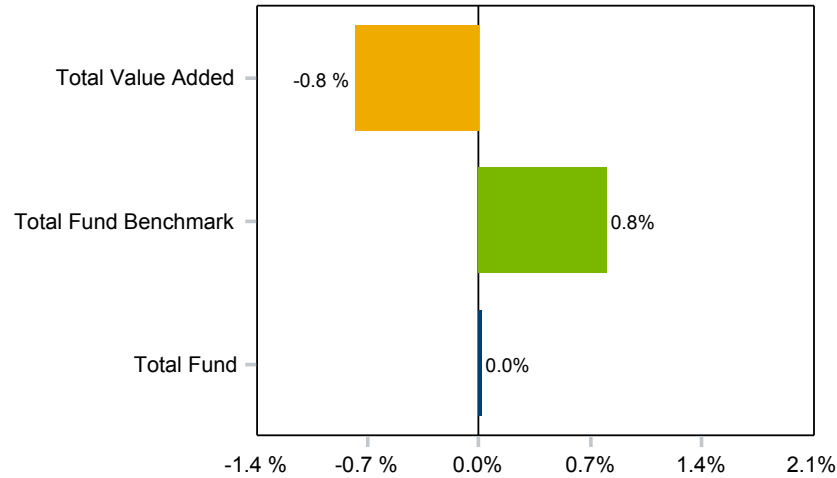
Compensation Fund Performance Attribution

6 Months Ending 31 December 2014

Total Fund vs. Benchmark

Total Fund Performance

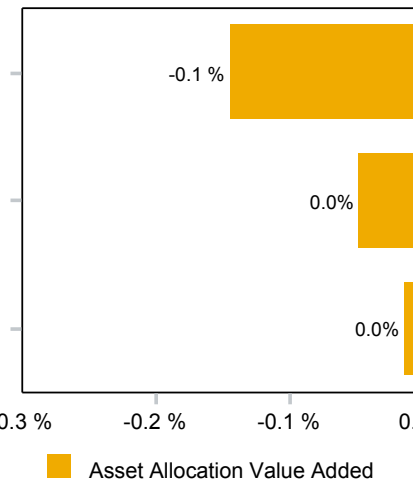
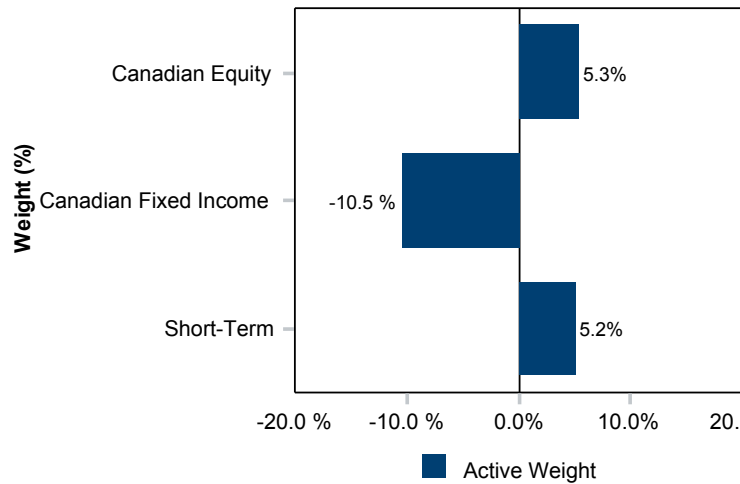
Total Value Added: -0.8 %



6 Months Ending 31 December 2014

Total Asset Allocation: -0.2 %

Total Asset Class Value Added: -0.6 %



Active Weight

Asset Allocation Value Added

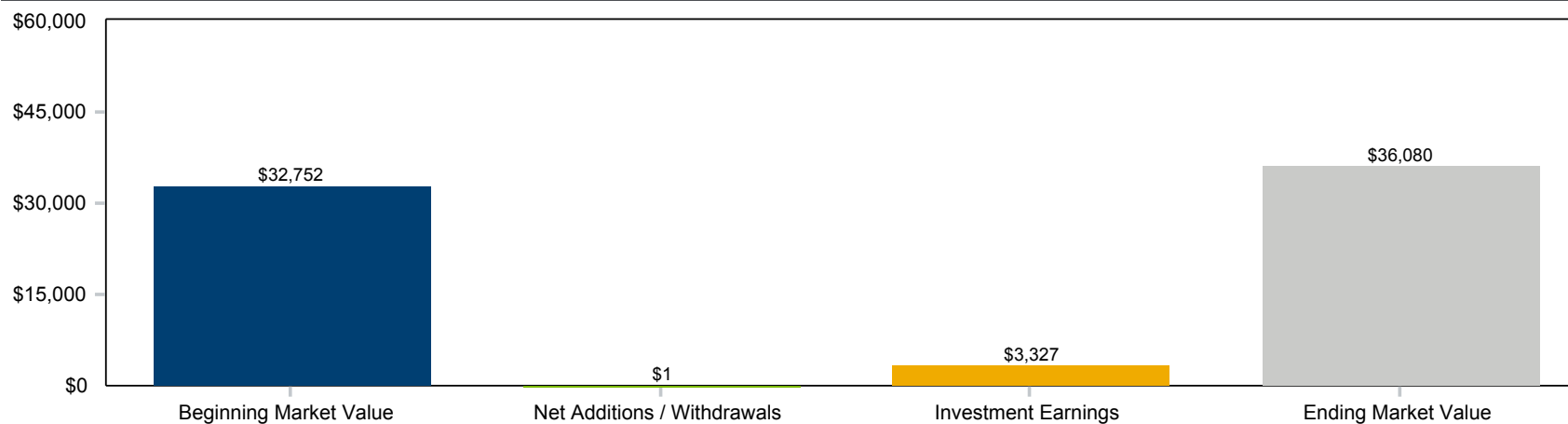
Asset Class Value Added

Compensation Fund

Compensation Fund Asset Summary

As of 31 December 2014

Change in Market Value (\$000)
From 1 January 2013 to 31 December 2014



Summary of Cash Flows (\$000)

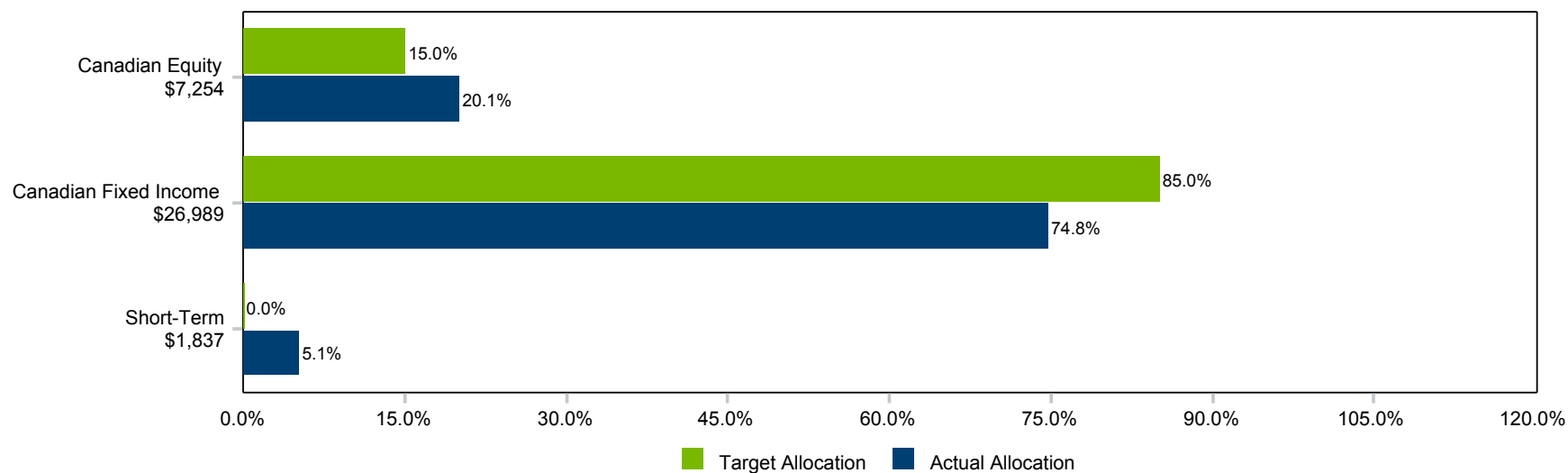
	Jan-2013 To Dec-2014
Compensation Fund	
Beginning Market Value	32,752
+/- Net Cash Flows	1
+/- Income	2,181
+/- Capital Gains / Losses	1,146
= Ending Market Value	36,080

Note: Capital Gains / Losses also includes Accretion / Amortization

Compensation Fund

Asset Allocation Compliance

As of 31 December 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	36,080	100.0	100.0	0.0		
Canadian Equity	7,254	20.1	15.0	5.1	5.0	25.0
Canadian Fixed Income	26,989	74.8	85.0	-10.2	60.0	95.0
Short-Term	1,837	5.1	0.0	5.1	0.0	15.0

General Fund Analysis

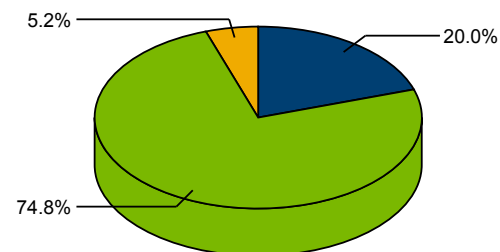
General Fund

Asset Allocation by Segment

General Fund

Segments	Market Value (\$)	Allocation (%)
Canadian Equity	3,181,034	20.0
Canadian Fixed Income	11,909,385	74.8
Short-Term	827,311	5.2

31 December 2014 : \$15,917,730



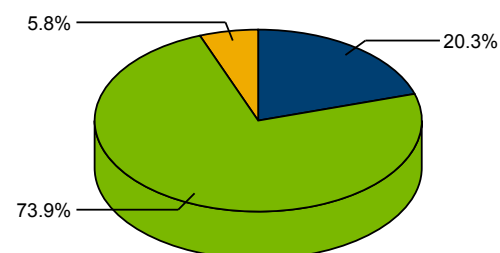
Segments	Market Value (\$)	Allocation (%)
Canadian Equity	3,223,326	20.3
Canadian Fixed Income	11,769,437	73.9
Short-Term	922,758	5.8

Canadian Equity

Canadian Fixed Income

Short-Term

30 June 2014 : \$15,915,520



Canadian Equity

Canadian Fixed Income

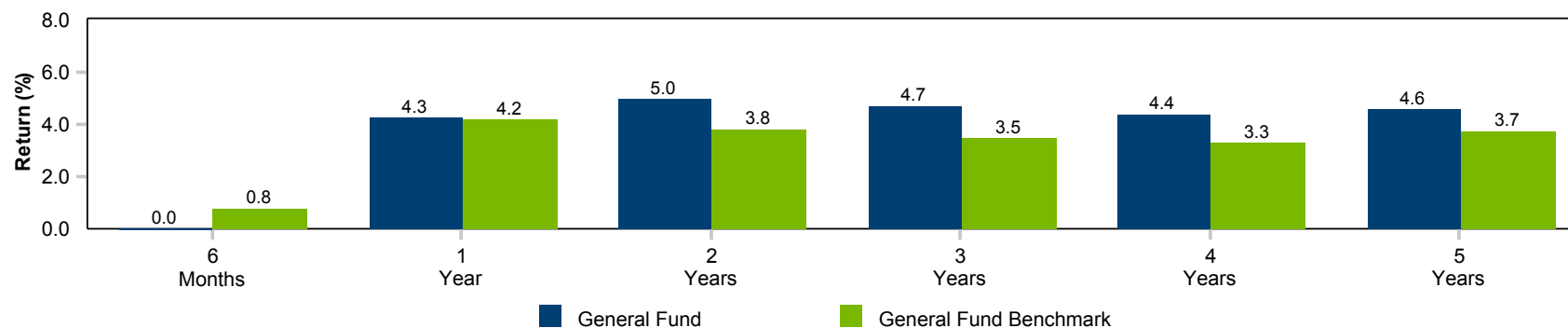
Short-Term

General Fund

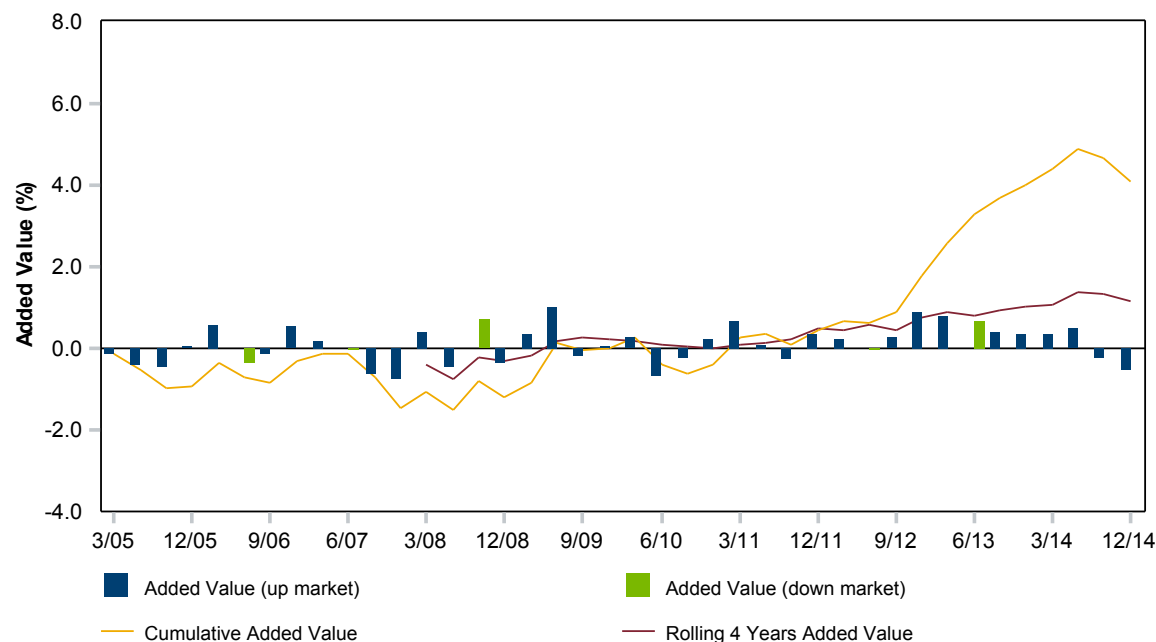
General Fund Performance Summary

As of 31 December 2014

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	37	103.9
Down Markets	6	44.6
Batting Average		
Up Markets	37	59.5
Down Markets	6	66.7
Overall	43	60.5

Negative asset class performance within Canadian equities, an overweight to Canadian equities and an underweight to Canadian fixed income detracted value from the overall portfolio over the six month period.

FGP Canadian equities underperformed the Index due to negative stock picks in Energy, Industrials, Consumer Discretionary and Telecommunications. An underweight to Health Care and Industrials, as well as an overweight to Energy also detracted value from the Fund. Strong stock picks in Materials along with an overweight to Consumer Discretionary and an underweight to Materials provided a partial offset to the Fund's overall negative performance.

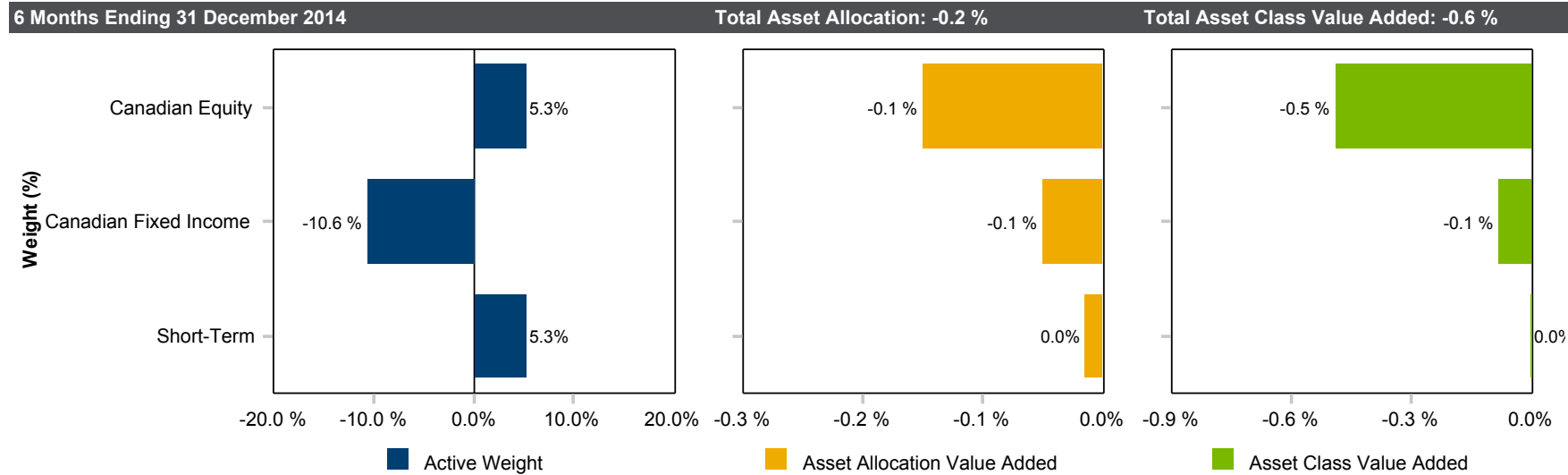
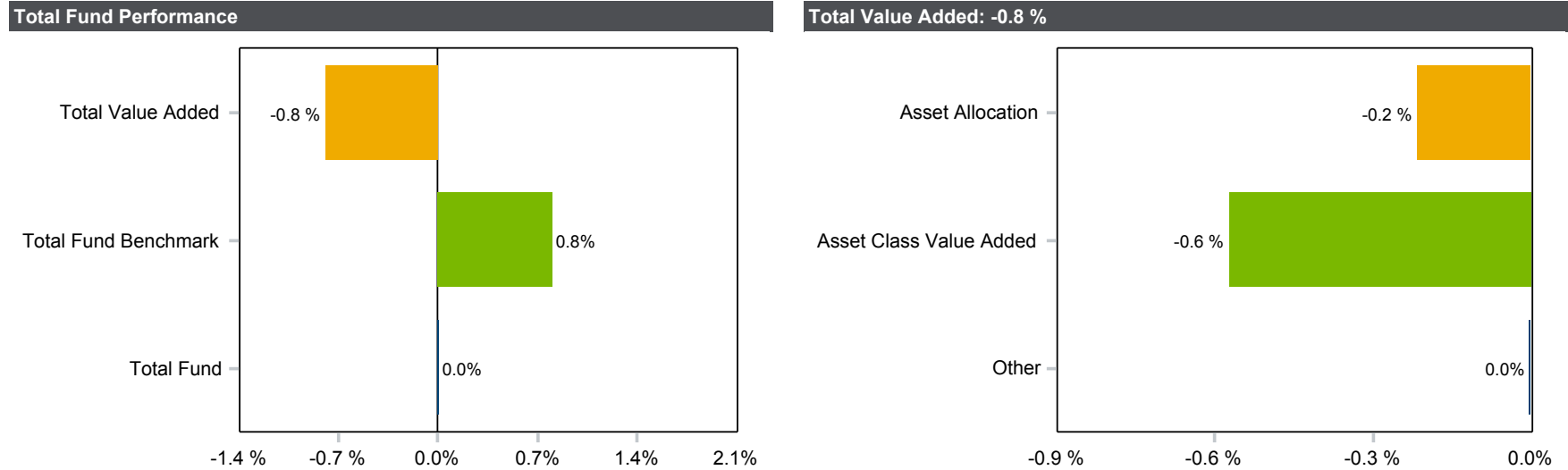
Fixed income underperformance was mainly due to its underweight in the provincials and a slightly lower than Index duration, as yields continued to fall during the period.

General Fund

General Fund Performance Attribution

6 Months Ending 31 December 2014

Total Fund vs. Benchmark

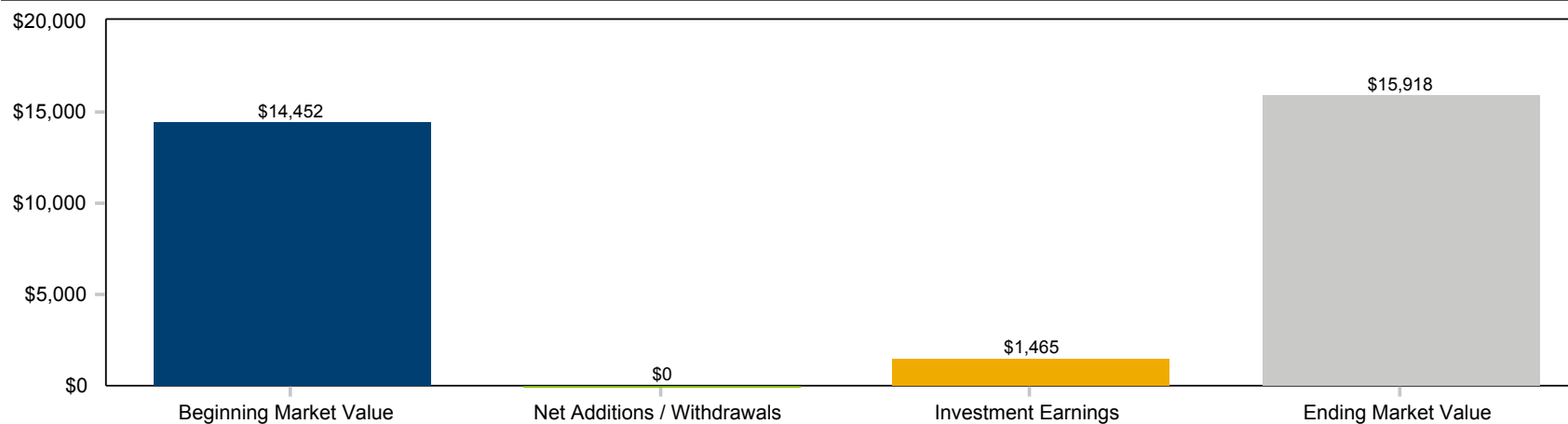


General Fund

General Fund Asset Summary

As of 31 December 2014

Change in Market Value (\$000)
From 1 January 2013 to 31 December 2014



Summary of Cash Flows (\$000)

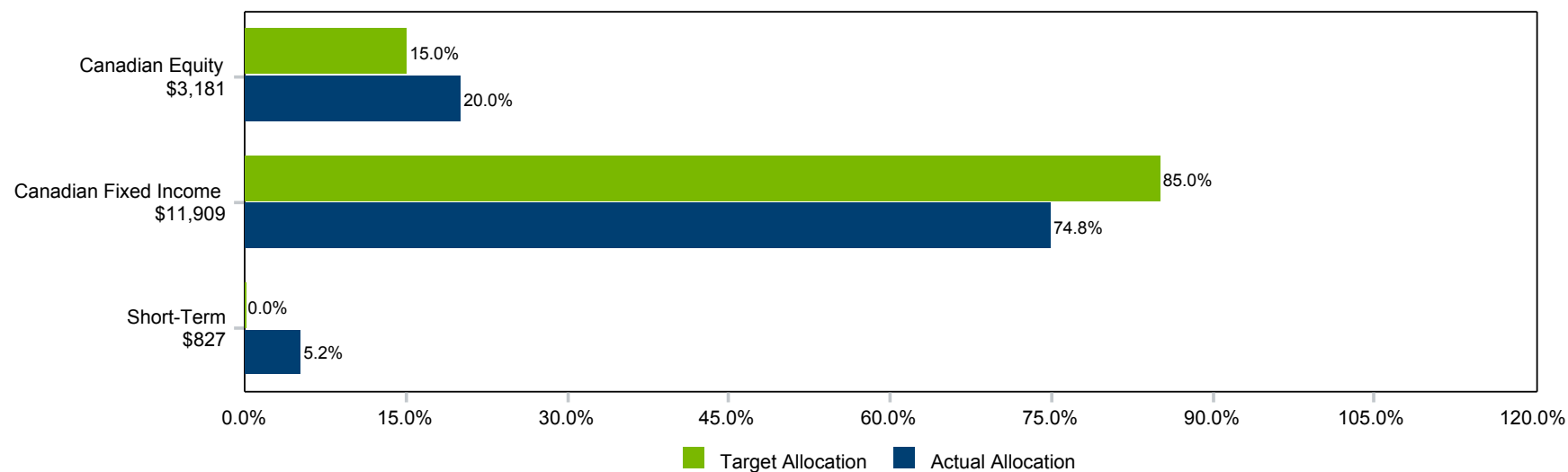
	Jan-2013 To Dec-2014
General Fund	
Beginning Market Value	14,452
+/- Net Cash Flows	-
+/- Income	963
+/- Capital Gains / Losses	503
= Ending Market Value	15,918

Note: Capital Gains / Losses also includes Accretion / Amortization

General Fund

Asset Allocation Compliance

As of 31 December 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	15,918	100.0	100.0	0.0		
Canadian Equity	3,181	20.0	15.0	5.0	5.0	25.0
Canadian Fixed Income	11,909	74.8	85.0	-10.2	60.0	95.0
Short-Term	827	5.2	0.0	5.2	0.0	15.0

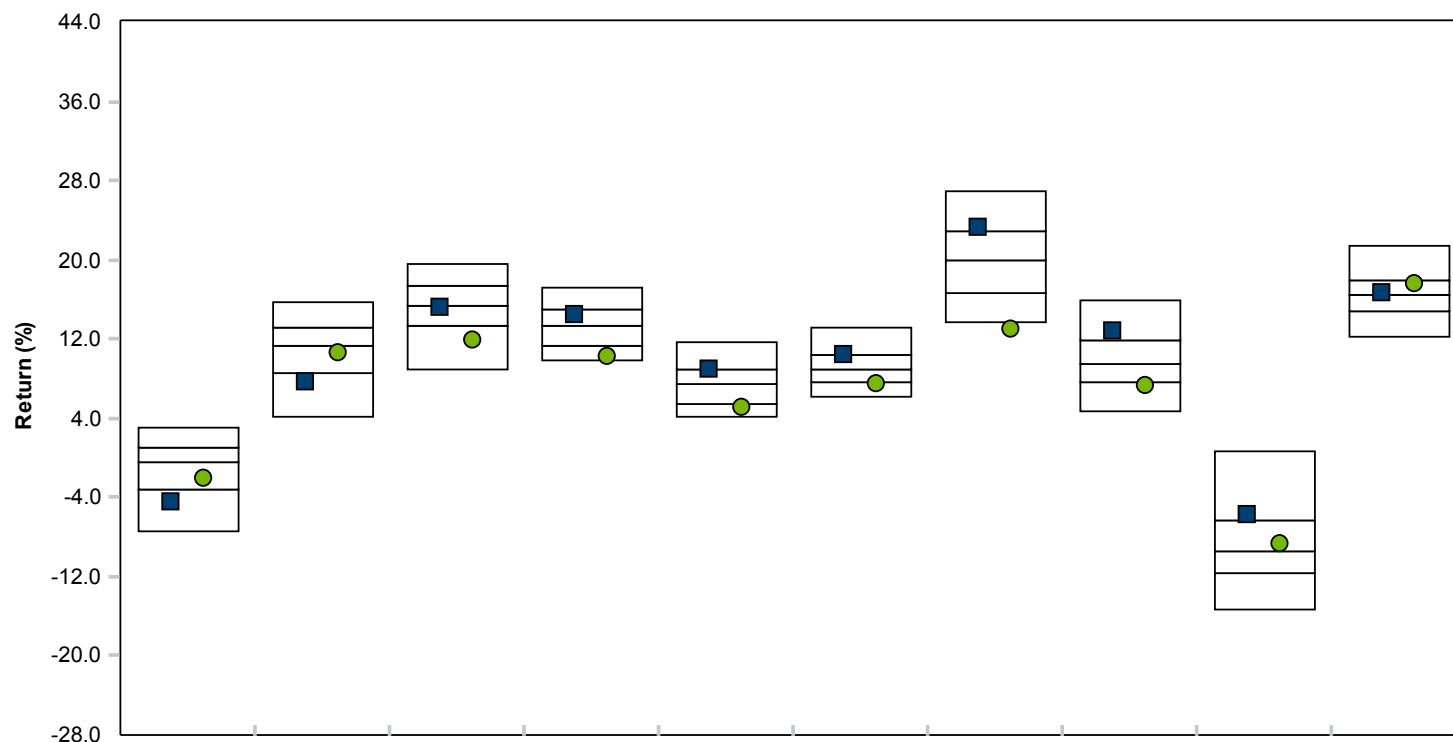
Asset Class Analysis

Canadian Equity Funds

Peer Group Analysis

As of 31 December 2014

Canadian Equity



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2013	2012	2011	2010
■ FGP Canadian Equity	-4.4 (86)	7.7 (85)	15.2 (51)	14.4 (38)	9.0 (25)	10.5 (23)	23.3 (25)	12.7 (21)	-5.8 (22)	16.6 (47)
● S&P/TSX Capped Composite	-2.0 (69)	10.6 (59)	11.8 (86)	10.2 (91)	5.1 (82)	7.5 (80)	13.0 (97)	7.2 (77)	-8.7 (41)	17.6 (29)
5th Percentile	3.1	15.6	19.6	17.2	11.6	13.1	27.0	15.9	0.7	21.4
1st Quartile	1.0	13.1	17.3	15.0	8.9	10.4	22.9	11.8	-6.3	18.0
Median	-0.5	11.2	15.3	13.4	7.5	8.9	19.9	9.5	-9.5	16.5
3rd Quartile	-3.1	8.5	13.3	11.2	5.5	7.7	16.7	7.6	-11.6	14.8
95th Percentile	-7.5	4.2	9.0	9.8	4.2	6.2	13.8	4.7	-15.3	12.1
Population	89	89	89	89	89	88	92	97	100	103

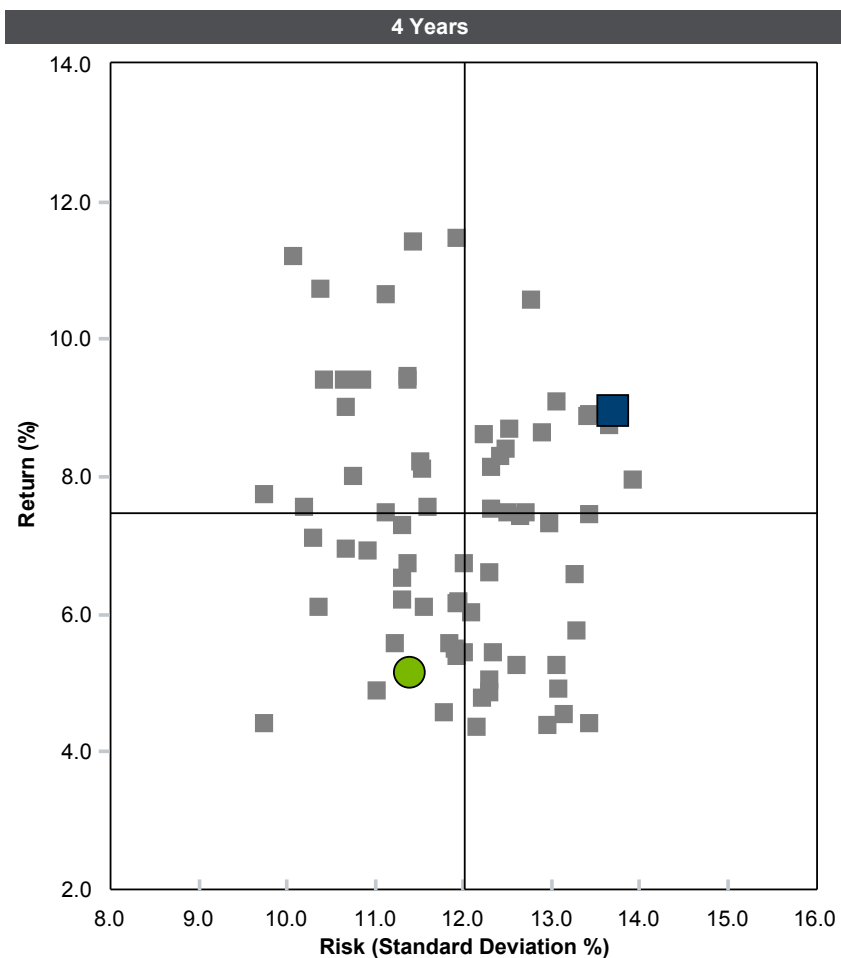
Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

Canadian Equity Funds

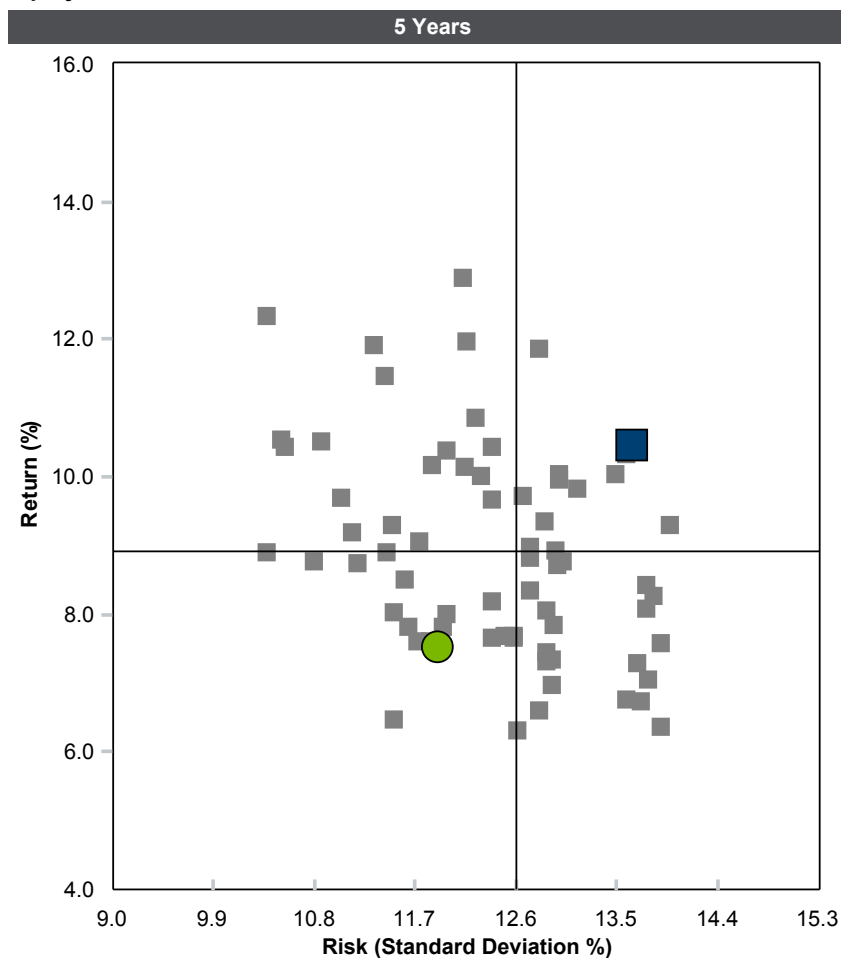
Peer Group Scattergram

Periods Ending 31 December 2014

Canadian Equity



	Return	Standard Deviation
■ FGP Canadian Equity	9.0	13.7
● S&P/TSX Capped Composite	5.1	11.4
— Median	7.5	12.0



	Return	Standard Deviation
■ FGP Canadian Equity	10.5	13.6
● S&P/TSX Capped Composite	7.5	11.9
— Median	8.9	12.6

Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

Canadian Equity Funds

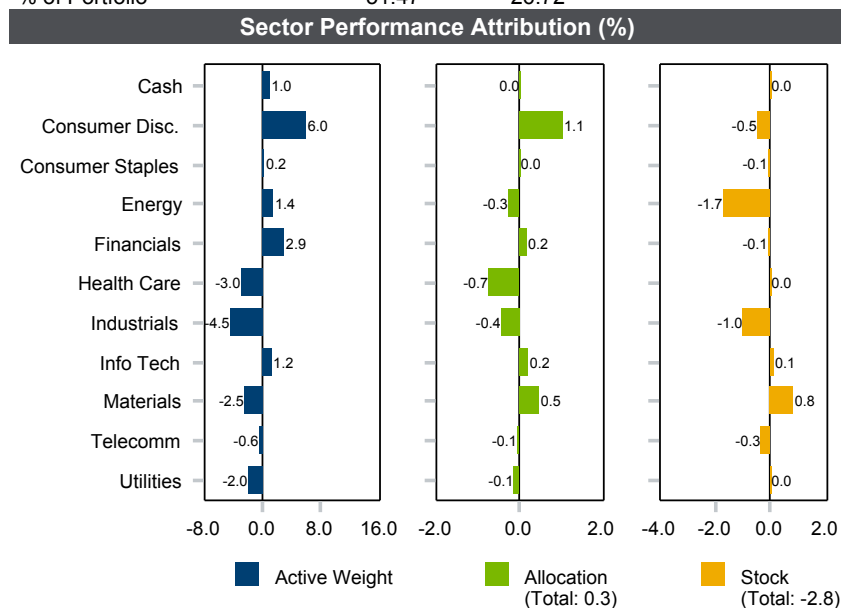
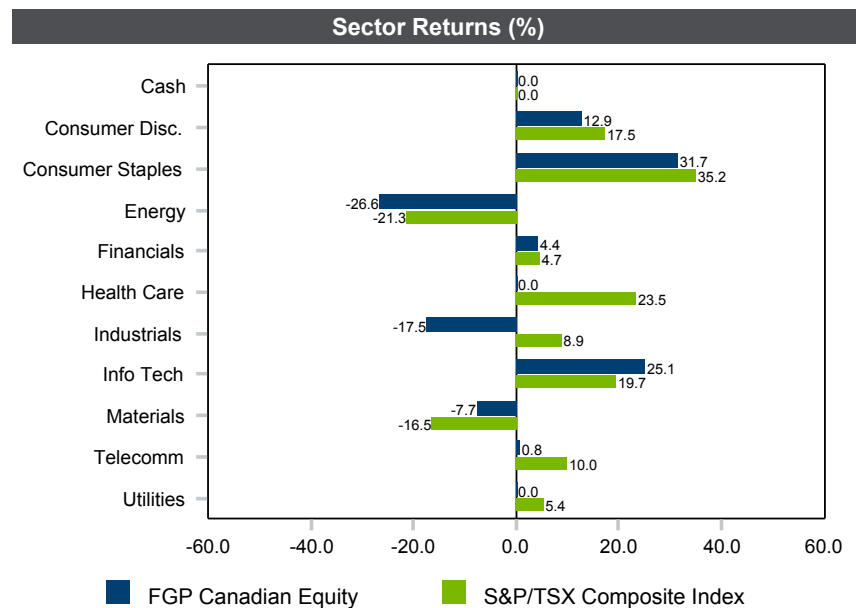
FGP Canadian Equity Portfolio Characteristics

6 Month Period Ending 31 December 2014

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	34,132	32,563
Median Mkt. Cap (\$M)	11,937	2,369
Price/Earnings ratio	13.9	16.6
Price/Book ratio	1.9	2.2
5 Yr. EPS Growth Rate (%)	17.5	13.8
Current Yield (%)	3.3	2.9
Debt to Equity	1.2	1.4
Number of Stocks	36	250

Manager Top Ten Holdings			
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)
Royal Bank of Canada	7.54	6.34	1.20
Bank of Nova Scotia	7.21	4.42	2.79
Toronto-Dominion Bank	6.15	5.61	0.54
Suncor Energy	5.48	2.93	2.55
CIBC	5.00	2.17	2.83
Imperial Oil	4.92	0.70	4.22
Canadian Natural Resources	4.92	2.15	2.77
Great-West Lifeco	3.58	0.53	3.05
Magna International	3.49	1.43	2.06
Husky Energy Inc	3.18	0.44	2.74

% of Portfolio 51.47 26.72

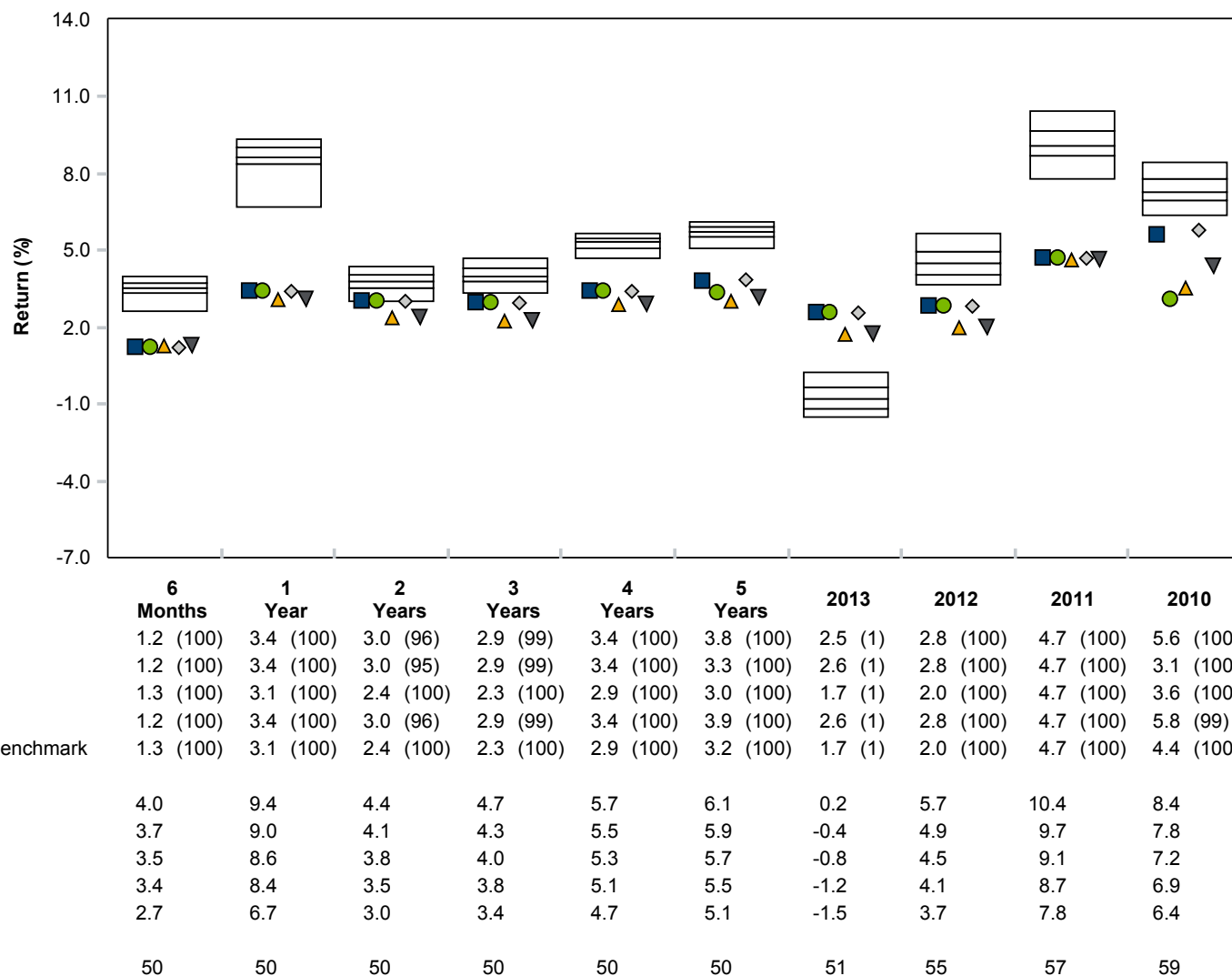


Fixed Income Funds

Peer Group Analysis

As of 31 December 2014

Canadian Bonds



Parentheses contain percentile rankings.

Returns for periods greater than one year are annualized.

For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.

Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.

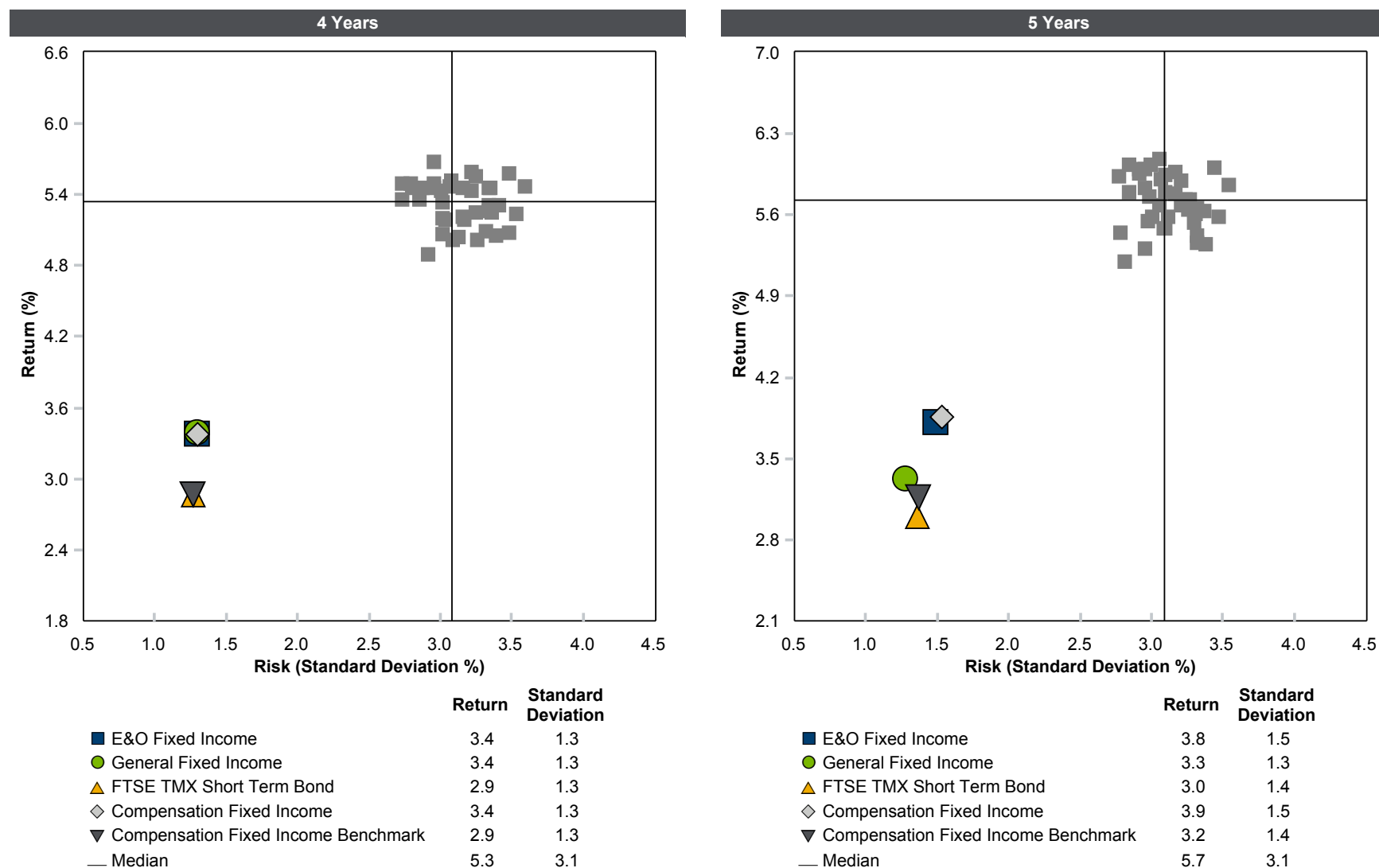
Source: Aon Hewitt Manager Universe.

Fixed Income Funds

Peer Group Scattergram

Periods Ending 31 December 2014

Canadian Bonds



Returns for periods greater than one year are annualized.

For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.

Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.

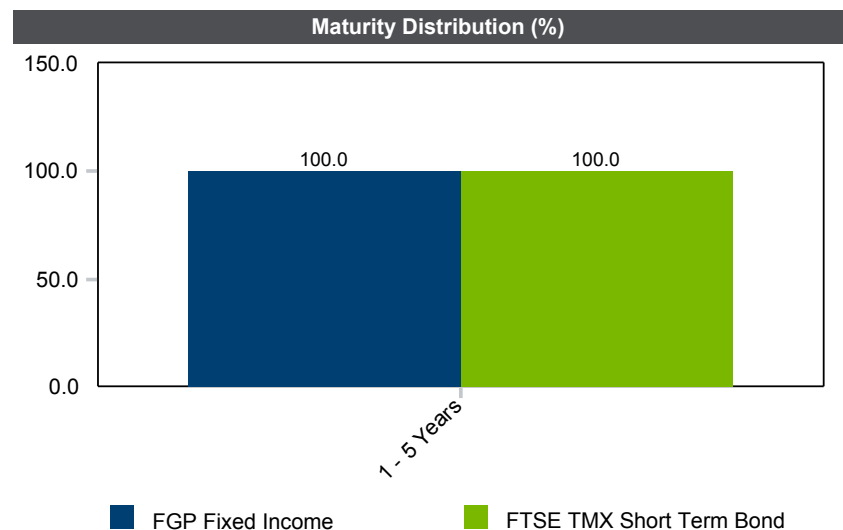
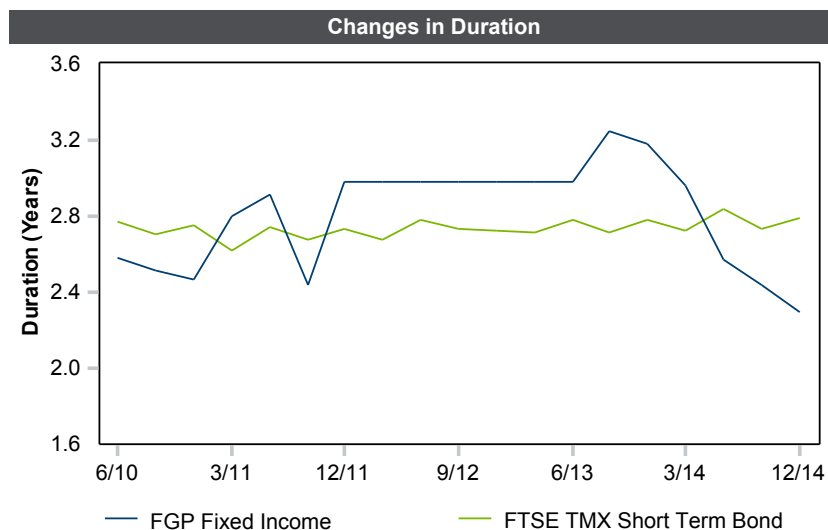
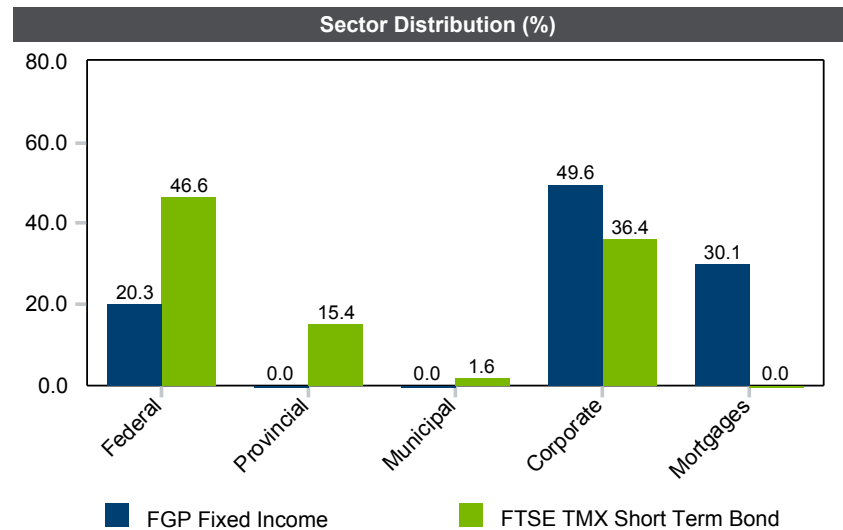
Source: Aon Hewitt Manager Universe.

Fixed Income Funds

FGP Fixed Income Fund Characteristics

As of 31 December 2014

Portfolio Characteristics		
	Portfolio	Benchmark
Modified Duration	2.3	2.8
Avg. Maturity	2.5	3.0
Avg. Quality	AA	AA
Yield To Maturity (%)	1.7	1.6



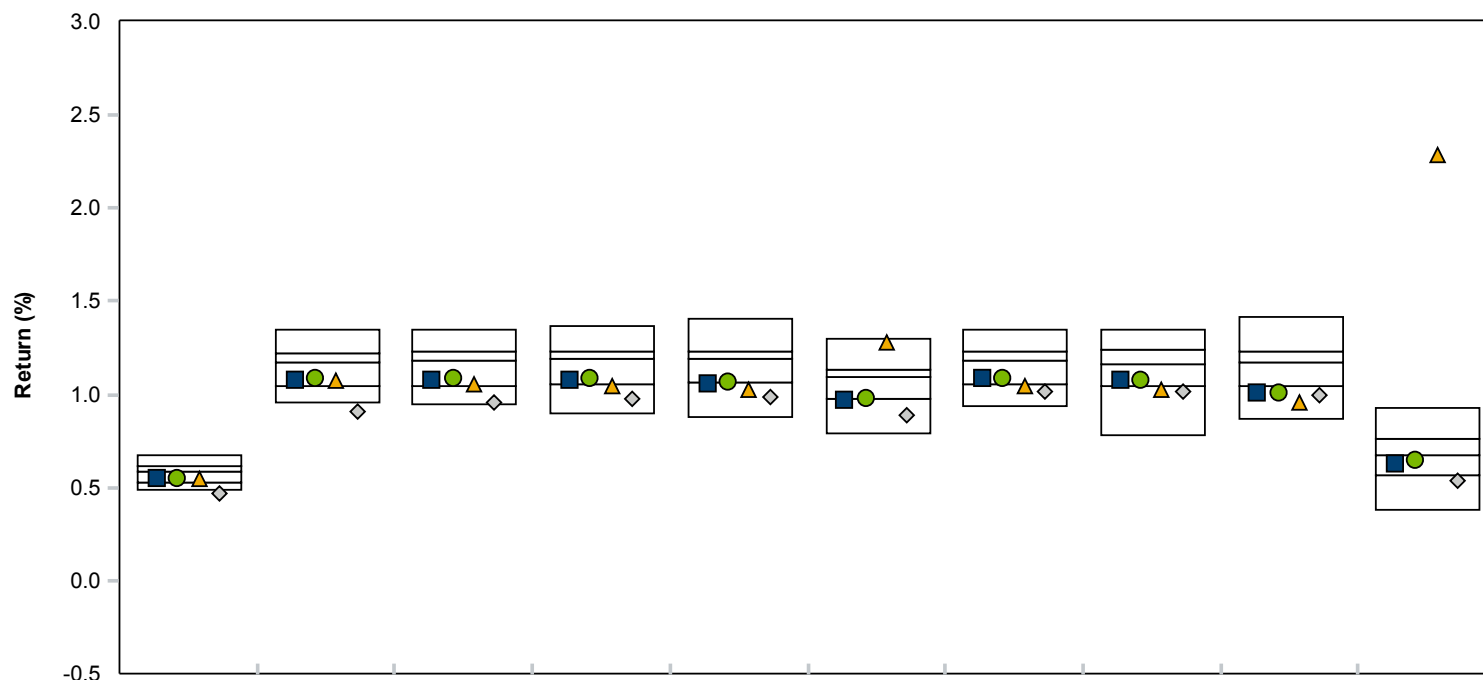
*The Mortgages sector is comprised of Mortgage-Backed Securities (MBS)

Money Market Funds

Peer Group Analysis

As of 31 December 2014

Money Market



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2013	2012	2011	2010
■ E&O Short-Term	0.5 (64)	1.1 (71)	1.1 (71)	1.1 (71)	1.1 (80)	1.0 (76)	1.1 (66)	1.1 (66)	1.0 (80)	0.6 (61)
● Compensation Short-Term	0.5 (65)	1.1 (70)	1.1 (70)	1.1 (71)	1.1 (79)	1.0 (75)	1.1 (66)	1.1 (66)	1.0 (80)	0.6 (58)
▲ General Short-Term	0.5 (65)	1.1 (71)	1.1 (73)	1.0 (80)	1.0 (83)	1.3 (8)	1.0 (79)	1.0 (77)	1.0 (92)	2.3 (1)
◆ FTSE TMX 91-Day T-Bill	0.5 (97)	0.9 (97)	1.0 (94)	1.0 (88)	1.0 (87)	0.9 (89)	1.0 (86)	1.0 (78)	1.0 (80)	0.5 (80)
5th Percentile	0.7	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.4	0.9
1st Quartile	0.6	1.2	1.2	1.2	1.2	1.1	1.2	1.2	1.2	0.8
Median	0.6	1.2	1.2	1.2	1.2	1.1	1.2	1.2	1.2	0.7
3rd Quartile	0.5	1.0	1.0	1.1	1.1	1.0	1.1	1.0	1.0	0.6
95th Percentile	0.5	1.0	1.0	0.9	0.9	0.8	0.9	0.8	0.9	0.4
Population	30	30	30	30	30	30	32	34	36	38

Parentheses contain percentile rankings.

Returns for periods greater than one year are annualized.

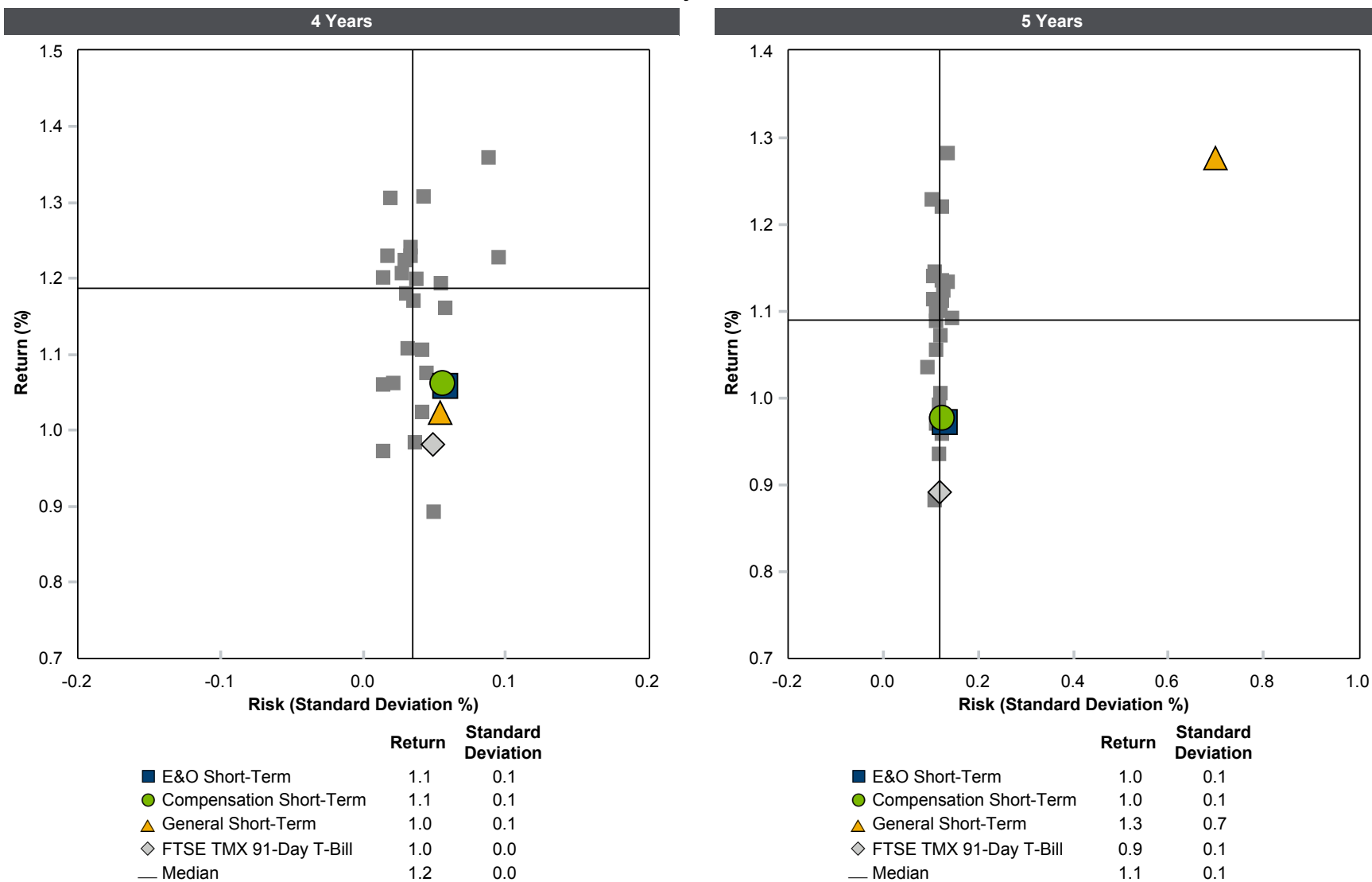
Source: Aon Hewitt Manager Universe.

Money Market Funds

Peer Group Scattergram

Periods Ending 31 December 2014

Money Market



Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

Appendix A - Plan Information

Plan Information

Summary of Investment Objectives

The investment policy contains specific performance objectives for the fund and for the investment manager.

Investment rates of return are reported on a calendar basis and include realized and unrealized capital gains and losses, plus income.

Returns are calculated on a time-weighted basis and are compared to the objectives described below in order to assess the performance of the investment manager.

The primary objective is to outperform a benchmark portfolio over moving four-year periods. The specific benchmark weights are provided on the following page.

Management Mandates: Active management of the asset allocation
Active management of the asset classes

Management Structure: One Short-Term bond mandate
One Canadian equity mandate

Management Firm: Foyston, Gordon & Payne Inc. (FGP)

Investment Products:	Prior to 30 June 2009	From 1 July 2009 to 21 May 2010	From 21 May 2010 23 June 2014	After 23 June 2014
<u>E&O Insurance Fund</u>				
Short-Term	-	Pooled	Pooled	Pooled
Canadian Bonds	Pooled	Pooled	Segregated	Pooled
Canadian Equities	Pooled	Pooled	Pooled	Pooled
Private U.S. Equities	Pooled	-	-	-
<u>Compensation & General Fund</u>				
Short-Term	Pooled	Pooled	Pooled	Pooled
Canadian Bonds	Segregated	Segregated	Segregated	Pooled
Canadian Equities	Pooled	Pooled	Pooled	Pooled
Private U.S. Equities	Segregated	-	-	-

Note: Segregated = Individual Securities

Plan Information

Summary of Investment Objectives

Blended Benchmark Composition

E&O Insurance Fund Benchmark

Components	Weight (%)
Mar-2006	
S&P/TSX Composite	15.00
S&P 500 (CAD)	15.00
FTSE TMX Short Term Bond	70.00
Jul-2009	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

Compensation Fund Benchmark

Components	Weight (%)
Jun-2003	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jan-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Universe Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Universe Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

General Fund Benchmark

Components	Weight (%)
Mar-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Short Term Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

Compensation Fund Fixed Income Benchmark

Components	Weight (%)
Jun-2003	
FTSE TMX Short Term Bond	100.00
Jan-2004	
FTSE TMX Universe Bond	100.00
Apr-2010	
FTSE TMX Short Term Bond	100.00

Appendix B - Manager Updates

Manager Updates

Manager Updates

As of 31 December 2014

Foyston, Gordon & Payne ("FGP")

Q4 2014

Business

There were no significant events.

Staff

The following staff changes took place during the fourth quarter of 2014:

- Michel Rheume, Vice President and Portfolio Manager, Institutional Client Services, left the firm in November 2014.
- Jim Houston, President, resigned from FGP in December. He was replaced by Bryan Pilsworth, who has been with FGP since 2007. In addition to managing the Canadian Small Cap equity strategies, Bryan will also lead the firm's strategic direction.

Q3 2014

Business

There were no significant events.

Staff

The following staff changes took place during the third quarter of 2014:

- Mujahi Masson joined the firm as an Assistant Portfolio Manager, Private Clients; and
- Patty Zhao joined the firm as a Production Control Analyst.

Appendix C - Capital Markets Environment

Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

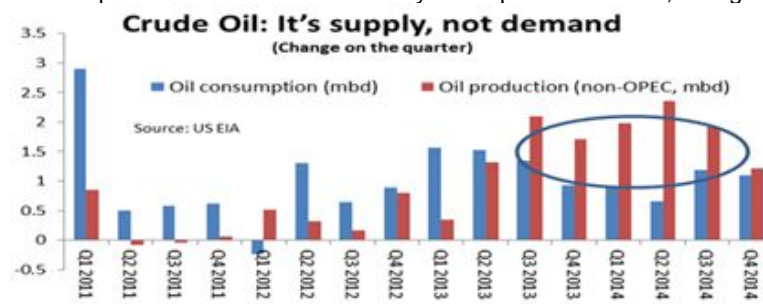
Outlook for Oil Prices

Summary

- The halving of oil prices since June is more supply than demand driven.
- At these levels, oil prices are too low to be sustainable.
- Prices will rebound, but only after production is cut. The timing of a production cut is highly uncertain. Even so, oil futures markets are being too pessimistic.
- Weaker oil prices will boost the global economy modestly in 2015.
- Lower oil prices completed the 'perfect storm' in the bond market. Lower oil is sentimentally good for bonds, but provides no lasting fundamental support.
- We do not expect low oil prices will impact global equity markets negatively.

Supply not Demand is the Issue

Crude oil prices have fallen substantially in the past few weeks, falling by half since their June highs.



The increase in the supply outside of the OPEC, in particular the increase in US shale oil production, is the key driver contributing to the fall in oil prices. The supply-demand imbalance became noticeable through the middle of the year (see chart above).

Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

OPEC

The OPEC announcement on November 25, refusing to reduce production, caused further price declines, highlighting the absence of a market stabilizer.

The unwillingness to cut output appears to be a concerted attempt to hurt higher cost capacity outside OPEC. New production coming from Canadian oil sands or expensive off shore fields like the Kashagan (Caspian sea) have costs 4-5 times Saudi Arabia's estimated \$15-\$20/barrel. Even US shale oil average costs are somewhere in the mid to upper \$50s/barrel.

Are the Price Decreases Sustainable?

Whatever the true 'marginal cost' of oil production globally, the lowest levels generally quoted by experts are around \$80/barrel. Current prices are therefore substantially below the level needed to balance supply and demand. Inevitably supply will fall in response to current low prices (with demand possibly also moving a little higher even though weakness in demand has not been the problem), eventually taking prices higher once again.

However, the classic conundrum with commodities, and the feature that causes high intrinsic volatility, is that price changes are followed by long lags before supply responses come through – a multi-year process, but with little visibility on duration.

As a result, prices could fall further and the timing of a recovery in oil prices is very uncertain.

Lower Oil Prices Will Have a Positive Impact on the Economy

What will be the effect of these lower prices on economic activity? The general consensus is that the boost to consumer purchasing power will help economic activity. Consumers will spend more of their gains - and more quickly than producers will cut back spending. At a country level, oil importing countries gain (think Europe, much of Asia and even the U.S. which remains a net importer). Oil producers (Canada, Russia, Mexico, the OPEC block, and to an extent the UK) lose.

All told, we do expect a modest boost to global economic activity in 2015 on the reasonable view that the oil price holds somewhere near current levels for at least the first half of 2015.

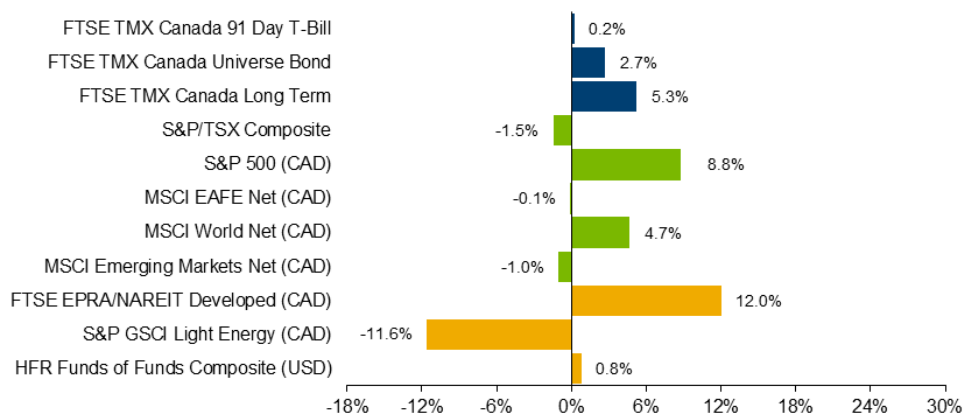
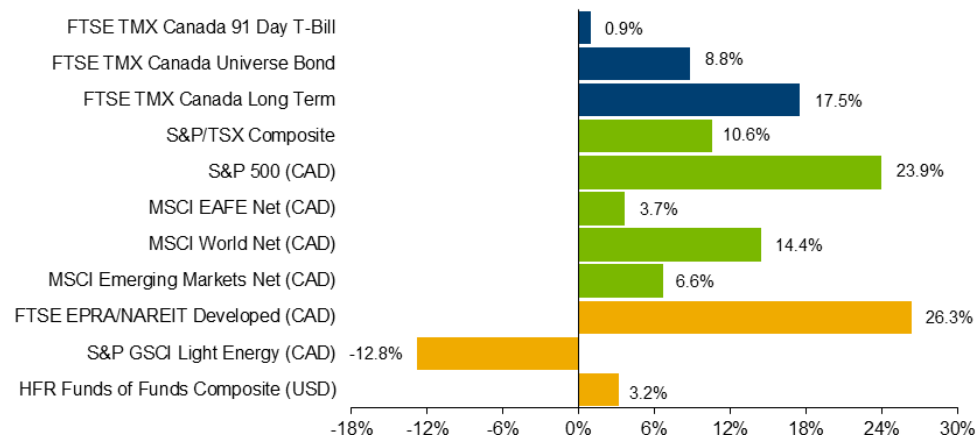
Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

Review of Financial Markets

- Commodity prices declined further in the last quarter, in particular oil prices, causing a loss of 11.6% for the S&P GSCI Light Energy Index. The S&P/TSX fell as well (-1.5%) due to the underperformance of the Energy and Material sectors. Canadian equity investors benefitted from the depreciation of the Canadian dollar versus the U.S. dollar which increased the return of the S&P 500 from 4.9% to 8.8% when expressed in Canadian dollars. In international equity markets, returns ranged from -1.0% for the MSCI Emerging Markets Net to 4.7% for the MSCI World Index. The FTSE TMX Long Term Bond Index (which can be considered a proxy for pension solvency liabilities) returned 5.3% while the FTSE TMX Universe Bond Index gained 2.7%. The FTSE EPRA/NAREIT Developed posted a comfortable return of 12.0%.

Financial Markets Performance Review
3-Month Period Ending 31 December 2014Financial Markets Performance Review
1-year Period Ending 31 December 2014

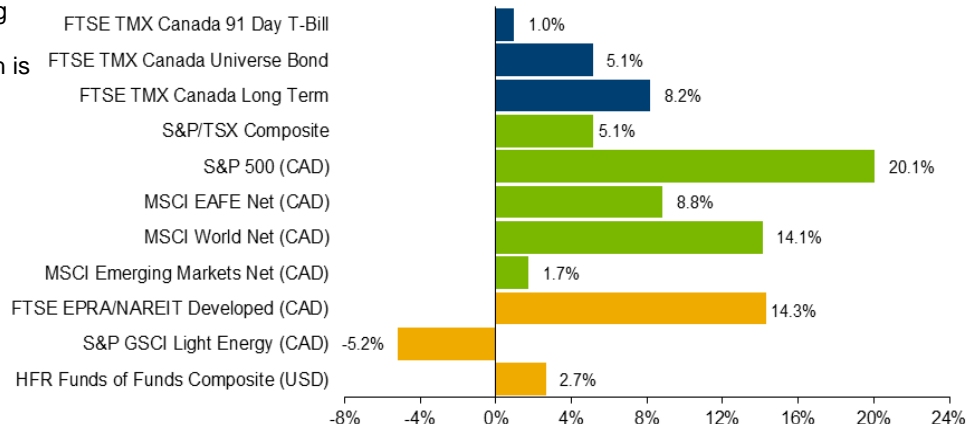
- For the year 2014, all major indices posted positive returns with the exception of the S&P GSCI Light Energy Index which lost 12.8%. The best performing indices were the FTSE EPRA/NAREIT Developed (26.3%), the S&P 500 (23.9%) and the FTSE TMX Canada Long Term Bond Index (17.5%). The MSCI EAFE underperformed other equity indices with a return of 3.7%, while hedge funds, represented by the HFR Funds of Funds Composite Index, gained a meager 3.2%.

Capital Markets Environment

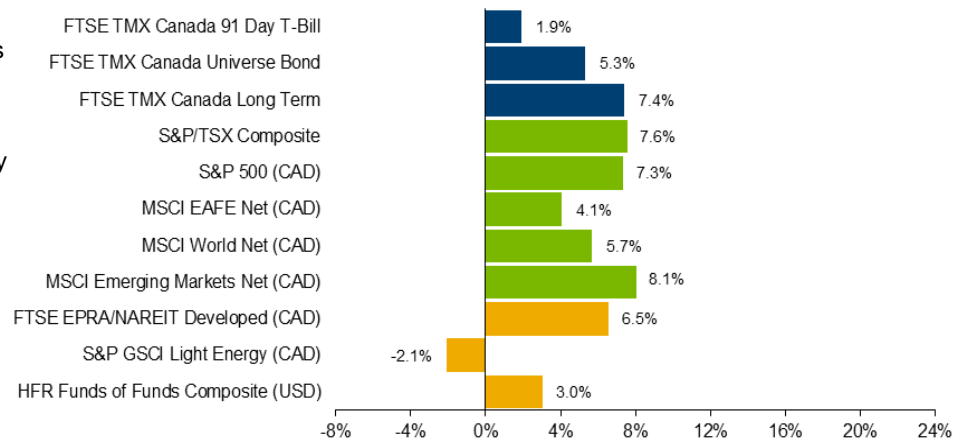
Capital Markets Environment

As of 31 December 2014

- The S&P 500 Index (CAD) posted the best return for the four-year period ending December 31, 2014, with a return of 20.1%. Strong returns were also earned in global equities (14.1%) and in global listed real estate (14.3%). Long-term bonds returned 8.2% which is higher than the S&P/TSX Index (5.1%). Trailing the other categories were commodities with a negative return of -5.2%.

Financial Markets Performance Review
4-Year Period Ending December 31, 2014Financial Markets Performance Review
10-Year Period Ending December 31, 2014

- For the ten-year period ending December 31, 2014, strong returns were earned in emerging market equities (8.1%), Canadian equities (7.6%), long-term bonds (7.4%) and in the S&P 500 (7.3%). Global listed real estate (6.5%) were also strong performers while the S&P GSCI Light Energy (-2.1%) was the only major index posting a negative return for this period.



Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

Comparison of Financial Indices

Annual returns - Calendar Years										Annualized
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
30.6%	41.8%	18.2%	6.4%	51.6%	17.6%	18.1%	25.8%	41.3%	26.3%	8.06%
24.1%	31.7%	10.3%	3.3%	35.1%	14.1%	9.7%	15.6%	35.2%	23.9%	7.60%
16.3%	25.9%	9.8%	2.7%	17.4%	12.7%	4.6%	14.7%	31.0%	17.5%	7.42%
13.8%	19.6%	4.4%	-21.2%	11.9%	12.5%	1.0%	13.4%	13.0%	14.4%	7.31%
12.5%	17.3%	4.0%	-21.4%	11.5%	11.0%	-3.2%	13.3%	11.4%	10.6%	6.54%
10.7%	15.4%	3.7%	-24.3%	10.4%	9.1%	-3.5%	7.2%	9.0%	8.8%	5.67%
7.5%	10.4%	3.4%	-25.8%	7.4%	6.7%	-4.9%	5.2%	3.9%	6.6%	5.32%
6.7%	4.1%	-5.7%	-29.2%	5.5%	5.9%	-5.7%	4.8%	1.0%	3.7%	4.08%
6.5%	4.1%	-7.5%	-33.0%	5.4%	5.7%	-8.7%	3.6%	-1.2%	3.2%	3.02%
2.6%	4.0%	-10.5%	-34.6%	0.6%	2.1%	-10.0%	1.0%	-1.9%	0.9%	1.93%
2.3%	0.6%	-21.1%	-41.6%	-2.0%	0.5%	-16.4%	-0.6%	-6.2%	-12.8%	-2.10%

Best

↑

↓

Worst

FTSE TMX Canada 91 Day T-Bill

FTSE TMX Canada Long Term

S&P 500 (CAD)

MSCI World (CAD) (Net dividend)

FTSE EPRA/NAREIT Developed (CAD)

HFR Funds of Funds Composite (USD)

FTSE TMX Canada Universe Bond

S&P/TSX Capped Composite

MSCI EAFE (CAD) (Net dividend)

MSCI Emerging Markets (CAD) (Net dividend)

S&P GSCI Commodity Index, Light Energy (CAD)

- This table illustrates the performance ranking of the various asset classes for each annual period over the last 10 years. Over that period, the best performing asset class was emerging market equities, followed by Canadian equities. Next were long-term bonds, which was a dominant theme of the last decade.
- The distribution of the color codes in our sample highlights the importance of diversification - in order to obtain stable performance, it is necessary to invest in several asset classes.

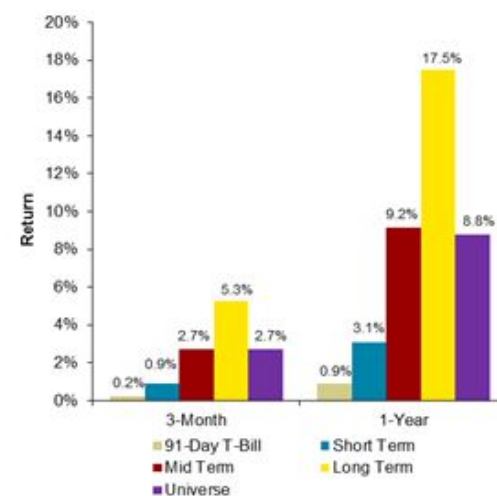
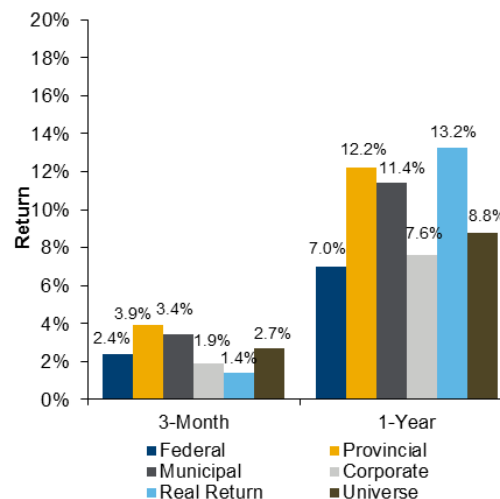
Capital Markets Environment

Capital Markets Environment

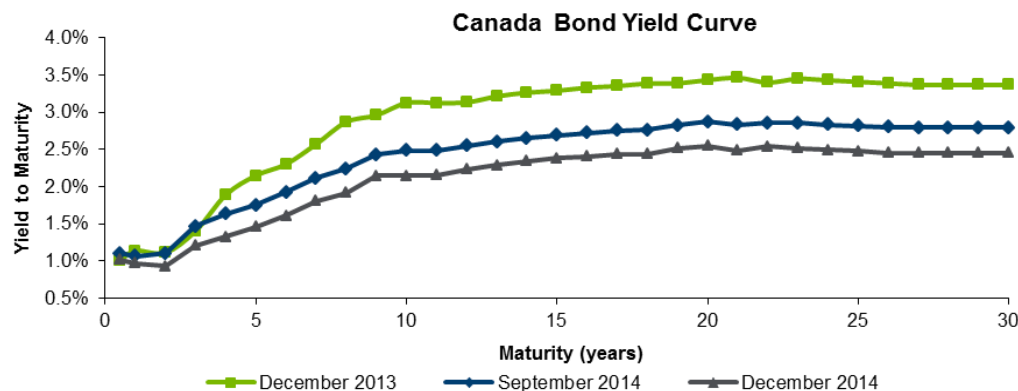
As of 31 December 2014

- Bond market returns were positive across all sectors and maturities for both the 3 month and the 1 year periods. Real return bonds led the other sectors for the 1 year period (13.2%). During the last quarter, the best returns were earned in provincial bonds (3.9%) and in municipal bonds (3.4%). For the 1 year period, provincial bonds (12.2%) slightly outperformed municipal bonds (11.4%).
- With rates decreasing across most of the yield curve, performance was directly proportional to maturity, with longer maturities outperforming shorter maturities.

Canadian Bond Market Performance Review
Periods Ending December 31, 2014
Return by Issuer and by Term - FTSE TMX



- The yield curve moved lower across all maturity terms during the last quarter with rates significantly declining across most maturities. The short end remained anchored due to the unchanged Bank of Canada Overnight Rate. The last Bank of Canada rate change was a 0.25% increase to 1.0% in September of 2010.
- The yield curve maintained a positive slope up to 20 years with longer maturities yielding more than shorter maturities.



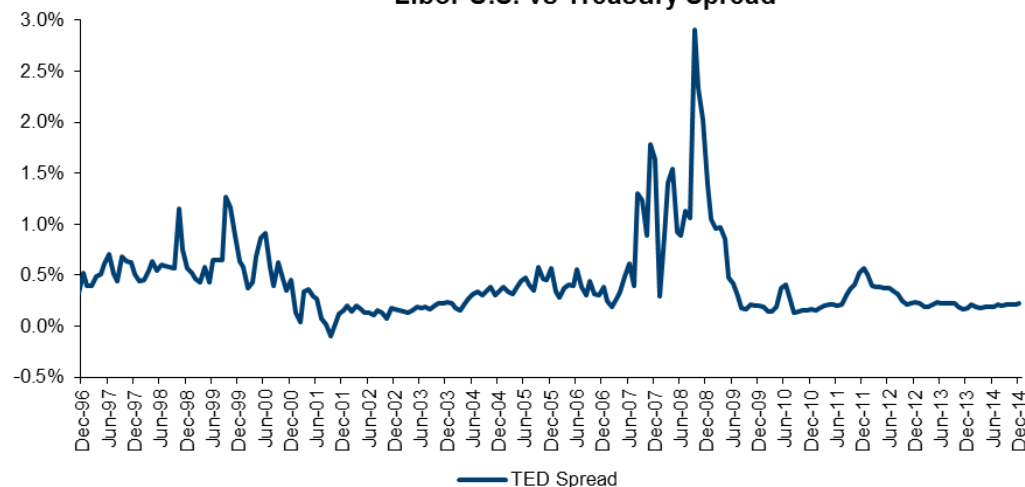
Capital Markets Environment

Capital Markets Environment

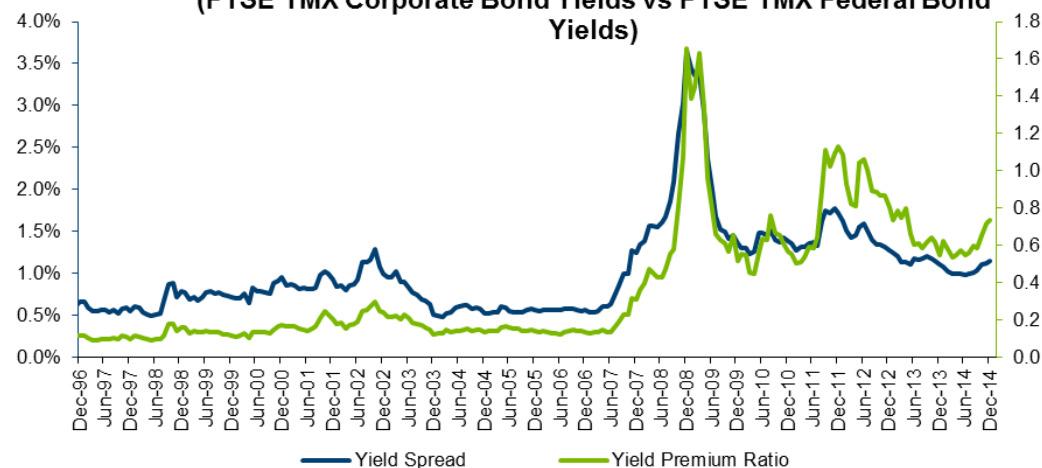
As of 31 December 2014

- LIBOR, the London Interbank Offered Rate, is an estimate of the rate at which banks lend to one another. The spread between LIBOR and U.S. Treasury bills (the TED spread) is an indicator of perceived credit risk in the general economy. The TED spread has been fairly stable since 2009.

Libor U.S. vs Treasury Spread



- The yield premium between corporate and government bonds increased during the last quarter, reversing the downward trend it has exhibited since latter 2011.

Canadian Corporate Bond Yield Spread
(FTSE TMX Corporate Bond Yields vs FTSE TMX Federal Bond Yields)

Capital Markets Environment

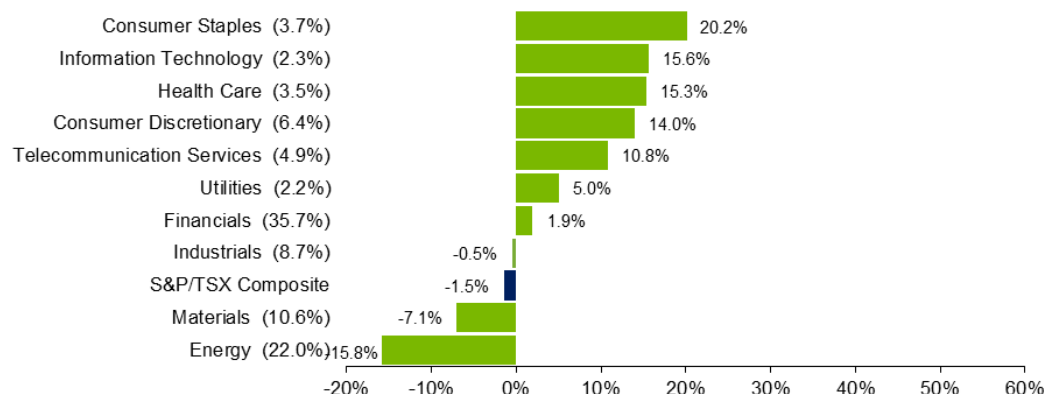
Capital Markets Environment

As of 31 December 2014

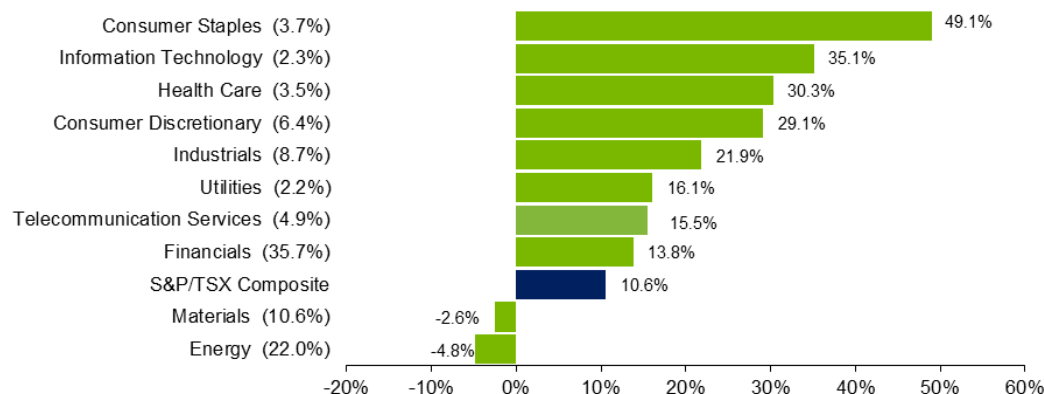
- Only three of the ten sectors of the Canadian equity market posted negative returns during the last quarter. These include the Energy and Materials sectors, which lost a significant 15.8% and 7.1%, respectively. These two sectors account for around 33% of the Canadian index, explaining the loss of 1.5% posted by the Index. The top performing sectors were Consumer Staples (20.2%), Information Technology (15.6%), and Health Care (15.3%) which represent around 10% of the Canadian index.

**Canadian Stock Markets Performance Review
S&P/TSX Composite Sector Returns (Sector Weights)**

3-Month Period Ending December 31, 2014



1-Year Period Ending December 31, 2014



- For the 1-year period ending December 31, 2014, all sectors had positive returns with the exception of Materials (-2.6%) and Energy (-4.8%). The top performers were Consumer Staples (49.1%), Information Technology (35.1%), and Health care (30.3%).

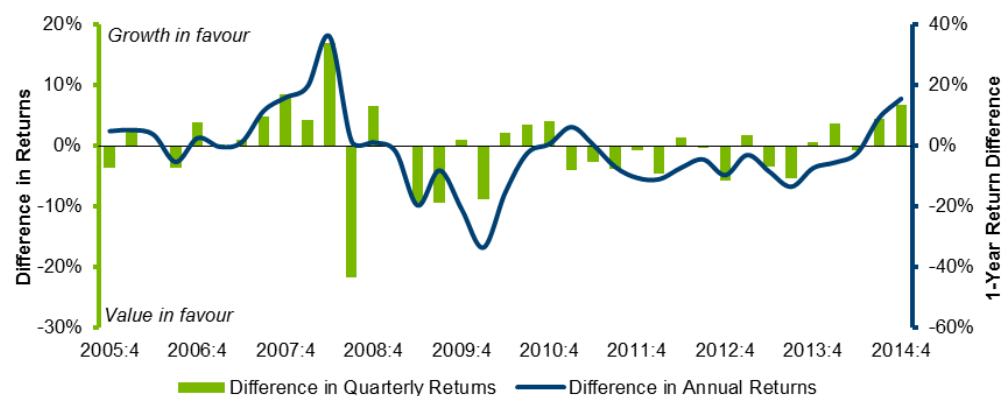
Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

- In the fourth quarter of 2014, Canadian growth stocks outperformed value stocks. The growth stocks continued to outperform value stocks over the trailing 12-month period.

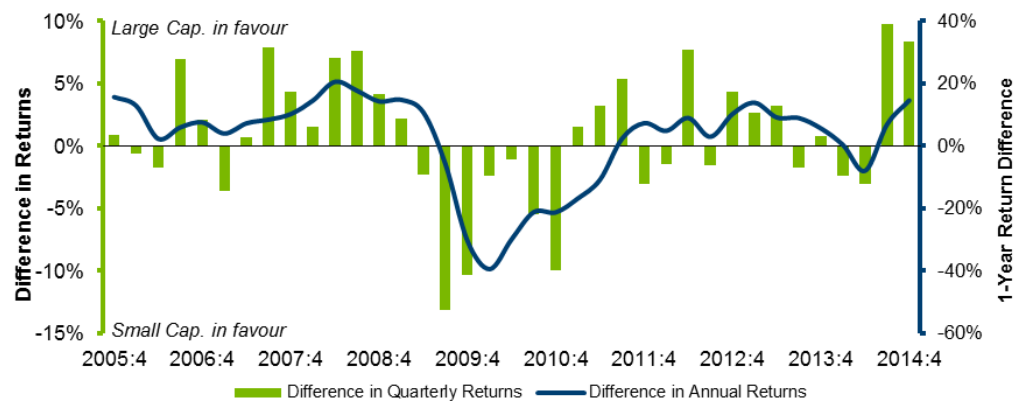
Growth vs. Value Investment Style - Canadian Equity Market*
Comparison to December 31, 2014



*MSCI Canada, Growth vs. MSCI Canada, Value

- For a second quarter in a row, Canadian large cap stocks significantly outperformed small cap stocks during the last quarter.

Large Cap. vs. Small Cap. Universe - Canadian Equity Market**
Comparison to December 31, 2014



**S&P/TSX 60 vs. S&P/TSX Small Cap

Capital Markets Environment

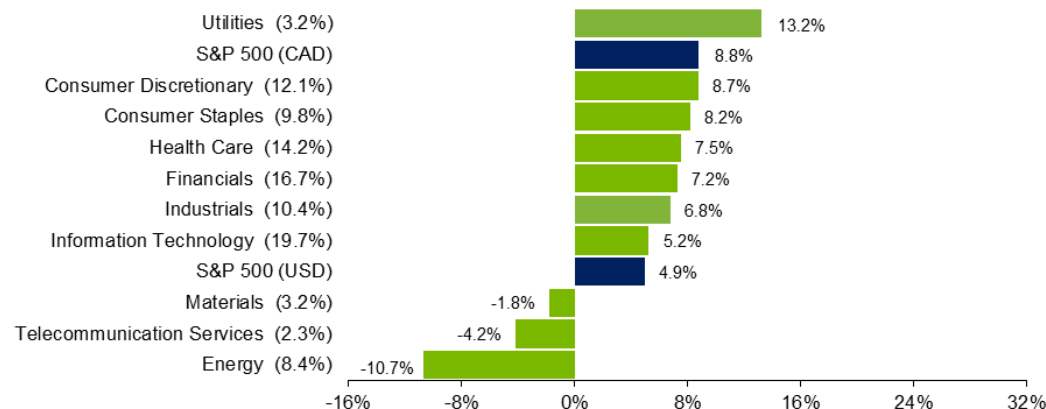
Capital Markets Environment

As of 31 December 2014

- Seven out of the ten sectors in the S&P 500 Index (USD) had positive returns during the last quarter. The top performing sectors were Utilities (13.2%), Consumer Discretionary (8.7%) and Consumer Staples (8.2%), while at the bottom were Energy (-10.7%) and Telecommunication Services (-4.2%). The depreciation of the Canadian dollar versus the U.S. dollar increased the return for Canadian investors by 3.9%.

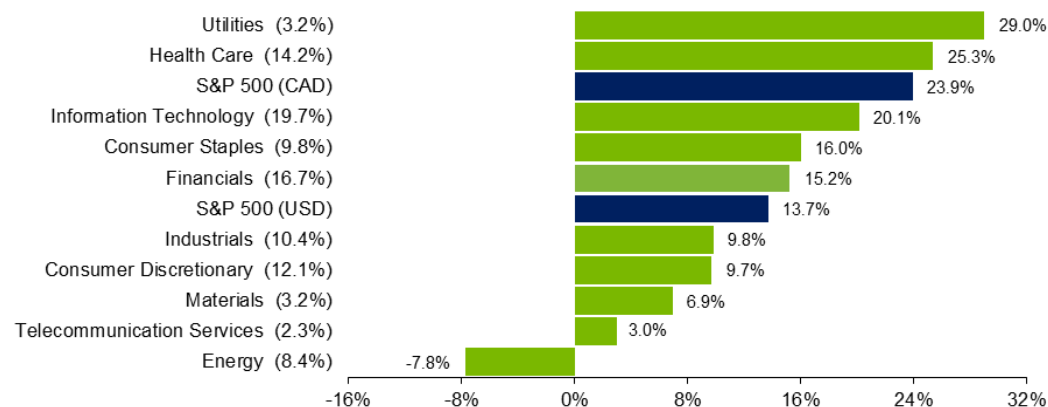
US Stock Markets Performance Review S&P 500 (USD) Sector Returns (Sector Weights)

3-Month Period Ending December 31, 2014



- For the last 1-year period all sectors of the S&P 500 Index (USD) posted positive returns with the exception of Energy (-7.8%). The best performing sectors were Utilities (29.0%), Health Care (25.3%) and Information Technology (20.1%). Other underperforming sectors were Telecommunication Services (3.0%) and Materials (6.9%). The depreciation of the Canadian dollar versus the U.S. dollar increased the return for Canadian investors by 10.2%.

1-Year Period Ending December 31, 2014



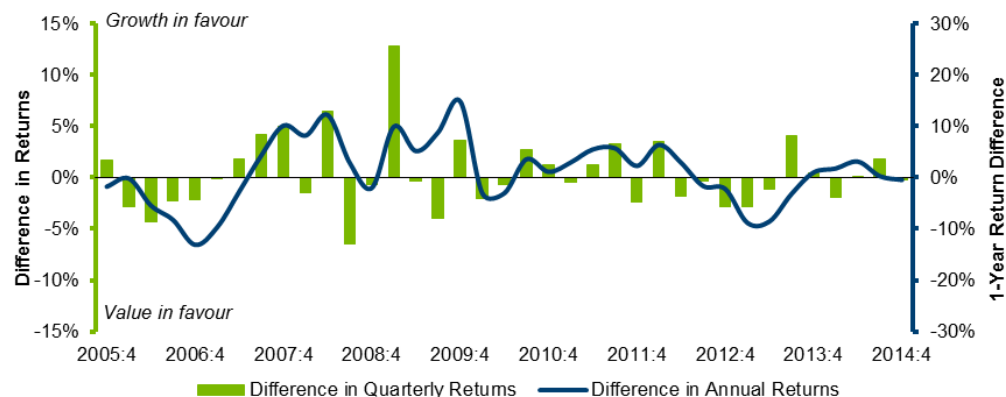
Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

- In the U.S. equity market, value stocks slightly outperformed growth stocks in the most recent quarter. Over the 12-month trailing period the performance of both segments was almost equivalent.

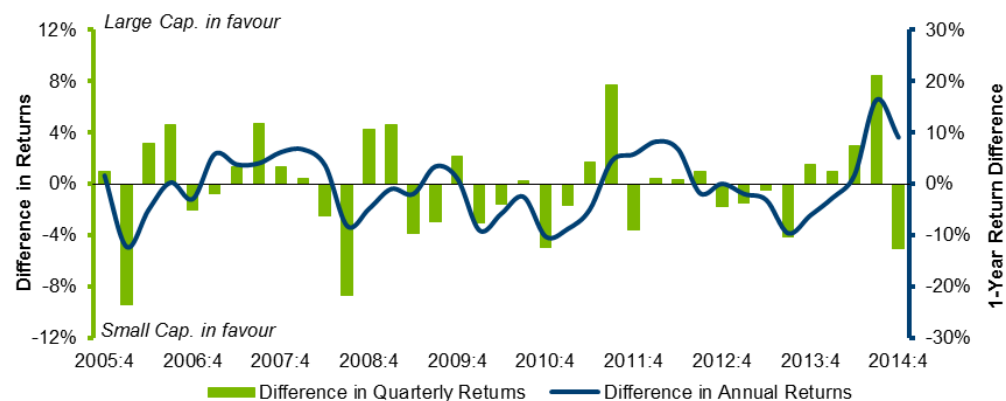
Growth vs. Value Investment Style – U. S. Equity Market*
Comparison to December 31, 2014



*Russell 1000, Growth (CAD) vs. Russell 1000, Value (CAD)

- In the fourth quarter of 2014, U.S. small cap stocks generated higher returns than large cap for the first time since the last five quarters. However, large cap stocks still outperformed small cap stocks by a large margin over the last 12-month period.

Large Cap vs. Small Cap Universe – U.S. Equity Market**
Comparison to December 31, 2014



**Russell 1000 (CAD) vs. Russell 2000 (CAD)

Capital Markets Environment

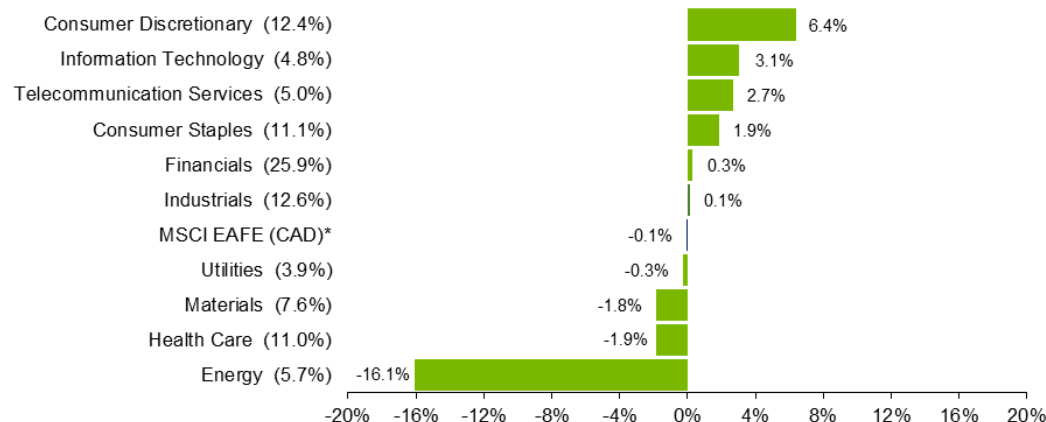
Capital Markets Environment

As of 31 December 2014

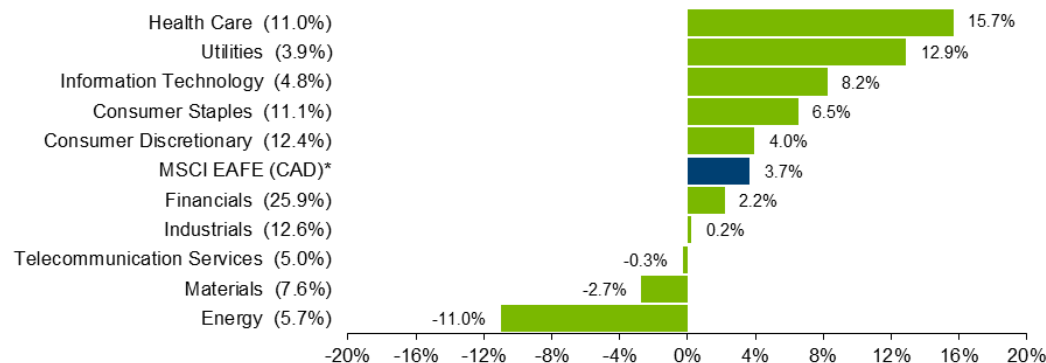
- Four of the ten sectors in international equity markets had negative returns during the last quarter, namely Energy (-16.1%), Health Care (-1.9%), Materials (-1.8%), and Utilities (-0.3%). Leading the best performers were Consumer Discretionary (6.4%), Information Technology (3.1%), and Telecommunication Services (2.7%).

International Stock Markets Performance Review MSCI EAFE (CAD) Sector Returns (Sector Weights)

3-Month Period Ending December 31, 2014



1-Year Period Ending December 31, 2014



*MSCI EAFE (Net dividend)

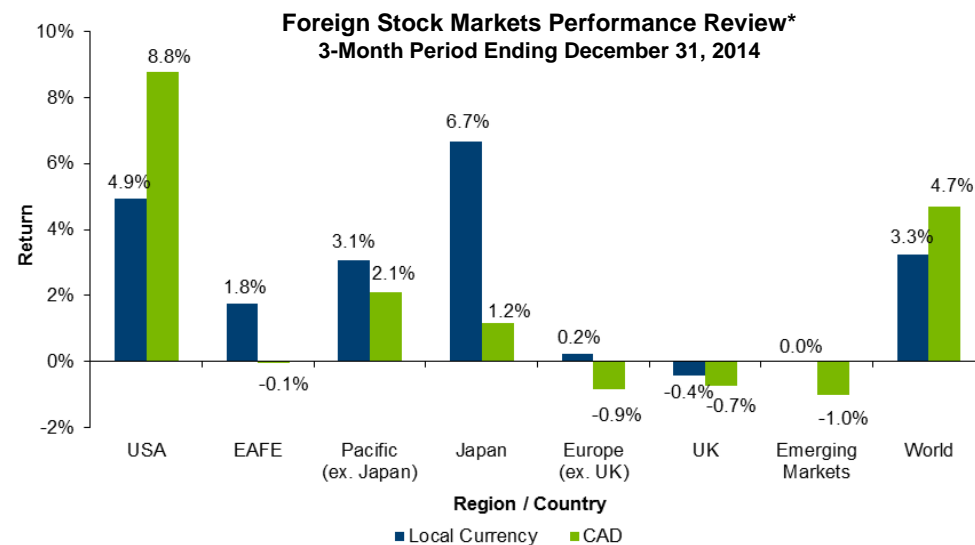
- For the last 1-year period, strong returns were earned in Health Care (15.7%) and Utilities (12.9%), while Energy (-11.0%) and Materials (-2.7%) trailed the pack.

Capital Markets Environment

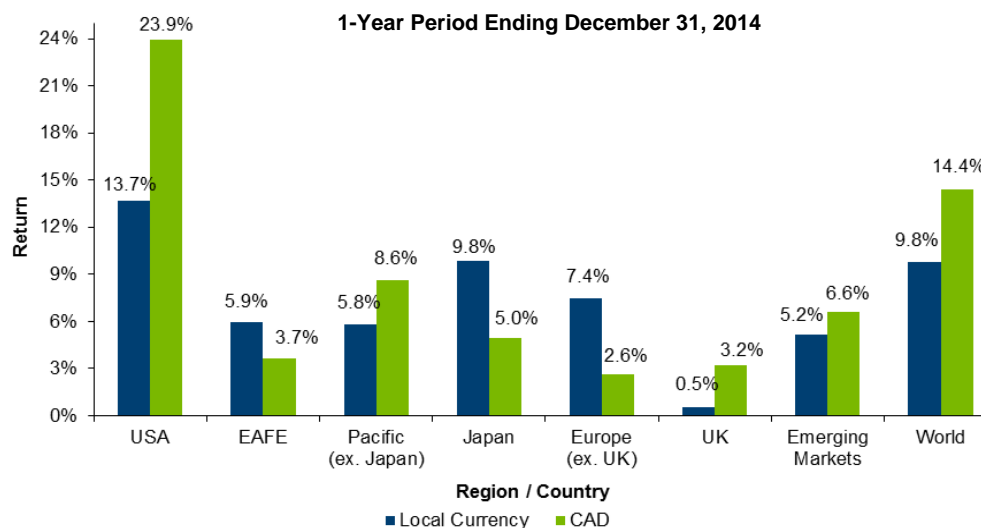
Capital Markets Environment

As of 31 December 2014

- Currency fluctuations resulted in increases in returns for Canadian investors in the U.S. and in World markets. In other regions the local currency weakened against the Canadian dollar resulting in lower returns for Canadian investors.



- For the past year, equity returns were positive in all major regions. Currency fluctuations, in the form of a weakening Canadian dollar, provided an additional boost for Canadian investors in all markets with the exception of Europe (ex. UK), EAFE and Japan.



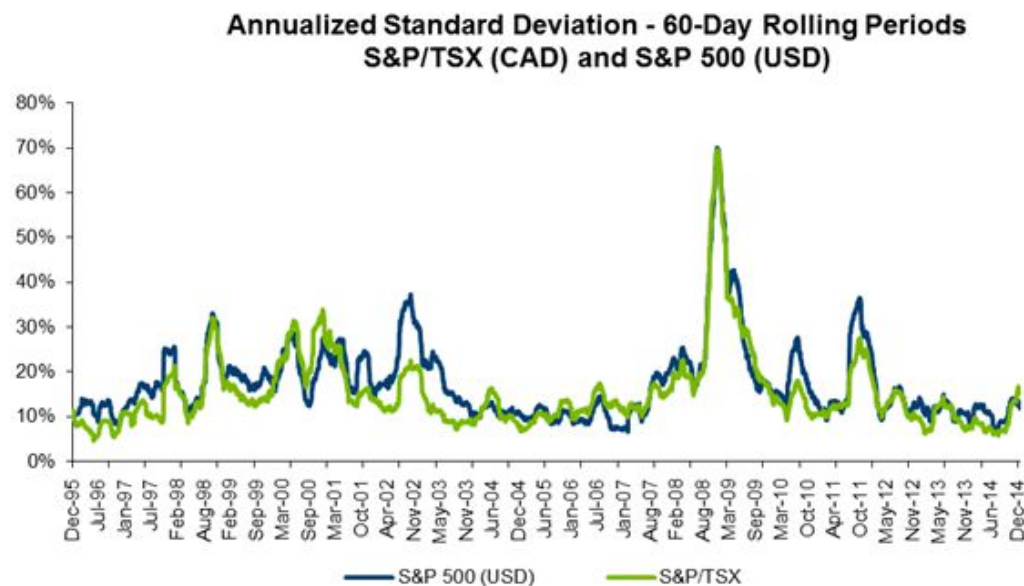
*Benchmark indexes are, from left to right, S&P 500, MSCI EAFE Net, MSCI Pacific Free (ex. Japan), MSCI Japan, MSCI Europe (ex. UK), MSCI UK, MSCI EM Net and MSCI World Net.

Capital Markets Environment

Capital Markets Environment

As of 31 December 2014

- During the last quarter, volatility increased in both the U.S. and Canadian stock markets. As shown in the graph to the right, volatility of the U.S. and Canadian equity indices has been very similar, although the U.S. market experienced slightly higher volatility during several periods in 2010 and 2011.
- Market volatility is an indication of uncertainty in financial markets. During the past 2 years, markets have been relatively calm despite continuing economic and political concerns throughout the U.S., Europe and China.



Appendix D - Description of Market Indices and Statistics

Description of Market Indices and Statistics

Index Definitions

S&P/TSX Composite

S&P/TSX Composite Index comprises approximately 71 percent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P 500

Standard and Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars, and therefore reflect currency gains or losses.

FTSE TMX Universe Bond (formerly DEX Universe Bond)

The FTSE TMX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains approximately one thousand marketable Canadian bonds with an average term of 10.1 years and an average duration of 7.1 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

FTSE TMX 91-Day T-Bill (formerly DEX 91-Day T-Bill)

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The 91-Day Treasury Bill Index is calculated and marked to market daily.

Description of Market Indices and Statistics

Statistic Definitions

As of 31 December 2014

Active Return

Arithmetic difference between the portfolio return and the benchmark return over a specified time period.

Active Weight

The difference between the portfolio weight and the benchmark weight, where the weight is based on the beginning of period weights for the sector/region/asset class for a certain periodicity (monthly or quarterly, depending upon the reporting frequency), adjusted by the relative return for the sector/region/asset class.

Annualized Value Added

A portfolio's excess return over a benchmark, annualized as it is recorded.

Asset Allocation

The value added or subtracted by under or over weighting sectors/regions/asset classes versus the benchmark weights. Asset allocation measures the impact on performance attributed only to the sector/region/asset class weighting decisions by the manager. It assumes that the manager holds the same securities in each sector/region/asset class and in the same proportion as in the benchmark. Any differences in return can be attributed to differences in sector weights between the manager's fund and the benchmark.

Batting Average

The frequency, expressed in percentage terms, of the portfolio's return equaling or exceeding the benchmark's return.

Beta

A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

Correlation

Also called coefficient of correlation, it is a measure of the co-movements of two sets of returns. Indicates the degree in which two sets of returns move in tandem.

Cumulative Added Value

The geometrically linked excess return of a portfolio over a benchmark.

Down Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of negative benchmark return. Lower values indicate better portfolio performance.

Downside Risk

A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the portfolio.

Description of Market Indices and Statistics

Statistic Definitions

As of 31 December 2014

Duration

A measure of a bond portfolio's sensitivity to movements in interest rates.

EPS

Earnings Per Share

Excess Return

Arithmetic difference between the managers return and the risk-free return over a specified time period.

Excess Risk

A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio

Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Return

Compounded rate of return for the period.

R-Squared

The percentage of a portfolio's performance explained by the behaviour of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.

Security Selection

The value added or subtracted by holding securities at weights which differ from those in the benchmark, including securities not in the benchmark or a zero weight. The security selection return assumes the manager weights for each sector/region/asset class in the portfolio are in the same proportion as in the overall benchmark, and excess returns are due to security selection. That is, differences in returns between the manager's fund and the benchmark are attributed to the securities the manager has chosen.

Sharpe Ratio

Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

Simple Alpha

The difference between the portfolio's return and the benchmark's return.

Description of Market Indices and Statistics

Statistic Definitions

As of 31 December 2014

Standard Deviation

A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

Tracking Error

A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate benchmark.

Treynor Ratio

Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

Up Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of positive benchmark return. Higher values indicate better portfolio performance.

Appendix E - Fee Analysis

Fee Analysis

Manager Fees

Account	Fee Schedule	Market Value	Percentage of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total		\$82,712,865	100.0%	\$107,261	0.130%
FGP - Equities	0.450% of the first \$50 Million 0.300% of the next \$25 Million 0.200% of the balance	\$16,476,264	19.9%	\$74,143	0.450%
FGP - Fixed Income & Short-Term	0.050% of the balance	\$66,236,601	80.1%	\$33,118	0.050%

Appendix F - Compliance

Compliance

E&O Insurance Fund, Compensation Fund and General Fund

Category	Guidelines	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14
General	Confirm whether the following transactions have occurred in the portfolio:							
	Use of non-taxable accounts.	✓	✓	✓	✓	✓	✓	✓
	Use of derivatives.	✓	✓	✓	✓	✓	✓	✓
	Short selling investments.	✓	✓	✓	✓	✓	✓	✓
	Use of margin.	✓	✓	✓	✓	✓	✓	✓
	Direct investment in real estate.	✓	✓	✓	✓	✓	✓	✓
Money Market Investments	Investments have a minimum rating of R1 or equivalent, by DBRS, Moody's or Standard and Poor.	✓	✓	✓	✓	✓	✓	✓
	Investments have a maximum maturity of 1 year (364 days).	✓	✓	✓	✓	✓	✓	✓
	Money Market/Short Term Investments are only in these type of investments: • Federal Government T-Bills (including Federal and Provincial agencies) • Bankers Acceptance • Commercial Paper	✓	✓	✓	✓	✓	✓	✓
	No more than 8% of the total portfolio has been invested with any single issuer other than Government of Canada securities.	✓	✓	✓	✓	✓	✓	✓
Fixed Income Investments	Investments have a minimum rating of BBB for bonds and debentures or P2 for preferred stocks or equivalent by DBRS, Moody's or Standard and Poores.	✓	✓	✓	✓	✓	✓	✓
	Investments are in Canadian Currency.	✓	✓	✓	✓	✓	✓	✓
	No more than 10% of the market value of the fixed income portfolio has been invested with any one security or issuer other than holdings with Federal and Provincial Governments and their guarantees.	✓	✓	✓	✓	✓	✓	✓
	Portfolio's weighted average duration is between 1 to 5 years and in-line with DEX Short Term Bond Index.	✓	✓	✓	✓	✓	✓	✓
	Fixed Income Investments are only in these type of investments: • Bonds, Debentures, Notes, Non-Convertible Preferred Stocks, Term Deposits and GICs • Bonds of Foreign Issuers denominated in Canadian Dollars • NHA-insured Mortgage-Backed Securities or Collateralized Mortgage-Backed Securities • Marketable Private Placement of Bonds	✓	✓	✓	✓	✓	✓	✓
	Confirm whether the fixed income portion of the portfolio's asset mix has been within the ranges defined below for the previous month:							
	Government of Canada Debt Obligations: Max 100%	✓	✓	✓	✓	✓	✓	✓
	Provincial Government Debt Obligations: Max 60%	✓	✓	✓	✓	✓	✓	✓
	Municipal Government Debt Obligations: Max 10%	✓	✓	✓	✓	✓	✓	✓
	Corporate Debt Obligations: Max 50%	✓	✓	✓	✓	✓	✓	✓
	Foreign Issuer or Canadian Issuer in foreign currency: Max 10%	✓	✓	✓	✓	✓	✓	✓
Equity Securities	Stocks are listed on one of the major stock exchanges.							
	No more than 10% of market value of the total portfolio is invested with a single issuer.	✓	✓	✓	✓	✓	✓	✓
Asset Mix (based on market value)	Confirm whether the portfolio asset mix has been within the ranges defined below for the previous month:							
	Money Market: Min 0%, Max 15%	✓	✓	✓	✓	✓	✓	✓
	Canadian Fixed Income: Min 60%, Max 95%	✓	✓	✓	✓	✓	✓	✓
	Total Fixed Income: Min 75%, Max 95%	✓	✓	✓	✓	✓	✓	✓
	Canadian Equities: Min 5%, Max 25%	✓	✓	✓	✓	✓	✓	✓

Appendix G - Latest Thinking

Executive Summary

Latest Thinking

During the last quarter, we have produced papers on the following topics. Although these topics may not be directly applicable to your Fund, they may be of general interest and provide some insight into Aon Hewitt's global research. For copies of the papers, or for more details, please contact your Aon Hewitt Investment Consultant.

Topic	Summary
Sustainable Investing – Opportunity or Obstacle?	<p>Is the future of institutional investing sustainable? Should pension plans, foundations and endowments include sustainable investing policies in their investment policy statements? What do stakeholders think about sustainable investing? How can we access sustainable investing strategies? These are all questions that Canadian fiduciaries are asking. The answers are unique to each investor.</p> <p>A short paper discusses the definition of sustainable investing, the presence of such funds in Canada, as well as details on divestment and implementation.</p>
Opportunistic Strategies for Navigating a Changing Credit Landscape	<p>The global financial crisis continues to cast a long shadow on the credit markets, causing structural shifts in the way many businesses and consumers obtain credit. As banks cut back on lending, certain industries, individual companies and consumer groups previously reliant on bank financing have found their access to credit hampered.</p> <p>We believe that a diversified, global approach to credit that incorporates a variety of strategies poised to benefit from dislocations caused by this trend offers investors the potential to earn attractive returns in an otherwise low-yielding environment.</p> <p>This paper provides a background on the situation which has developed over the past few years and details the various funds that are able to take advantage of the current environment.</p>
A Holistic Approach to Equity Investing	<p>Many institutional investors are increasing their allocations to alternative investments, including hedge funds and private equity. The capital markets offer a combination of low expected returns and heightened risks in the current market environment, prompting a search for new solutions.</p> <p>We continue to see reduced upside in global equity markets as well as significant risks to be recognized and managed – in this environment, investors are attracted to approaches with the potential to earn continued strong returns and thrive outside a bull market.</p> <p>A detailed paper discusses the benefits of equity alternatives and why you should consider them as part of your wider equity allocation.</p>

Executive Summary

Latest Thinking

Topic	Summary
Opportunistic Deep Value Investing: A Multi-Asset Class Approach	<p>In recent years, the capital markets offered an abundance of "deep value" investing opportunities that subsequently yielded outsized returns relative to broad equity and bond market benchmarks. Despite the rich opportunity set, for a variety of reasons many investors did not participate in these high-performing investments. We embarked on our research of deep-value investing with these investors in mind, hoping to lay a foundation for approaching these investments in advance of the next deep-value investing cycle and to broaden the use of this strategy in portfolios where it is appropriate.</p> <p>This detailed paper highlights the benefits of deep value investing, when it may be appropriate to invest in these strategies, the main drawbacks and risks and how these can be mitigated as well as our abilities to help find solutions for your specific fund.</p>

Appendix H - Disclosure

Disclosure

Statement of Disclosure

As of 31 December 2014

Aon Hewitt Inc. reconciles the rates of return with each investment manager quarterly. Aon Hewitt Inc. calculates returns from the custodian/trustee statements while the managers use different data sources. Occasionally discrepancies occur because of differences in computational procedures, security prices, "trade date" versus "settlement date" accounting, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. However, if a material discrepancy arises or persists, we will bring the matter to your attention after discussion with your money manager.

This report may contain slight discrepancies due to rounding in some of the calculations.

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TAB 4.4

FOR DECISION

CHEQUE SIGNING AUTHORITY

Motion:

35. **That Convocation approve a new banking resolution.**
36. The new resolution updates the old titles of Managers of Trustee Services and Manager of the Compensation Fund with the new combined role of Manager of Trustee Services and Compensation Fund and replaces the old role of Unclaimed Trust Fund Officer with the new role of Forensic Auditor, Trustee Services.
37. As detailed in the accompanying banking resolution, the authorized signing officers of the Law Society are:
- the Treasurer
 - the Chairs of the Audit & Finance Committee
 - the Vice-Chair of the Audit & Finance Committee
 - designated Bencher(s)
 - the Chief Executive Officer (“CEO”)
 - the Chief Financial Officer (“CFO”)
 - the Director, Policy
 - Senior Manager, Finance
 - Officers of Trustee Services and the Compensation Fund for accounts specific to their department.
38. Paul Schabas and John Callaghan are the designated bencher signing officers due to their proximity to Osgoode Hall.
39. With the merging of the Trustee Services and Compensation Fund departments and the retirement of two employees, the signing officers for bank accounts used in support of Trustee Services operations require updating. The positions of Trustee Services Manager and the Compensation Fund Manager were combined into one position of Trustee Services and Compensation Fund Manager. The responsibilities of the signing officer previously handled by the Unclaimed Trust Fund Officer are now handled by the role of Forensic Auditor, Trustee Services.

**SCHEDULE A TO INCORPORATED COMPANY CERTIFICATE AND AGREEMENT
(LF 327)**

Effective Date: April 23, 2015

Schedule Dated: April 23, 2015

The names of the signing officers associated with the titles identified in this Schedule are set out in *Attachment to Schedule A Law Society of Upper Canada Banking Resolution Signing Officers*.

Account Numbers:

xxxx-xxx (General Fund - General Bank Account)
xxxx-xxx (Compensation Fund - Compensation Bank Account)
xxxx-xxx (General Fund - Payroll Bank Account)
xxxx-xxx (General Fund - Accounts Payable Bank Account)
xxxx-xxx (General Fund - Unclaimed Trust Fund Bank Account)
xxxx-xxx (General Fund - Online Payments Bank Account)
xxxx-xxx (Osgoode Society in Trust - McMurtry Fellowship Bank Account)
xxxx-xxx (General Fund - Business Premium Rate Savings Account)
xxxx-xxx (Compensation Fund – Business Premium Rate Savings Account)
xxxx-xxx (Unclaimed Trust Fund – Business Premium Rate Savings Account)
xxxx-xxx (Osgoode Society in Trust – Business Premium Rate Savings Account)

Please Refer to Certificate and Agreement (LF327) dated: **February 27, 2014**

Title

Treasurer	Chief Executive Officer
Chair, Audit & Finance Committee	Vice Chair, Audit & Finance Committee
Director, Policy	Chief Financial Officer
Designated Bencher(s)	Senior Manager, Finance

Signing Instructions:

All Law Society cheques, for the bank accounts identified above, require two signatures from the above noted list of positions. Cheques in excess of \$200,000 require that the first signature be that of the Treasurer, the Chair of the Audit & Finance Committee, the Vice Chair of the Audit & Finance Committee or a designated bencher with the second signature being that of the Chief Executive Officer, Chief Financial Officer, the Senior Manager, Finance or the Director, Policy.

**SCHEDULE TO INCORPORATED COMPANY CERTIFICATE AND AGREEMENT
(LF 327)**

Account Numbers:

xxxx-xxx (General Fund – Trustee Services)
xxxx-xxx (General Fund - Trustee Services USD)

Title

Chief Executive Officer	Executive Director, Professional Regulation
Chief Financial Officer	Trustee Services & Compensation Fund Manager
Senior Manager, Finance	Senior Counsel & Assistant Manager, Trustee Services

Signing Instructions

All Law Society cheques for account xxxx-xxx and xxxx-xxx require two signatures from the above noted list of positions.

Account Number:

xxxx-xxx (General Fund – Petty Cash)

Title

Chief Executive Officer	Executive Director, Professional Regulation
Chief Financial Officer	Trustee Services & Compensation Fund Manager
Senior Manager, Finance	Senior Counsel & Assistant Manager, Trustee Services
Counsel, Trustee Services	Forensic Auditor, Trustee Services

Signing Instructions

All Law Society cheques for the account number xxxx-xxx require one signature from the above noted list of positions.

Corporation Name: The Law Society of Upper Canada

Per: _____
Name: _____
Title: _____
Date: _____

Per: _____
Name: _____
Title: _____
Date: _____

**ATTACHMENT TO SCHEDULE A
THE LAW SOCIETY OF UPPER CANADA
BANKING RESOLUTION
UPDATE OF SIGNING OFFICERS**

The schedule below provides the names of the individuals associated with Schedule A to the Incorporated Company Certificate and Authorization (LF327) form signed on April 23, 2015 and supported by the signatures on file with the Bank of Montreal.

Signing Officer

Title

Janet E. Minor	Treasurer
Robert Lapper	Chief Executive Officer
Chris Bredt	Co-Chair, Audit & Finance Committee
Peter Wardle	Co-Chair, Audit & Finance Committee
Vacant	Vice Chair, Audit & Finance Committee
Paul Schabas	Designated Benchers
John Callaghan	Designated Benchers
Wendy Tysall	Chief Financial Officer
Fred Grady	Senior Manager, Finance
James Varro	Director, Policy
Zeynep Onen	Executive Director, Professional Regulation
Dan Abrahams	Trustee Services & Compensation Fund Manager
Nadia Musclow	Senior Counsel & Assistant Manager, Trustee Services
Joanne MacMillan	Counsel, Trustee Services
Rhys Walker	Forensic Auditor, Trustee Services

Corporation Name: The Law Society of Upper Canada

Per: _____
Name: Wendy Tysall
Title: Chief Financial Officer
Date: April 23, 2015

Per: _____
Name: Fred Grady
Title: Senior Manager, Finance
Date: April 23, 2015

TAB 4.5

REPORTS FOR INFORMATION

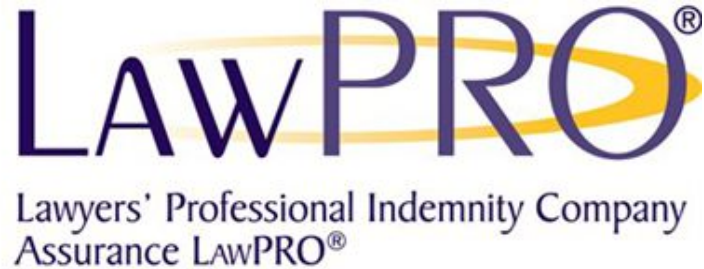
*THIS SECTION CONTAINS
IN CAMERA MATERIAL*

TAB 4.5.2

FOR INFORMATION

**FINANCIAL STATEMENTS OF THE LAWYERS' PROFESSIONAL INDEMNITY
COMPANY FOR THE YEAR ENDED DECEMBER 31, 2014**

42. **The audited financial statements for the Lawyers' Professional Indemnity Company ("LAWPRO") for the year ended December 31, 2014 are for information.**
43. The Law Society provides mandatory professional liability insurance to lawyers through LAWPRO, a provincially licensed insurer and wholly owned subsidiary of the Society. A Report to the Audit & Finance Committee including a Key Point Summary and the financial statements of LAWPRO follows on the next page.
44. The financial statements have been approved by LAWPRO 's board.



***Report to the Audit and Finance
Committee of the Law Society of
Upper Canada***

April 8, 2015



Report to the Audit and Finance Committee – Law Society

April 8, 2015

INDEX

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▪ <i>Compliance with Investment Guidelines:</i>	
– <i>CIBC Global Asset Management Inc.</i>	<i>52</i>
– <i>Letko Brosseau & Associates Inc.</i>	<i>53</i>

Key Point Summary

- *The 2014 financial statements of LAWPRO received an unqualified opinion from its external auditor.*
- *The financial statements in this report were prepared in accordance with both new and revised International Financial Reporting Standards. For more details regarding the accounting policies the Company has established under these accounting standards, see note 2 of the financial statements.*
- *LAWPRO's net income for the year ended December 31, 2014 was \$17.1 million compared to an income of \$5.9 million in 2013. Net premiums earned increased by \$8.4 million to \$114.9 million in 2014. Investment income for 2014 was \$26.5 million, an increase of \$10.3 million from 2013.*
- *Investment income for 2014 was impacted by \$7.6 million of realized gains from regular trading during the year, a \$2.4 million increase in unrealized gains on the Company's asset-liability matched portfolio, and a \$0.9 million impairment expense relating to some equities that have experienced a significant or prolonged decline in value, compared to \$5.6 million in realized gains, a \$5.9 million decrease in unrealized gains, and a \$0.9 million impairment expense in 2013.*
- *In total, during 2014 LAWPRO earned a comprehensive income of \$18.8 million which includes an increase in unrealized gains on its surplus investments of \$2.3 million and a remeasurement loss on its defined benefit pension plan of \$0.6 million, compared to a comprehensive income of \$18.6 million during 2013 which includes an increase in unrealized gains on its surplus investments of \$12.2 million and a remeasurement income on its defined benefit pension plan of \$0.5 million.*
- *As a result of its comprehensive income, the Company increased its shareholder's equity by \$18.8 million in 2014 compared to an increase of \$18.6 million in 2013.*
- *LAWPRO is in compliance with all regulatory requirements regarding solvency and filing of financial information. A summary of LAWPRO's position with respect to insurance ratios at year-end is included on pages 50-51.*
- *Assets recorded in LAWPRO's financial statements are sufficient to discharge its claim liabilities at December 31, 2014. Investment assets, inclusive of cash and cash equivalent holdings and investment income due and accrued, total \$616.7 million. These funds have been invested in accordance with the Company's investment policy. Investment managers have submitted letters of compliance with investment policies (pages 52 and 53).*

- *There were 24,919 full-time equivalent lawyers covered under the Ontario Mandatory Professional Liability Program at December 31, 2014, an increase of approximately 3% over 2013. The base annual premium per lawyer remained flat at \$3,350 in 2014. The \$8.4 million increase in earned premiums from 2013 to 2014 is attributable to a \$5.0 million premium contribution from the Errors & Omissions Insurance Fund in 2014 (\$nil for 2013), as well as an increase in the number of insured lawyers purchasing insurance coverage in 2014.*
- *Revenues from transaction levies and claims history surcharge levies amounted to \$26.6 million in 2014 compared to \$26.3 million in 2013 for the Ontario Program. While generally in line with the 2013 results, the current year transaction levy revenue was \$1.5 million under budget expectations. As a result, an additional \$1.5 million of premium revenue was charged to the Errors & Omissions Insurance Fund in 2014, pursuant to LAWPRO's insurance arrangement with the Law Society of Upper Canada.*
- *The number of claims reported on the Ontario mandatory errors and omissions insurance program during 2014 was 2,572, slightly higher than the level experienced in 2013, bringing the number of open claim files to 3,813. Claims relating to prior years developed favourably in the aggregate, resulting in a reduction in previously established net claims liabilities of \$19.0 million for LAWPRO in 2014. However, this result was offset somewhat by an increase in the current year losses incurred. The current fund year claims estimate is just under \$100 million for 2014, even higher than the adverse environment established in the 2007 through 2013 fund years.*
- *As a result of the positive 2014 results, LAWPRO may expect to undergo the regulatory and accounting changes anticipated in the next 12 to 36 months with slightly more margin for absorption than may otherwise have been expected. In particular, significant changes to the calculation of the Minimum Capital Test have been released by the regulator for 2015. Many of these changes will have an adverse impact on LAWPRO's test results, similar to the insurance industry overall. Also, anticipated changes to various accounting standards, such as for insurance contracts under the next phase of IFRS, as well as the accounting for investments, could have an adverse impact on the Company's financial position and/or regulatory capital. Having the increase in shareholder's equity effective December 31, 2014 is positive in assisting with both of these issues.*

Independent Auditor's Report



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Canada

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To the Shareholder of Lawyers' Professional Indemnity Company

We have audited the accompanying financial statements of Lawyers' Professional Indemnity Company, which comprise the statement of financial position as at December 31, 2014, and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lawyers' Professional Indemnity Company as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 25, 2015

Appointed Actuary's Report



I have valued the policy liabilities including reinsurance recoverables of Lawyers' Professional Indemnity Company for its statement of financial position as at December 31, 2014, and their changes in its statement of profit or loss for the year then ended, in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

In my opinion, the amount of the policy liabilities makes appropriate provision for all policy obligations, and the financial statements fairly present the results of the valuation.

Toronto, Ontario
February 25, 2015

A handwritten signature in black ink, appearing to read "B. G. Pelly", with a large, stylized "X" mark below it.

Brian G. Pelly
Fellow, Canadian Institute of Actuaries
Eckler Ltd.
110 Sheppard Avenue East, Suite 900
Toronto, Ontario M2N 7A3

Statement of Financial Position

Stated in thousands of Canadian dollars

As at	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 17,328	14,525
Investments (note 5)	597,280	575,039
Investment income due and accrued	2,012	2,136
Due from reinsurers	726	309
Due from insureds	1,909	2,027
Due from the Law Society of Upper Canada (note 12)	6,623	-
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	44,900	40,487
Other receivables	1,404	1,419
Other assets	1,984	2,758
Property and equipment (note 7)	1,658	2,193
Intangible asset (note 8)	1,028	-
Deferred income tax asset (note 14)	5,057	4,543
Total assets	\$ 681,909	645,436
Liabilities		
Provision for unpaid claims and adjustment expenses (note 9)	\$ 468,493	447,912
Unearned premiums (note 10)	769	749
Due to reinsurers	612	591
Due to insureds	265	66
Due to Law Society of Upper Canada (note 12)	-	3
Expenses due and accrued	1,635	1,526
Income taxes due and accrued	1,054	4,312
Other taxes due and accrued	456	402
	\$ 473,284	455,561
Equity		
Capital stock (note 17)	\$ 5,000	5,000
Contributed surplus (note 17)	30,645	30,645
Retained earnings	145,566	129,076
Accumulated other comprehensive income	27,414	25,154
	208,625	189,875
Total liabilities and equity	\$ 681,909	645,436

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

K. Waters

Kathleen A. Waters
Director

Susan T. McGrath

Susan T. McGrath
Director

Statement of Profit or Loss

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Revenue		
Gross written premiums	\$ 122,149	113,561
Premiums ceded to reinsurers (note 11)	(7,229)	(7,051)
Net written premiums	114,920	106,510
(Increase) decrease in unearned premiums (note 10)	(20)	(26)
Net premiums earned	114,900	106,484
Net investment income (note 5)	26,472	16,255
Ceded commissions	1,679	1,535
	\$ 143,051	124,274
Expenses		
Gross claims and adjustment expenses (note 9)	\$ 104,847	99,178
Reinsurers' share of claims and adjustment expenses	(5,262)	(2,475)
Net claims and adjustment expenses	99,585	96,703
Operating expenses (note 15)	16,830	16,330
Premium taxes	3,665	3,408
	120,080	116,441
Profit (loss) before income taxes	\$ 22,971	7,833
Income tax expense (recovery) (note 14)		
Current	\$ 6,220	2,126
Deferred	(309)	(226)
	5,911	1,900
Profit (loss)	\$ 17,060	5,933

Accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Profit (loss)	\$ 17,060	5,933
Other comprehensive income (loss), net of income tax:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurements of defined benefit obligation, net of income tax expense (recovery) of (\$206) [2013: (\$174)]	(570)	480
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<u>Available-for-sale assets</u>		
Net changes unrealized gains (losses), net of income tax expense (recovery) of \$2,517 (2013: \$5,780)	6,979	16,034
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,929) [2013: (\$1,618)]	(5,349)	(4,486)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$227 (2013: \$226) (note 5)	630	625
Other comprehensive income (loss)	1,690	12,653
Comprehensive income	\$ 18,750	18,586

Accompanying notes are an integral part of the financial statements.

Statement of Changes In Equity

Stated in thousands of Canadian dollars

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
Balance at December 31, 2012	\$ 5,000	30,645	122,663	12,981	171,289
Total comprehensive income for the year	-	-	5,933	12,653	18,586
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	480	(480)	-
Balance at December 31, 2013	5,000	30,645	129,076	25,154	189,875
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
Balance at December 31, 2014	\$ 5,000	30,645	145,566	27,414	208,625

The aggregate of retained earnings and accumulated other comprehensive income as at December 31, 2014 is \$172,980 (December 31, 2013: \$154,230).

Accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Stated in thousands of Canadian dollars

For the year ended December 31	2014	2013
Operating Activities		
Profit (loss)	\$ 17,060	5,933
Items not affecting cash:		
Deferred income taxes	(309)	(226)
Amortization of property and equipment	728	815
Realized (gains) losses on disposition or impairment	(6,588)	(4,712)
Amortization of premiums and discounts on bonds	(2,159)	(2,503)
Changes in unrealized (gains) losses	(2,333)	6,003
	6,399	5,310
Changes in non-cash working capital balances:		
Investment income due and accrued	124	(234)
Due from reinsurers	(396)	2,564
Due from insureds	317	(428)
Due from the Law Society of Upper Canada	(6,626)	(2,562)
Reinsurers' share of provision for unpaid claims and adjustment expenses	(4,413)	(551)
Other receivables	15	(374)
Other assets	(2)	(398)
Income taxes due and accrued (recoverable)	(4,073)	2,595
Provision for unpaid claims and adjustment expenses	20,581	14,583
Unearned premiums	20	26
Expenses due and accrued	109	(108)
Other taxes due and accrued	54	(10)
Net cash inflow from operating activities	\$ 12,109	20,413
Investing Activities		
Purchases of property and equipment	\$ (193)	(173)
Purchases of intangible asset	(1,028)	-
Purchases of investments	(226,092)	(254,038)
Proceeds from sales and maturities of investments	218,007	229,946
Net cash outflow from investing activities	\$ (9,306)	(24,265)
Net change in cash and cash equivalents during the year	2,803	(3,852)
Cash and cash equivalents, beginning of year	14,525	18,377
Cash and cash equivalents, end of year	\$ 17,328	14,525
Cash and cash equivalents at end of year consists of:		
Cash	9,353	10,325
Cash equivalents	7,975	4,200
	\$ 17,328	14,525
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 10,293	2,206
Interest received	\$ 13,614	13,119
Dividends received	\$ 2,825	2,602

Accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

For the year ended December 31, 2014
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1. Nature of Operations

Lawyers' Professional Indemnity Company (the "Company") is an insurance company, incorporated on March 14, 1990 under the *Corporations Act* (Ontario) and licensed to provide lawyers professional liability insurance in Ontario and title insurance in all provinces and territories in Canada. The Company is a wholly-owned subsidiary of the Law Society of Upper Canada (the "Law Society"), which is the governing body for lawyers in Ontario. The Company's registered office is located at 250 Yonge Street, Toronto, Ontario, Canada.

2. Basis of Preparation and Significant Accounting Policies

These financial statements have been prepared under the *Insurance Act* (Ontario) and related regulations which require that, except as otherwise specified by the Company's primary insurance regulator, the Financial Services Commission of Ontario ("FSCO"), the financial statements of the Company are to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared in accordance with accounting standards issued and effective on or before December 31, 2014. None of the accounting requirements of FSCO represent exceptions to IFRS. These financial statements were authorized for issuance by the Company's Board of Directors on February 25, 2015.

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies conform, in all material respects, to IFRS.

Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would likely take into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for example, lease transactions that are within the scope of IAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 "*Impairment of Assets*".

The valuation process includes utilizing market driven fair value measurements from active markets where available, considering other observable and unobservable inputs and employing valuation techniques which make use of current market data. Considerable judgement may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that would be realized in a current market exchange.

Notes to Financial Statements

For the year ended December 31, 2014
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The Company utilizes a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value, which prioritizes these inputs into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. The three levels of the fair value hierarchy are:

Level 1 – Quoted market prices in active markets

Inputs to Level 1, the highest level of the hierarchy, reflect fair values that are quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is considered to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include debt and equity securities, quoted unit trusts and derivative contracts that are traded in an active exchange market, as well as certain government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Modelled with significant observable market inputs

Inputs to Level 2 fair values are inputs, other than quoted prices within Level 1 prices, that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 inputs include: quoted prices for similar (i.e. not identical) assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment spreads, loss severities, credit risks, and default rates); and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market corroborated inputs). Valuations incorporate credit risk by adjusting the spread above the yield curve for government treasury securities for the appropriate amount of credit risk for each issuer, based on observed market transactions. To the extent observed market spreads are either not used in valuing a security, or do not fully reflect liquidity risk, the valuation methodology reflects a liquidity premium. Examples of these are securities measured using discounted cash flow models based on market observable swap yields, and listed debt or equity securities in a market that is inactive. This category generally includes government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 – Modelled with significant unobservable market inputs

Inputs to Level 3 are unobservable, supported by little or no market activity, and are significant to the fair value of the assets or liabilities. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the business unit considers that market participants would use in pricing the asset or liability. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. Level 3 assets and liabilities generally include certain private equity investments, certain asset-backed securities, highly structured, complex or long-dated derivative contracts, and certain collateralized debt obligations where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Use of estimates and judgments made by management

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Key estimates are discussed in the following accounting policies and applicable notes.

Notes to Financial Statements

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Key areas where management has made difficult, complex or subjective judgments in the process of applying the Company's accounting policies, often as a result of matters that are inherently uncertain, include:

Impairment	Note 5c
Fair value measurements	Note 6
Property and equipment	Note 7
Unpaid claims and adjustment expenses	Note 9
Employee future benefits	Note 13
Income taxes	Note 14

Financial instruments – recognition and measurement

Financial assets are classified as fair value through profit or loss ("FVTPL"), available-for-sale, held to maturity or loans and receivables. Financial liabilities are classified as FVTPL or as other financial liabilities. These classifications are determined based on the characteristics of the financial assets and liabilities, the company's choice and/or the company's intent and ability. As permitted under the IFRS standards, a company has the ability to designate any financial instrument irrevocably, on initial recognition or adoption of the standards, as FVTPL provided certain criteria are met.

The Company's financial assets and liabilities are measured on the statement of financial position at fair value on initial recognition and are subsequently measured at fair value or amortized cost depending on their classification as indicated below.

Transaction costs for FVTPL investments are expensed in the current period, and for all other categories of investments are capitalized and, when applicable, amortized over the expected life of the investment. The Company accounts for the purchase and sale of securities using trade date accounting. Realized gains or losses on disposition are determined on an average cost basis.

The effective interest method is used to calculate amortization/accretion of premiums or discounts on fixed income securities over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the fixed income security, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are measured at fair value in the statement of financial position with realized gains and losses and net changes in unrealized gains and losses recorded in net investment income along with dividends and interest earned.

The Company maintains an investment portfolio, referred to as the cash-flow matched portfolio, which is designated as FVTPL. This portfolio is invested with the primary objective of matching the cash inflows from fixed income investment securities with the expected timing and magnitude of future payments of claims and adjustment expenses. The cash-flow matched portfolio represents a significant component of the Company's risk management strategy for meeting its claims obligations. The designation of the financial assets in the cash-flow matched investment portfolio as FVTPL is intended to significantly reduce the measurement or recognition inconsistency that would otherwise arise from measuring assets, liabilities, and gains and losses under different accounting methods. Interest rate movements cause changes in the values of the investment portfolio and of discounted estimated future claims liabilities. As the changes in values of the matched portfolio and of the discounted estimated future claims liabilities flow through profit or loss, the result is an offset of a significant portion of these changes.

Cash and cash equivalents are also classified as FVTPL. Cash and cash equivalents consist of cash on deposit and short-term investments that mature in three months or less from the date of acquisition. The net gain or loss recognized incorporates any interest earned on the financial asset.

Notes to Financial Statements

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Available-for-sale financial assets

Financial assets classified as available-for-sale are measured at fair value in the statement of financial position. Net interest income, including amortization of premiums and the accretion of discounts, are recorded in investment income in profit or loss. Dividend income on common and preferred shares is included in investment income on the ex-dividend date. Changes in fair value of available-for-sale fixed income securities resulting from changes to foreign exchange rates are recognized in net investment income as incurred. Changes in the fair value of available-for-sale fixed income securities related to the underlying investment in its issued currency, as well as all elements of fair value changes of available-for-sale equity securities, are recorded to unrealized gains and losses in accumulated other comprehensive income ("AOCI") until disposition or impairment is recognized, at which time the cumulative gain or loss is reclassified to net investment income in profit or loss. When a reliable estimate of fair value cannot be determined for equity securities that do not have quoted market prices in an active market, the security is valued at cost.

Financial assets in the Company's surplus portfolio (consisting of all investments outside the cash-flow matched portfolio), including fixed income securities and equities, are designated as available-for-sale.

Other financial assets and liabilities

The Company has not designated any financial assets as held to maturity. Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest rate method. Given the short term nature of other financial assets and other financial liabilities, amortized cost approximates fair value.

Property and equipment

Property and equipment are recorded in the statement of financial position at cost less accumulated amortization. Amortization is charged to operating expense on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Computer software	1 to 3 years
Leasehold improvements	Term of lease

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized immediately in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less any applicable accumulated amortization and accumulated impairment losses. Once an acquired intangible asset is available for use, amortization is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying cost of the asset, are recognized in profit and loss when the asset is derecognized.

Notes to Financial Statements

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Impairment

Financial Assets

Available-for-sale financial assets are tested for impairment on a quarterly basis. Objective evidence of impairment for fixed income securities includes financial difficulty of the issuer, bankruptcy or defaults and delinquency in payments of interest or principal. Objective evidence of impairment for equities includes a significant or prolonged decline in fair value of the equity below cost or changes with adverse effects that have taken place in the technological, market, economic or legal environment in which the issuer operates that indicates the cost of the security may not be recovered. In general, an equity security is considered impaired if the decline in fair value relative to cost has been either at least 25% for a continuous nine-month period or more than 40% at the end of the reporting period, or been in an unrealised loss position for a continuous period of 18 months.

Where there is objective evidence that an available-for-sale asset is impaired, the loss accumulated in AOCI is reclassified to net investment income. Once an impairment loss is recorded to profit or loss, the loss can only be reversed into income for fixed income securities to the extent a subsequent increase in fair value can be objectively correlated to an event occurring after the loss was recognized. Following impairment loss recognition, further decreases in fair value are recorded as an impairment loss to profit or loss, while a subsequent recovery in fair value for equity securities, and fixed income securities that do not qualify for loss reversal treatment, are recorded to other comprehensive income ("OCI"). Interest continues to be accrued, but at the effective rate of interest based on the fair value at impairment, and dividends of equity securities are recognized in income when the Company's right to receive payment has been established.

Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amount of its property and equipment, intangible assets and other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Canadian dollar is the functional and presentation currency of the Company. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange, with all translation differences recognized in investment income in the current period. Non-monetary assets and liabilities are translated at the date the fair value is determined, with the translation differences recognized in AOCI until disposition or impairment of the underlying asset or liability.

Notes to Financial Statements

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Premium-related balances

The Company issues two types of professional liability policies: a primary lawyer's errors and omissions policy and an excess policy increasing the insurance coverage limit to a maximum of \$9 million per claim/\$9 million in the aggregate above the \$1 million per claim/\$2 million aggregate levels provided by the primary policy; and a title insurance policy. Insurance policies written under the professional liability insurance program are effective on a calendar year basis. Professional liability insurance premium income is earned on a *pro rata* basis over the term of coverage of the underlying insurance policies, which is generally one year, except for policies for retired lawyers, which have terms of up to five years. Title insurance premiums are earned at the inception date of the policies.

Unearned premiums reported on the statement of financial position represent the portion of premiums written that relate to the unexpired risk portion of the policy at the end of the reporting period.

Premiums receivable are recorded in the statement of financial position as amounts due from insureds, net of any required provision for doubtful amounts. Premiums received from insureds in advance of the effective date of the insurance policy are recorded as amounts due to insureds in the statement of financial position.

The Company defers policy acquisition expenses, primarily premium taxes on its written professional liability insurance premiums, to the extent these costs are considered recoverable. These costs are expensed on the same basis that the related premiums are earned. The method to determine recoverability of deferred policy acquisition expenses takes into consideration future claims and adjustment expenses to be incurred as premiums are earned and anticipated net investment income. Deferred policy acquisition expenses are not material at year-end, and therefore the Company's policy is to not recognize an asset on the statement of financial position.

Unpaid claims and adjustment expenses

The provision for unpaid claims and adjustment expenses includes an estimate of the cost of projected final settlements of insurance claims incurred on or before the date of the statement of financial position, consisting of case estimates prepared by claims adjusters and a provision for incurred but not reported claims ("IBNR") calculated based on accepted actuarial practice in Canada as required by the Canadian Institute of Actuaries ("CIA"). These estimates include the full amount of all expected expenses, including related investigation, settlement and adjustment expenses, net of any anticipated salvage and subrogation recoveries. The professional liability insurance policy requires insureds to pay deductibles to the maximum extent of \$25,000 on each individual claim, subject to an additional \$10,000 for certain claims involving an administrative dismissal. Expected deductible recoveries on paid and unpaid claims are recognized net of any required provision for uncollectible accounts at the same time as the related claims liability.

The provision takes into consideration the time value of money using discount rates based on the estimated market value based yield to maturity of the underlying assets backing these liabilities, with reductions for estimated investment-related expense and credit risk. A provision for adverse deviations ("PfAD") is then added to the discounted liabilities, to allow for possible deterioration of experience in claims development, recoverability of reinsurance balances and investment risk, in order to generate the actuarial present value.

These estimates of future claims payments and adjustment expenses are subject to uncertainty and are selected from a wide range of possible outcomes. All provisions are periodically reviewed and evaluated in light of emerging claims experience and changing circumstances. The resulting changes in estimates of the ultimate liability are reported as net claims and adjustment expenses in the reporting period in which they are determined.

Reinsurance

In the normal course of business, the Company enters into per claim and excess of loss reinsurance contracts with other insurers in order to limit its net exposure to significant losses. Amounts relating to reinsurance in respect of the premiums and claims-related balances in the statements of financial position and profit or loss are recorded separately.

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Premiums ceded to reinsurers are presented before deduction of broker commission and any premium-based taxes or duty. Amounts recoverable from reinsurers are estimated and recognized in a manner consistent with the Company's method of determining the underlying provision for unpaid claims and adjustment expenses covered by the reinsurance contract. Amounts recoverable from reinsurers are assessed for indicators of impairment at the end of each reporting period. An impairment loss is recognized and the amount recoverable from reinsurers is reduced by the amount by which the carrying value exceeds the expected recoverable amount under the impairment analysis.

Ceding commissions, which relate to amounts received from the Company's reinsurers on the placement of its reinsurance contracts, is earned into income on a *pro rata* basis over the contract period.

Income taxes

Income tax expense is recognized in profit or loss and the statement of profit or loss and other comprehensive income. Current tax is based on taxable income which differs from profit or loss as reported in the statement of profit or loss and statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax includes any adjustments in respect of prior years.

Deferred tax assets are generally recognized for all deductible temporary income tax differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The measurement of deferred tax assets and liabilities utilizes the liability method, reflecting the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of the related assets and liabilities. The carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right to offset current tax assets with current tax liabilities.

Employee benefits

The Company maintains a defined contribution pension plan for its employees as well as a supplemental defined benefit pension plan for certain designated employees, which provides benefits in excess of the benefits provided by the Company's defined contribution pension plan. For the supplemental defined benefit pension plan, the benefit obligation is determined using the projected unit credit method. Actuarial valuations are carried out at the end of each annual reporting period using management's assumptions on items such discount rates, expected asset performance, salary growth and retirement ages of employees. The discount rate is determined based on the market yields of high quality, mid-duration corporate fixed income securities.

Defined contribution plan expenses are recognized in the reporting period in which services are rendered. Regarding the supplemental defined benefit pension plan, remeasurements comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest cost), is reflected immediately in the statement of profit or loss and other comprehensive income with a charge or credit recognized in OCI in the period in which they occur. Remeasurements recognized in OCI are transferred immediately to retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows: service cost (including current service, past service cost, as well as gains or losses on curtailments and settlements), net interest expense or income, and remeasurements. The Company presents the first two components of defined benefit cost as part of operating expenses in the statement of profit or loss.

Notes to Financial Statements

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The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit pension plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

3. Application of New and Revised IFRSs Relevant to the Company

In the current year, the Company has applied a number of new and revised IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

a) Amendments to IAS 32 "*Offsetting Financial Assets and Financial Liabilities*"

The Company has applied the amendments to IAS 32 for the first time in the current year, and they have been applied retrospectively. The amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legal enforceable right of offset" and "simultaneous realisation and settlement". The application of the amendments to IAS 32 has not had any material impact on the amounts recognized or disclosed in the financial statements.

b) IFRIC 21 "*Levies*"

The Company has applied IFRIC 21 for the first time in the current year, and it has been applied retrospectively. IFRIC 21 "*Levies*" was issued to introduce an interpretation of IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" on the accounting for levies (except income taxes) imposed by governments, government agencies and similar bodies. IFRIC 21 defines a levy, and clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation provides guidance on how many different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statement preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The application of IFRIC 21 has not had any material impact on the amounts recognized or disclosed in the financial statements.

4. New and Revised IFRSs Issued but not yet Effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

a) IFRS 9 "*Financial Instruments*"

IFRS 9, issued in November 2009 as part of a three-phase project to replace IAS 39 "*Financial Instruments: Recognition and Measurement*", introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets as well as limited amendments to the classification and measurements by introducing fair value through other comprehensive income ("FVOCI") measurement category for certain simple debt instruments.

Notes to Financial Statements

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Pursuant to IFRS 9, all recognized financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI. All other debt securities, as well as equity securities, are measured at FVTPL. Entities may make an irrevocable election to present subsequent changes in the fair value of an equity security in OCI, with only dividend income generally recognized in profit or loss. In addition, under the fair value option, entities may elect for amortized cost or FVOCI debt securities to be designated as FVTPL.

With regard to the measurement of financial liabilities designated as FVTPL, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is to be recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is recognized in profit or loss.

With regards to debt securities measured at amortized cost or FVOCI, IFRS 9 requires an expected credit loss model for determining impairment, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before impairment losses are recognized. Under IFRS 9, impairment is not considered for equity securities.

IFRS 9 as revised (2014) is effective for annual periods beginning on or after January 1, 2018. The Company anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

b) Amendments to IAS 19 *“Defined Benefit Plans: Employee Contributions”*

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent of the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. These amendments are effective for accounting periods beginning on or after July 1, 2014. The Company does not anticipate a significant impact from the implementation of these amendments.

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5. Investments

a) Summary

The tables below provide details of the amortized cost and fair value of the Company's investments, classified by accounting category and investment type:

December 31, 2014				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses and impairments	Fair value
Available-for-sale				
Fixed income securities	\$ 138,248	4,662	(28)	142,882
Common equities	66,840	30,828	(2,999)	94,669
	205,088	35,490	(3,027)	237,551
Designated as FVTPL				
Fixed income securities	\$ 348,878	11,186	(851)	359,213
Preferred equities	615	-	(99)	516
	349,493	11,186	(950)	359,729
Total	\$ 554,581	46,676	(3,977)	597,280
Reconciled in aggregate to asset classes as follows:				
Fixed income securities	\$ 487,126	15,848	(879)	502,095
Equities	67,455	30,828	(3,098)	95,185
Total	\$ 554,581	46,676	(3,977)	597,280

December 31, 2013				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses and impairments	Fair value
Available-for-sale				
Fixed income securities	\$ 115,700	2,956	(227)	118,429
Common equities	63,801	29,433	(2,779)	90,455
	179,501	32,389	(3,006)	208,884
Designated as FVTPL				
Fixed income securities	\$ 357,638	9,365	(1,347)	365,656
Preferred equities	615	-	(116)	499
	358,253	9,365	(1,463)	366,155
Total	\$ 537,754	41,754	(4,469)	575,039
Reconciled in aggregate to asset classes as follows:				
Fixed income securities	\$ 473,338	12,321	(1,574)	484,085
Equities	64,416	29,433	(2,895)	90,954
Total	\$ 537,754	41,754	(4,469)	575,039

In the above tables, the gross unrealized figures for common equities securities includes recognized impairments. As at December 31, 2014, of the total cumulative impairments of \$5,339,916 (December 31, 2013: \$5,335,662) an amount of \$3,975,633 is included in gross unrealized losses (December 31, 2013: \$3,248,254) and an amount of \$1,364,283 is included in gross unrealized gains (December 31, 2013: \$2,087,408). For additional details, see note 5c.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

b) Maturity profile of fixed income securities

The maturity profile of fixed income securities and its analysis by type of issuer is as follows:

December 31, 2014				
	Within 1 year	1 to 5 years	Over 5 years	Total
Available-for-sale				
Issued or guaranteed by:				
Canadian federal government	\$ -	23,482	309	23,791
Canadian provincial and municipal governments	1,741	76,846	14,838	93,425
Mortgage backed securities	206	1,534	-	1,740
Corporate debt	903	14,880	8,143	23,926
	2,850	116,742	23,290	142,882
Designated as FVTPL				
Issued or guaranteed by:				
Canadian federal government	\$ 29,186	17,906	-	47,092
Canadian provincial and municipal governments	6,304	30,574	43,611	80,489
Mortgage backed securities	6,008	14,639	-	20,647
Corporate debt	39,388	72,596	99,001	210,985
	80,886	135,715	142,612	359,213
Fixed income securities	\$ 83,736	252,457	165,902	502,095
Percent of total	17%	50%	33%	100%

December 31, 2013				
	Within 1 year	1 to 5 years	Over 5 years	Total
Available-for-sale				
Issued or guaranteed by:				
Canadian federal government	\$ 50	16,420	323	16,793
Canadian provincial and municipal governments	-	57,895	22,867	80,762
Mortgage backed securities	83	1,869	-	1,952
Corporate debt	502	9,190	9,230	18,922
	635	85,374	32,420	118,429
Designated as FVTPL				
Issued or guaranteed by:				
Canadian federal government	\$ 28,228	21,830	-	50,058
Canadian provincial and municipal governments	22,753	34,905	44,439	102,097
Mortgage backed securities	361	10,352	-	10,713
Corporate debt	27,642	83,286	91,860	202,788
	78,984	150,373	136,299	365,656
Fixed income securities	\$ 79,619	235,747	168,719	484,085
Percent of total	16%	49%	35%	100%

The weighted average duration of fixed income securities as at December 31, 2014 is 2.77 years (December 31, 2013: 3.10 years). The effective yield on fixed income securities as at December 31, 2014 is 2.67% (December 31, 2013: 2.79%).

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

c) Impairment Analysis

Management performs a quarterly analysis of the Company's available-for-sale investments to determine whether there is objective evidence that the estimated cash flows of the investments have been affected. The analysis includes the following procedures as deemed appropriate by management:

- identifying all security holdings in unrealized loss positions that have existed for a length of time that management believes may impact the recoverability of the investment;
- identifying all security holdings in unrealized loss positions that have an unrealized loss magnitude that management believes may impact the recoverability of the investment;
- reviewing the trading range of certain investments over the preceding calendar period;
- assessing whether any credit losses are expected for those investments. This assessment includes consideration of, among other things, all available information and factors having a bearing upon collectability such as changes to credit rating by rating agencies, financial condition of the issuer, expected cash flows and value of any underlying collateral;
- assessing whether declines in fair value for any fixed income securities represent objective evidence of impairment based on their investment grade credit ratings from third party security rating agencies;
- assessing whether declines in fair value for any fixed income securities with non-investment grade credit rating represent objective evidence of impairment based on the history of its debt service record; and
- obtaining a valuation analysis from third party investment managers regarding the intrinsic value of these holdings based on their knowledge, experience and other market based valuation techniques.

As a result of the impairment analysis performed by management, \$857,061 in write-downs to various equity securities were required for the year ended December 31, 2014 (2013: \$850,680).

The movements in cumulative impairment write-downs on available-for-sale investments for the years ended December 31 were as follows:

	2014	2013
Balance, as at January 1	\$ 5,336	5,174
Increase for the year charged to the income statement	857	851
Release upon disposition	(853)	(689)
Balance, as at December 31	\$ 5,340	5,336

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

d) Net investment income

Net investment income arising from investments designated as FVTPL and classified as available-for-sale recorded in profit or loss for the year ended December 31 is as follows:

	2014			2013		
	Designated as FVTPL	Available- for-sale	Total	Designated as FVTPL	Available- for-sale	Total
Interest	\$ 12,166	3,480	15,646	12,777	3,042	15,819
Dividends	21	2,817	2,838	21	2,613	2,634
Net realized gains (losses)	307	7,278	7,585	(475)	6,104	5,629
Change in net unrealized gains (losses)	2,333	97	2,430	(6,003)	67	(5,936)
Impairments	-	(857)	(857)	-	(851)	(851)
	14,827	12,815	27,642	6,320	10,975	17,295
Less: Investment expenses	(781)	(389)	(1,170)	(388)	(652)	(1,040)
Net investment income	\$ 14,046	12,426	26,472	5,932	10,323	16,255

e) Realized and change in unrealized gains and losses

The realized gains (losses) and increase (decrease) in the unrealized gains and losses of the Company's available-for-sale investments recorded in OCI for the year ended December 31 are as follows:

	2014					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 415	(110)	305	1,905	(505)	1,400
Equities	6,863	(1,819)	5,044	1,170	(310)	860
Total	\$ 7,278	(1,929)	5,349	3,075	(815)	2,260

	2013					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 911	(241)	670	(2,235)	592	(1,643)
Equities	5,193	(1,377)	3,816	18,797	(4,981)	13,816
Total	\$ 6,104	(1,618)	4,486	16,562	(4,389)	12,173

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

6. Fair Value Measurements of Financial Assets and Liabilities

The following tables present the fair value of the Company's financial assets and liabilities categorized by either recurring or non-recurring. The items presented below include related accrued interest or dividends, as appropriate.

As at December 31, 2014		Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value (recurring basis)									
Cash and cash equivalents	\$ 17,333	-	-	-	17,333	17,333	-	-	17,333
Fixed income securities	360,398	-	143,409	-	503,807	238,857	264,950	-	503,807
Common equities	-	-	94,958	-	94,958	94,958	-	-	94,958
Preferred equities	522	-	-	-	522	-	522	-	522
	378,253	-	238,367	-	616,620	351,148	265,472	-	616,620
Financial assets measured at fair value (non-recurring basis)									
Due from reinsurers	-	726	-	-	726	-	726	-	726
Due from insureds	-	1,909	-	-	1,909	-	1,909	-	1,909
Due from the Law Society of Upper Canada	-	6,623	-	-	6,623	-	6,623	-	6,623
Other receivables	-	1,404	-	-	1,404	-	1,404	-	1,404
Other assets	-	294	-	-	294	-	294	-	294
	-	10,956	-	-	10,956	-	10,956	-	10,956
Financial liabilities measured at fair value (non-recurring basis)									
Due to reinsurers	-	-	-	612	612	-	612	-	612
Due to insureds	-	-	-	265	265	-	265	-	265
Expenses due and accrued	-	-	-	1,635	1,635	-	1,635	-	1,635
Other taxes due and accrued	-	-	-	456	456	-	456	-	456
	-	-	-	2,968	2,968	-	2,968	-	2,968
Total	\$ 378,253	10,956	238,367	(2,968)	624,608	351,148	273,460	-	624,608

As at December 31, 2013		Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value (recurring basis)									
Cash and cash equivalents	\$ 14,525	-	-	-	14,525	14,525	-	-	14,525
Fixed income securities	367,033	-	118,897	-	485,930	244,017	241,913	-	485,930
Common equities	-	-	90,740	-	90,740	90,740	-	-	90,740
Preferred equities	505	-	-	-	505	-	505	-	505
	382,063	-	209,637	-	591,700	349,282	242,418	-	591,700
Financial assets measured at fair value (non-recurring basis)									
Due from reinsurers	-	309	-	-	309	-	309	-	309
Due from insureds	-	2,027	-	-	2,027	-	2,027	-	2,027
Other receivables	-	1,419	-	-	1,419	-	1,419	-	1,419
Other assets	-	280	-	-	280	-	280	-	280
	-	4,035	-	-	4,035	-	4,035	-	4,035
Financial liabilities measured at fair value (non-recurring basis)									
Due to reinsurers	-	-	-	591	591	-	591	-	591
Due to insureds	-	-	-	66	66	-	66	-	66
Due from the Law Society of Upper Canada	-	-	-	3	3	-	3	-	3
Expenses due and accrued	-	-	-	1,526	1,526	-	1,526	-	1,526
Other taxes due and accrued	-	-	-	402	402	-	402	-	402
	-	-	-	2,588	2,588	-	2,588	-	2,588
Total	\$ 382,063	4,035	209,637	(2,588)	593,147	349,282	243,865	-	593,147

There were no transfers between any levels during the year ended December 31, 2014 (2013: none).

Note that for financial instruments such as short term trade receivables and payables, the Company believes that their carrying amounts are reasonable approximations of fair value.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

7. Property and Equipment

During the years ending December 31, details of the movement in the carrying values by class of property and equipment are as follows:

	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Total
January 1, 2013	\$ 57	562	204	2,012	2,835
Additions	7	90	62	14	173
Amortization	(31)	(292)	(119)	(373)	(815)
December 31, 2013	33	360	147	1,653	2,193
Additions	36	25	98	34	193
Amortization	(15)	(216)	(116)	(381)	(728)
December 31, 2014	\$ 54	169	129	1,306	1,658

Details of the cost and accumulated amortization of property and equipment are as follows:

	December 31, 2014			December 31, 2013		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Furniture and fixtures	\$ 1,407	(1,353)	54	1,372	(1,339)	33
Computer equipment	2,065	(1,896)	169	2,040	(1,680)	360
Computer software	732	(603)	129	633	(486)	147
Leasehold improvements	3,441	(2,135)	1,306	3,407	(1,754)	1,653
Total	\$ 7,645	(5,987)	1,658	7,452	(5,259)	2,193

8. Intangible Asset

The Company's recognized intangible asset consists of a license. During the years ending December 31, details of the movement in the carrying values are as follows:

	2014	2013
Cost	-	-
Balance, beginning of year	\$ -	-
Additions from separate acquisitions	1,028	-
Additions from internal developments	-	-
Disposals or classified as held for sale	-	-
Balance, end of year	1,028	-
Accumulated amortization and impairment		
Balance, beginning of year	-	-
Amortization expense	-	-
Disposals or classified as held for sale	-	-
Impairment losses	-	-
Balance, end of year	-	-
Carrying amount	\$ 1,028	-

Notes to Financial Statements

For the year ended December 31, 2014
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9. Provision for Unpaid Claims and Adjustment Expenses

a) Nature of unpaid claims and adjustment expenses

The determination of the provision for unpaid claims and adjustment expenses is a complex process based on known facts, interpretations and judgment and is influenced by a variety of factors. These factors include the Company's own experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims and adjustment expenses, product mix and concentration, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Company's claim departments' personnel and independent adjusters retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, investment rates of return, court decisions and economic conditions. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the settlement of the claim, the more potential for variation in the ultimate settlement amount. Accordingly, short-tailed claims, such as property claims, tend to be more reasonably predictable than long-tailed claims, such as professional liability and title claims.

The process of establishing the provision relies on the judgment and opinions of a large number of individuals, on historical precedents and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The provision reflects expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, together with a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

Consequently, the measurement of the ultimate settlement costs of claims to date that underlies the provision for unpaid claims and adjustment expenses, and any related recoveries for reinsurance and deductibles, involves estimates and measurement uncertainty. The amounts are based on estimates of future trends in claim severity and other factors which could vary as claims are settled. Variability can be caused by several factors including the emergence of additional information on claims, changes in judicial interpretation, significant changes in severity or frequency of claims from historical trends, and inclusion of exposures not contemplated at the time of policy inception. Ultimate costs incurred could vary from current estimates. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the methods of estimation that have been used will produce reasonable results given the current information.

b) Methodologies and assumptions

The best estimates of future claims payments and adjustment expenses are determined based on one or more of the following actuarial methods: the Adler-Kline method, the chain ladder method, the frequency and severity method and the expected loss ratio method. Considerations in the choice of methods to estimate ultimate claims include, among other factors, the line of business, the number of years of experience and the relative maturity of the experience, and as such, reflect methods for lines of business with long settlement patterns and which are subject to the occurrence of large claims.

Each method involves tracking claims data by "policy year", which is the year in which such claims are made for the Company's professional liability policies, and the year in which such policies were written for its title policies. Claims paid and reported, gross and net of reinsurance recoveries and net of salvage and subrogation, are tracked by lines of business, policy years and development periods in a format known as claims development triangles.

Notes to Financial Statements

For the year ended December 31, 2014
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A description of each of these methods is as follows:

i. Adler-Kline method

This is a form of frequency and severity method which involves estimation of the closing pattern for current open and estimated unreported claims, which is combined with estimates of the average severity across successive intervals of percentage claims closed, based on consideration of historical claim settlement patterns and average amounts paid on closed claims.

ii. Chain ladder method

The distinguishing characteristic of this form of development method is that ultimate claims for each policy year are projected from recorded values assuming the future claim development is similar to the prior years' development.

iii. Frequency and severity method

This method assumes that, for each identified homogenous claims type group, claims count reported to date will develop to ultimate in a similar manner to historical patterns, and settle at predictable average severity amounts. This method involves applying the developed estimated ultimate claims count to selected estimated ultimate average claim severities.

iv. Expected loss ratio method

Using the expected loss ratio method, ultimate claims projections are based upon *a priori* measures of the anticipated claims. An expected loss ratio is applied to the measure of exposure to determine estimated ultimate claims for each year. This method is commonly used in lines of business with a limited experience history.

Claims data includes external claims adjustment expenses, and for a portion of the portfolio includes internal claims adjustment expenses ("IAE"). A provision for IAE has been determined based on the Mango-Allen claim staffing technique, a transaction-based method which utilizes expected future claims handler workload per claim per handler, claims closure rates and ultimate claims count. The IAE provision is included in the IBNR balances.

The provision for unpaid claims and adjustment expenses is discounted using an interest rate based on the estimated market value based yield to maturity, inherent credit risk and related investment expense of the Company's fixed income securities supporting the provision for unpaid claims and adjustment expense as at December 31, 2014, which was 1.95% (December 31, 2013: 2.69%). Reinsurance recoverable estimates and claims recoverable from other insurers are discounted in a manner consistent with the method used to establish the related liability. Based on published guidance from the CIA, as at December 31, 2014 the PfAD was calculated at 15% (December 31, 2013: 15%) of the net discounted claim liabilities, 1.5% (December 31, 2013: 1.5%) of the ceded discounted claim liabilities, and a 0.50% reduction to the discount rate (December 31, 2013: 0.50%).

As the provision for unpaid claims and adjustment expenses is recorded on a discounted basis and reflects the time value of money, its carrying value is expected to provide a reasonable basis for the determination of fair value. However, determination of fair value also requires the practical context of a buyer and seller, both of whom are willing and able to enter into an arm's length transaction. In the absence of such a practical context, the fair value is not readily determinable.

The following table shows unpaid claims and adjustment expenses on an undiscounted basis and a discounted basis:

	December 31, 2014		December 31, 2013	
	Undiscounted	Discounted	Undiscounted	Discounted
Unpaid claims and adjustment expenses	\$ 426,622	468,493	417,231	447,912
Recoverable from reinsurers	(41,349)	(44,900)	(38,063)	(40,487)
Net	<u>\$ 385,273</u>	<u>423,593</u>	<u>379,168</u>	<u>407,425</u>

Notes to Financial Statements

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Details of the provision for unpaid claims and adjustment expenses, by line of business, are summarized as follows:

	December 31, 2014			December 31, 2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Professional liability	\$ 453,626	(44,814)	408,812	430,823	(40,348)	390,475
Title	14,867	(86)	14,781	17,089	(139)	16,950
Total	\$ 468,493	(44,900)	423,593	447,912	(40,487)	407,425

The provision for unpaid claims and adjustment expenses by case reserves and IBNR are as follows:

	December 31, 2014			December 31, 2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Case reserves	\$ 287,235	(3,056)	284,179	269,525	(3,473)	266,052
IBNR	181,258	(41,844)	139,414	178,387	(37,014)	141,373
Total	\$ 468,493	(44,900)	423,593	447,912	(40,487)	407,425

An evaluation of the adequacy of claims liabilities is completed at the end of each financial quarter. This evaluation includes a re-estimation of the liability for unpaid claims and adjustment expenses compared to the liability that was originally established. As adjustments to estimated claims liabilities become necessary, they are reflected in current operations.

c) Changes in methodologies or basis of selection of assumptions

Based on the Company's actuarial valuation process, at each valuation the Company's claims data is analyzed to determine whether the current methodologies and basis of selection of actuarial assumptions continue to be appropriate for the determination of the IBNR provision. As a result, the Company revised the basis of selection of some key assumptions used in its actuarial valuation methods as at December 31, 2014 and December 31, 2013.

In 2014, the Company updated the methodologies and basis of selection of key assumptions used in determining its provision for unpaid claims and adjustment expenses to ensure they appropriately reflect emerging experience and changes in risk profile, which resulted in a change to projected net cash outflows and, therefore, to the provision. In addition, as at December 31, 2014, an amount of \$2,303,584 was added explicitly to the IBNR provision to account for a group of related claims. The net impact of these changes was a \$4,979,000 decrease in the provision, before reinsurance, as at December 31, 2014, which included a net decrease of \$5,378,629 relating to severity assumptions and an increase of \$399,629 relating to claim frequency assumptions. This total impact has been allocated by policy year as a \$2,607,000 decrease related to the current year and a \$2,372,000 decrease related to the prior years, and by line of business as a \$4,135,119 net decrease to professional liability and an \$843,881 net decrease to title.

In 2013, the Company performed a detailed re-evaluation of the methodologies and basis of selection of key assumptions used in determining its provision for unpaid claims and adjustment expenses to ensure they appropriately reflect emerging experience and changes in risk profile. Changes to the actuarial methods and assumptions resulted in a change to projected net cash outflows and, therefore, to the provision. The net impact of the changes in the basis of selection of assumptions and model enhancements was an \$11,417,969 decrease in the provision, before reinsurance, as at December 31, 2013, which included a net decrease of \$11,609,994 relating to severity assumptions, and an increase of \$192,025 relating to claim frequency assumptions. This total impact has been allocated by policy year as a \$4,925,517 decrease related to the current year and a \$6,492,452 decrease related to the prior years and by line of business as a \$12,136,482 net decrease to professional liability and a \$718,513 increase to title.

Notes to Financial Statements

For the year ended December 31, 2014

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Details of the claims and adjustment expenses for the year ended December 31 are as follows:

	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Claims & external adjustment expenses paid	\$ 76,408	849	75,559	77,248	1,924	75,324
Change in case reserves	10,501	(500)	11,001	1,930	(3,106)	5,036
Change in IBNR	(2,176)	3,786	(5,962)	(4,446)	2,300	(6,746)
Discount expense	11,190	1,127	10,063	14,763	1,357	13,406
IAE paid	7,858	-	7,858	7,347	-	7,347
Change in provision for IAE	1,066	-	1,066	2,336	-	2,336
	\$ 104,847	5,262	99,585	99,178	2,475	96,703

Changes in the provision for unpaid claims and adjustment expenses, including IAE, recorded in the statement of financial position during the year is comprised of the following:

	2014	2013
Provision for unpaid claims and adjustment expenses – January 1 – net	\$ 407,425	393,393
Change in net provision for claims and adjustment expenses due to:		
Prior years' incurred claims	(19,658)	(24,366)
Current year's incurred claims	109,180	107,663
Net claims and adjustment expenses paid in relation to:		
Prior years	(74,147)	(74,920)
Current year	(9,270)	(7,751)
Impact of discounting	10,063	13,406
Provision for unpaid claims and adjustment expenses – December 31 – net	423,593	407,425
Reinsurers' share of provisions for unpaid claims and adjustment expenses	44,900	40,487
Provision for unpaid claims and adjustment expenses – December 31 – gross	\$ 468,493	447,912

d) Loss development tables

The tables on the following pages show the development of claims, excluding IAE, by policy year over a period of time. The first table reflects development for gross claims, which excludes any reductions for reinsurance recoverables. The second table reflects development for net claims, which is gross claims less reinsurance recoverables. The top triangle in each table shows how the estimates of total claims for each policy year develop over time as more information becomes known regarding individual claims and overall claims frequency and severity. Claims are presented on an undiscounted basis in the top triangle. The bottom triangle in each table presents the cumulative amounts paid for claims and external loss adjustment expenses for each policy year at the end of each successive year. At the bottom of each table, the provision for IAE as well as the effect of discounting and the PfAD, as at December 31, 2014, is presented based on the net amounts of the two triangles.

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Before the effect of reinsurance, the loss development table is as follows:

		Policy Year										
	All Prior Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimate of Ultimate Claims												
At end of Policy year	\$	76,338	82,043	88,720	91,567	94,936	90,778	98,870	110,380	102,937	103,962	
One Year Later		77,704	81,820	90,139	99,776	95,781	90,585	100,573	93,630	95,423		
Two Years Later		78,736	82,040	95,375	94,086	97,708	89,394	97,841	90,749			
Three Years Later		72,246	78,097	93,715	93,942	96,541	87,128	96,265				
Four Years Later		74,959	72,438	93,424	92,322	94,258	87,341					
Five Years Later		71,851	70,399	90,823	89,566	91,157						
Six Years Later		68,675	71,942	91,450	88,292							
Seven Years Later		66,854	71,364	90,168								
Eight Years Later		64,347	70,799									
Nine Years Later		63,693										
Cumulative Claims Paid												
At end of Policy year		(3,792)	(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	
One Year Later		(14,771)	(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,743)	(18,406)		
Two Years Later		(26,437)	(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(30,885)	(26,124)			
Three Years Later		(35,268)	(35,114)	(51,509)	(47,582)	(48,477)	(42,488)	(44,452)				
Four Years Later		(43,306)	(44,050)	(59,136)	(55,086)	(59,669)	(54,208)					
Five Years Later		(50,379)	(49,252)	(65,553)	(63,348)	(67,445)						
Six Years Later		(53,878)	(56,997)	(71,553)	(66,017)							
Seven Years Later		(56,628)	(60,476)	(75,582)								
Eight Years Later		(58,992)	(61,965)									
Nine Years Later		(60,194)										
Estimate of Ultimate Claims		63,693	70,799	90,168	88,292	91,157	87,341	96,265	90,749	95,423	103,962	
Cumulative Claims Paid		(60,194)	(61,965)	(75,582)	(66,017)	(67,445)	(54,208)	(44,452)	(26,124)	(18,406)	(5,516)	
Undiscounted Claims Liabilities	13,422	3,499	8,834	14,586	22,275	23,712	33,133	51,813	64,625	77,017	98,446	411,362
Provision for IAE	147	81	136	264	421	540	711	1,364	2,354	3,395	5,847	15,260
Discounting (including PfAD)	1,398	378	905	1,562	2,427	2,487	3,468	5,398	6,778	7,712	9,358	41,871
Present Value recognized in the												
Statement of Financial Position	\$ 14,967	3,958	9,875	16,412	25,123	26,739	37,312	58,575	73,757	88,124	113,651	468,493

Notes to Financial Statements

For the year ended December 31, 2014

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After the effect of reinsurance, the loss development table is as follows:

		Policy Year											
	All Prior Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	
Estimate of Ultimate Claims													
At end of Policy year	\$	72,615	78,076	84,240	86,762	89,886	86,458	94,874	106,381	98,696	99,579		
One Year Later		73,981	77,873	85,659	94,971	91,732	86,265	96,577	89,631	91,183			
Two Years Later		75,013	78,093	90,895	90,242	93,660	85,075	93,845	86,750				
Three Years Later		68,523	74,150	90,130	90,098	92,492	82,808	92,269					
Four Years Later		71,236	69,280	89,840	88,478	90,209	83,022						
Five Years Later		68,873	67,241	87,238	85,722	87,108							
Six Years Later		65,696	68,785	87,866	84,448								
Seven Years Later		63,875	68,207	86,584									
Eight Years Later		64,347	67,641										
Nine Years Later		63,693											
Cumulative Claims Paid													
At end of Policy year		(3,792)	(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)		
One Year Later		(14,771)	(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,741)	(18,406)			
Two Years Later		(26,437)	(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(29,976)	(26,122)				
Three Years Later		(35,268)	(35,114)	(51,509)	(47,582)	(48,477)	(42,466)	(43,542)					
Four Years Later		(43,306)	(44,050)	(59,136)	(55,086)	(59,669)	(54,111)						
Five Years Later		(50,379)	(49,252)	(65,553)	(63,348)	(67,409)							
Six Years Later		(53,878)	(56,997)	(71,553)	(66,017)								
Seven Years Later		(56,628)	(60,476)	(75,582)									
Eight Years Later		(58,992)	(61,965)										
Nine Years Later		(60,194)											
Estimate of Ultimate Claims		63,693	67,641	86,584	84,448	87,108	83,022	92,269	86,750	91,183	99,579		
Cumulative Claims Paid		(60,194)	(61,965)	(75,582)	(66,017)	(67,409)	(54,111)	(43,542)	(26,122)	(18,406)	(5,516)		
Undiscounted Claims Liabilities	6,600	3,499	5,676	11,002	18,431	19,699	28,911	48,727	60,628	72,777	94,063	370,013	
Provision for IAE	147	81	136	264	421	540	711	1,364	2,354	3,395	5,847	15,260	
Discounting (including PfAD)	816	378	637	1,237	2,070	2,133	3,094	5,129	6,430	7,367	9,029	38,320	
Present Value recognized in the													
Statement of Financial Position	\$	7,563	3,958	6,449	12,503	20,922	22,372	32,716	55,220	69,412	83,539	108,939	423,593

Notes to Financial Statements

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10. Unearned Premiums

The following changes have occurred in the provision for unearned premiums during the years ended December 31:

	2014	2013
Balance, as at January 1	\$ 749	723
Net premiums written during the year	114,920	106,510
Less: Net premiums earned during the year	(114,900)	(106,484)
Increase (decrease) in unearned premiums	20	26
Balance, as at December 31	\$ 769	749

The estimates for unearned premium liabilities have been actuarially tested to ensure that they are sufficient to pay for future claims and expenses in servicing the unexpired policies as of the valuation dates.

11. Reinsurance

The Company's reinsurance program consists of a 90% quota share cession on its excess professional liability policies (2013: 90%), and a \$10 million in excess of \$5 million per occurrence clash reinsurance arrangement which provides protection for single events that bring about multiple professional liability and/or title claims with an additional \$20 million in excess of \$15 million per occurrence relating to class action proceedings (2013: \$20 million in excess of \$15 million). Reinsurance does not relieve the Company of its primary liability as the originating insurer. In the event that a reinsurer is unable to meet obligations assumed under reinsurance agreements, the Company is liable for such amounts. Reinsurance treaties typically renew annually and the terms and conditions are reviewed by senior management and reported to the Company's Board of Directors. Reinsurance agreements are negotiated with reinsurance companies that have an independent credit rating of "A-" or better and that the Company considers creditworthy. Based on current information on the financial health of the reinsurers, no provision for doubtful debts has been made in the financial statements in respect of reinsurers.

12. Related Party Transactions

Pursuant to a service agreement effective January 1, 1995, and as amended effective September 30, 2009, the Company administers the Errors and Omissions Insurance Fund (the "Fund") of the Law Society and provides all services directly related to the operations and general administration of the Fund in consideration for the Law Society insuring its mandatory professional liability insurance program with the Company.

The insurance policy under the mandatory professional liability insurance program of the Law Society is written by the Company and is effective on a calendar year basis. The insurance policy is renewed effective January 1 each year subject to the Law Society's acceptance of the terms of renewal submitted by the Company. The annual policy limits for each of the years effective January 1, 1995 to December 31, 2014 are \$1 million per claim and \$2 million in aggregate per member. Under the insurance policy that was in force between July 1, 1990 and December 31, 1994, the Company was responsible for claims in excess of the Law Society and member deductibles. The provision for unpaid claims and adjustment expenses is net of amounts relating to policies for years prior to 1995 that are payable by the Law Society.

Notes to Financial Statements

For the year ended December 31, 2014
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For the year ended December 31, 2014, \$110,871,667 of the gross premiums written related to mandatory insurance coverage provided to the Law Society and its members (2013: \$102,093,412). As at December 31, 2014, the Company had a balance due from the Law Society of \$6,622,607 (December 31, 2013: \$2,896 due to Law Society).

For the year ended December 31, 2014, the Company contributed to the Law Society \$231,194 in regards to a wellness program to be made available to the insureds of the Company's primary liability policy (2013: \$210,230). This expenditure is included in operating expenses (see note 15).

The total compensation to Company personnel classified as key management, being those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors of the Company, is as follows:

	2014	2013
Short-term compensation and benefits	\$ 3,372	3,163
Post employment benefits	246	251
	\$ 3,618	3,414

13. Employee Benefits

The Company has a defined contribution pension plan which is available to all its employees upon meeting the eligibility requirements. Each employee is required to contribute 4.5% of yearly maximum pensionable earnings, and 6% in excess thereof, of an employee's annual base earnings. Under the plan, the Company matches all employee contributions. In 2014, the Company made payments of \$641,012 (2013: \$603,836) and recorded pension expense of \$675,910 (2013: \$630,402).

The Company also has a supplemental defined benefit pension plan, which provides pension benefits on a final salary or fixed schedule basis, depending on certain criteria. Measurements and funding requirements of this plan are based on valuations prepared by an external actuary. For reporting purposes the plan is measured using the projected unit credit method, which involves calculating the actuarial present value of the past service liability to members including an allowance for their projected future earnings. Funding requirements for the plan are determined using the solvency method, which utilizes the estimated cost of securing each member's benefits with an insurance company or alternative buy-out provider as at the valuation date. The valuation methods are based on a number of assumptions, which vary according to economic conditions, including prevailing market interest rates, and changes in these assumptions can significantly affect the measurement of the pension obligations.

Funding for the supplemental plan commenced in 2005, with no payments made in 2014 (2013: \$248,402) and recorded pension expenses of \$11,865 in 2014 (2013: \$59,671). Funding requirements are reviewed annually with an actuarial valuation for funding purposes effective as at December 31. As the Company's defined benefit pension plan qualifies as a "retirement compensation arrangement" pursuant to the *Income Tax Act*, half of any required annual contribution to the plan is remitted to the Canada Revenue Agency, held in a refundable tax account and refunded in prescribed amounts as actual benefit payments are made to the participants. The most recent actuarial valuation for funding purposes was performed effective December 31, 2013. Management's preliminary estimate is that no contribution is required to the plan during the year ending December 31, 2015.

The assets of both pension plans are held separately from those of the Company in funds under the control of trustees.

Notes to Financial Statements

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The defined benefit pension plan exposes the Company to risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality mid-duration corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity and fixed income securities. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest rate risk	A decrease in the market interest rate will increase the plan obligation; however, this will be partially offset by an increase in the return of the plan's fixed income securities.
Longevity risk	The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's obligation.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's obligation.

The following represents the assets and liabilities associated with pension benefits measured using values as at December 31:

Defined benefit plan obligation

	2014	2013
Accrued benefit obligation		
Balance, as at January 1	\$ 6,253	6,343
Current service cost	120	126
Interest cost	287	249
Remeasurement (gains) losses:		
Actuarial (gains) losses – demographic assumptions	72	285
Actuarial (gains) losses – financial assumptions	704	(545)
Actuarial (gains) losses – experience adjustments	(5)	-
Benefits paid	(273)	(205)
Balance, as at December 31	\$ 7,158	6,253

Defined benefit plan assets

	2014	2013
Plan assets		
Fair value, as at January 1	\$ 8,731	7,978
Interest income on plan assets	395	316
Remeasurement gains (losses):		
Return on plan assets greater (less) than discount rate	(5)	394
Benefits paid	(273)	(205)
Employer contribution	-	248
Fair value, as at December 31	\$ 8,848	8,731

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

The defined benefit plan assets arise primarily from employer contributions that are originally allocated equally between deposits with the Government of Canada and investments in the units of a balanced pooled fund. The fair values of the above equity and fixed income securities are derived based on quoted market prices in active markets. The plan assets contain the following financial instrument allocation:

	December 31, 2014	December 31, 2013
Equity securities	33.21%	36.42%
Fixed income securities	17.32%	16.48%
Cash and cash equivalents	4.55%	1.31%
Refundable-tax account	44.92%	45.79%
	100%	100%

Reconciliation of funded status surplus of the benefit plans to the amounts recorded in the financial statements is as follows:

	December 31, 2014	December 31, 2013
Fair value of plan assets	\$ 8,848	8,731
Accrued benefit obligation	(7,158)	(6,253)
Funded status surplus	1,690	2,478
Irrecoverable surplus (effect of asset ceiling)	-	-
Accrued benefit asset	\$ 1,690	2,478

The accrued benefit asset is included in other assets in the statement of financial position.

Amounts recognized in comprehensive income in respect of the defined benefit plan in the year ended December 31:

	2014	2013
Service cost:		
Current service cost	\$ 120	126
Past service cost and (gain) loss from settlements	-	-
Net interest (income) expense	(108)	(67)
Components of defined benefit costs recognized in profit or loss	12	59
Remeasurement on the net defined benefit liability		
Actuarial (gain) loss due to liability experience	(5)	-
Actuarial (gain) loss due to liability assumption changes	776	(260)
Actuarial (gain) loss arising during year	771	(260)
Return on plan assets (greater) less than discount rate	5	(394)
Change in irrecoverable surplus (effect of asset ceiling)	-	-
Components of defined benefit costs recognized in OCI	776	(654)
Total	\$ 788	(595)

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

The significant assumptions used by the Company for year-end measurement purposes are as follows:

	2014	2013
Discount rate	3.80%	4.60%
Rate of compensation increase	3.50%	3.50%
Mortality	CPM 2014Priv mortality table with generational mortality improvements following Scale CPM-B; pension size adjustment factors of 0.83 for males and 0.88 for females	CPM-RPP2014Priv mortality table with generational mortality improvements following Scale CPM-A; pension size adjustment factors of 0.84 for males and 0.96 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2014, if the discount rate was 1% higher/(lower) the defined benefit obligation would decrease by \$863,800 (increase by \$1,061,400). Note that the sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one or other changes as some of the assumptions may be correlated.

The expected maturity profile of the defined benefit obligation as at December 31, 2014 is as follows:

	2015	2016	2017	2018	2019	Thereafter
Expected benefit payments	273	282	281	280	401	1,983

The defined benefit obligation as at December 31, 2014 by participant category is as follows:

Active participants	2,412
Pensioners	4,746

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

14. Income Taxes

a) Income tax expense recognized in profit or loss

The total income tax expense recognized in profit or loss is comprised as follows:

	2014	2013
Current income tax		
(Recovered) expensed during the year	\$ 6,220	2,129
Prior year adjustments	-	(3)
Total current income tax expense (recovery)	6,220	2,126
Deferred income tax		
Origination and reversal of temporary differences	(309)	(226)
Changes in statutory tax rates	-	-
Total deferred income tax expense (recovery)	(309)	(226)
Total income tax expense (recovery)	\$ 5,911	1,900

Deferred income tax expense recognized in profit or loss represents movements on the following items:

	2014	2013
Unpaid claims and adjustment expenses	\$ (214)	(186)
Investments	(40)	(42)
Pensions	(12)	43
Property and equipment	(43)	(41)
	\$ (309)	(226)

Notes to Financial Statements

For the year ended December 31, 2014
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b) Income tax expense recognized in the statement of profit or loss and other comprehensive income

The total income tax expense recognized in OCI is comprised as follows:

	2014	2013
Current income tax		
Unrealized investment gains and losses on available-for-sale portfolio	\$ 815	4,388
Pensions	-	-
Total current income tax expense	815	4,388
Deferred income tax		
Unrealized investment gains and losses on available-for-sale portfolio	-	-
Pensions	(206)	174
Total deferred income tax expense	(206)	174
Total income tax expense in OCI	\$ 609	4,562

c) Income tax reconciliation

The following is a reconciliation of income taxes, calculated at the statutory income tax rate, to the income tax provision included in profit or loss.

	2014	2013
Profit or loss before income taxes	\$ 22,971	7,833
Statutory income tax rate	26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates	6,087	2,076
Increase (decrease) resulting from:		
Investments	(198)	(193)
Non-deductible meals and entertainment	13	12
Other non-deductible items	9	5
Provision for (recovery of) income taxes	\$ 5,911	1,900

The statutory rate applicable to the Company at December 31, 2014 is same as at December 31, 2013.

During the year, the Company made income tax payments of \$10,293,132 (2013: \$2,205,734) and received no income tax refunds (2013: \$2,674,499) from the various taxing authorities.

Notes to Financial Statements

For the year ended December 31, 2014
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d) Net deferred income tax asset

The Company's net deferred income tax asset is the result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The sources of these temporary differences and the tax effects are as follows:

	December 31, 2014	December 31, 2013
Deferred tax assets		
Net provision for unpaid claims and adjustment expenses	\$ 5,613	5,398
Property and equipment	292	249
	5,905	5,647
Deferred tax liabilities		
Investments	(433)	(471)
Pension	(415)	(633)
	(848)	(1,104)
Total net deferred tax assets	\$ 5,057	4,543

The Company believes that, based on available information, it is probable that the deferred income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

15. Operating Expenses

The following table summarizes the Company's operating expenses by nature:

	2014	2013
Salaries and benefits	\$ 9,755	9,373
Administrative expenses	2,631	2,203
Professional fees	1,746	1,682
Occupancy lease	1,047	1,100
Communication	463	582
Information systems	746	875
Amortization of property and equipment	442	515
Total	\$ 16,830	16,330

Included in salaries and benefits are amounts for future employee benefits under a defined contribution plan of \$641,012 (2013: \$603,836) and a supplementary defined benefit plan of \$11,865 (2013: \$59,671).

Notes to Financial Statements

For the year ended December 31, 2014
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16. Operating Lease Commitments

The Company entered into a lease agreement for premises at 250 Yonge Street, with an effective date of February 1, 2008 and an expiry date of May 31, 2018. The Company has an option to extend the lease period for five additional years under the current general terms and conditions.

At December 31, 2014, lease obligations on office premises were as follows:

2015	1,220
2016	1,220
2017	1,220
2018	508

17. Capital Stock and Contributed Surplus

Capital stock of the Company represents:

30,000 Common Shares of par value of \$100 each – authorized, issued and paid.

20,000 6% non-cumulative, redeemable, non-voting Preferred Shares of par value of \$100 each – authorized, issued and paid.

The Preferred Shares meet the definition of equity in accordance with the criteria outlined in IAS 32 “*Financial Instruments: Presentation*”.

Contributed surplus represents additional capitalization funding provided by the Law Society.

18. Statutory Insurance Information

The Company is the beneficiary of trust accounts in the amount of \$1,238,354 as at December 31, 2014 (December 31, 2013: \$1,247,970) which are held as security for reinsurance ceded to unregistered reinsurers. This trust balance is not reflected in these financial statements but is considered in determining statutory capital requirements.

In accordance with licensing requirements, the Company no longer requires deposited securities with the regulatory authorities (December 31, 2013: market value of \$50,416).

19. Capital Management

Capital is comprised of the Company's equity. As at December 31, 2014 the Company's equity was \$208,625,233 (December 31, 2013: \$189,875,442). The Company's objectives when managing capital are to maintain financial strength and protect its claims paying abilities, to maintain creditworthiness and to provide a reasonable return to the shareholder over the long term. In conjunction with the Company's Board of Directors and its Audit Committee, senior management develops the capital strategy and oversees the capital management processes of the Company. Capital is managed using both regulatory capital measures and internal metrics.

Notes to Financial Statements

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FSCO, the Company's primary insurance regulator, along with other provincial insurance regulators, regulate the capital required in the Company using two key measures, i.e., Minimum Capital Test ("MCT") and the Dynamic Capital Adequacy Test ("DCAT"). FSCO has established an MCT guideline which sets out 100% as the minimum and 150% as the supervisory target for P&C insurance companies. To ensure that it attains its objectives, the Company has established an internal target of 180% (2013: 180%) in excess of which, under normal circumstances, the Company will maintain its capital. During the year ended December 31, 2014, the Company complied with the various provincial regulators' guidelines and as at December 31, 2014, the Company has a MCT ratio of 251% (December 31, 2013: 233%). Annually, the Company's Appointed Actuary prepares a DCAT on the MCT to ensure that the Company has adequate capital to withstand significant adverse event scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. The Appointed Actuary must present both an annual report and the DCAT report to management and the Audit Committee. The DCAT report prepared during the year indicated that the Company's capital position is satisfactory. In addition, the target, actual and forecasted capital position of the Company is subject to ongoing monitoring by management using stress and scenario analysis to ensure its adequacy.

The Company may use reinsurance to manage its capital position.

20. Risk Management

By virtue of the nature of the insurance company business, financial instruments comprise the majority of the Company's statement of financial position as at both December 31, 2014 and 2013. The most significant identified risks to the Company which arise from holding financial instruments and insurance contract liabilities include insurance risk, credit risk, liquidity risk and market risk. The market risk exposure of the Company is primarily related to changes in interest rates and adverse movement in equity prices.

The Company employs an enterprise-wide risk management framework which establishes practices for risk management and includes policies and processes to identify, assess, manage and monitor risks and risk tolerance limits. It provides governance and supervision of risk management activities across the Company's business units, promoting the discipline and consistency applied to the practice of risk management.

The Company's risk framework is designed to minimize risks that could materially adversely affect the value or stature of the Company, to contribute to stable and sustainable returns, to identify risks that the Company can manage in order to increase earnings, and to provide transparency of the Company's risks through internal and external reporting. The Company's risk philosophy involves undertaking risks for appropriate return and accepting those risks that meet its objectives. The Company's risk management program is aligned with its long term vision and its culture supports an effective risk management program. The key components of the risk culture include acting with fairness, appreciating the impact of risk on all major stakeholders, embedding risk management into day to day business activities, fostering full and transparent communications, cooperation, and aligning of objectives and incentives. The Company's risk management activities are monitored by its Risk Committee and Board of Directors.

The risk exposure measures expressed below primarily include the sensitivity of the Company's profit or loss, and OCI as applicable, to the movement of various economic factors. These risk exposures include the sensitivity due to specific changes in market prices and interest rate levels projected using internal models as at a specific date, and are measured relative to a starting level reflecting the Company's assets and liabilities at that date and the actuarial factors, investment returns and investment activity the Company assumes in the future. The risk exposures measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ materially from these estimates for a variety of reasons including the interaction among these factors when more than one changes, changes in actuarial and investment return and future investment activity assumptions, actual experience differing from the assumptions, changes in business mix, effective tax rates, and other market factors and general limitations of the Company's internal models.

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a) Insurance risk

Insurance risk is the risk of loss due to actual experience differing from the experience assumed when a product was designed and priced with respect to claims, policyholder behaviour and expenses. The Company has identified pricing risk, concentration of risk and reserving risk as its most significant sources of insurance risks. The Company's underwriting objective is to develop business within its target market on a prudent and diversified basis and to achieve profitable operating results.

Pricing risk

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclical nature of the insurance market. The market cycle is affected by the frequency and severity of claims, levels of capacity and demand, general economic conditions and price competition.

The Company focuses on profitable underwriting using a combination of experienced underwriting staff, pricing models and price adequacy monitoring tools. The Company prices its products taking into account numerous factors including claims frequency and severity trends, product line expense ratios, special risk factors associated with the product line, and the investment income earned on premiums held until the payment of claims and expenses. The Company's pricing is designed to ensure an appropriate return while also providing long-term rate stability. These factors are reviewed and adjusted periodically to ensure they reflect the current environment.

Concentration of risk

A concentration of risk represents the exposure to increased losses associated with an inadequately diversified portfolio of policy coverage. The Company has a reinsurance program to limit its exposure to catastrophic losses from any one event or set of events. The Company has approximately 99% of its business in Ontario (2013: 99%) and 96% in professional liability (2013: 95%), and consequently is exposed to trends, inflation, judicial changes and regulatory changes affecting these segments. The geographical diversity by location of the underlying insurance risk for the year ended December 31 is summarized below:

	2014			2013		
	Ontario	All other provinces	Total	Ontario	All other provinces	Total
Gross written premium						
Professional liability	\$ 116,979	-	116,979	108,009	-	108,009
Title	4,966	204	5,170	5,257	295	5,552
Total	\$ 121,945	204	122,149	113,266	295	113,561

Reserving risk

Reserving risk arises because actual claims experience can differ adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and the ultimate resolution of the claim. Claims provisions reflect expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors. Reserve changes associated with claims of prior periods are recognized in the current period, which could have a significant impact on current year profit or loss. In order to mitigate this risk the Company utilizes information systems in order to maintain claims data integrity, and the claims provision valuations are prepared by an internal actuary on a quarterly basis, and are reviewed separately by, and must be acceptable to, management of the Company every quarter and the external Appointed Actuary at mid-year and year-end.

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Amounts stated in Canadian dollars (amounts in tables in thousands)

Sensitivity analyses

Risks associated with property and casualty insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the provision for its unpaid claims and adjustment expenses recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome. Among the Company's lines of business, the professional liability line of business has the largest provision for unpaid claims and adjustment expenses. Given this line of business and the actuarial methods utilized to estimate the related provision for unpaid claims and adjustment expenses, the reported claims count development factors and average claim severity selections are the most critical of the assumptions used. The following table provides the estimated increase (decrease) of the net provision for unpaid claims and adjustment expense and the after-tax net effect on equity if the reported claims count development factors were increased such that the estimate of unreported claims was 20% higher or the average claim severity selections were 1% higher. Other changes in assumptions are considered to be less material.

	December 31, 2014		December 31, 2013	
	Net provision for unpaid claims and adjustment expenses	Equity	Net provision for unpaid claims and adjustment expenses	Equity
Unreported claims +20%	5,283	(3,883)	4,904	(3,605)
Average claim severities +1%	5,299	(3,895)	4,843	(3,560)

b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a borrower or counterparty to fulfill its payment obligation to the Company. Credit risks arise from investments in fixed income securities and preferred shares, and balances due from insureds and reinsurers.

Management monitors credit risk and any mitigating controls. The Company has established a credit review process where the credit quality of all exposures is continually monitored so that appropriate prompt action can be taken when there is a change which may have material impact.

Governance processes around investments include oversight by the Board of Directors' Investment Committee. The oversight includes reviews of the Company's third party investment managers, investment performance and adherence to the Company's investment policy. The Company's investment policy statement is reviewed at least on an annual basis and addresses various matters including investment objectives, risks and management. Guidelines and limits have been established in respect of asset classes, issuers of securities and the nature of securities to address matters such as quality and concentration of risks.

With respect to credit risk arising from balances due from reinsurers, the Company's exposure is measured to reflect both current exposure and potential future exposure to ceded liabilities. Reinsurance and insurance counterparties must also meet minimum risk rating criteria. The Company's Board of Directors has approved a reinsurance policy, which is monitored by the Company's Audit Committee.

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

The following table provides a credit risk profile of the Company's applicable investment assets and amounts recoverable from reinsurers.

December 31, 2014							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 3,580	-	-	-	-	13,748	17,328
Fixed income securities	93,346	92,900	224,115	66,619	-	25,115	502,095
Investment income due and accrued	182	286	891	470	1	182	2,012
Due from reinsurers	-	-	651	-	7	68	726
Due from insureds	-	-	-	-	-	1,909	1,909
Due from the Law Society of Upper Canada	-	-	-	-	-	6,623	6,623
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	44,595	-	53	252	44,900
Other receivables	-	-	-	-	-	1,404	1,404
Other assets	\$ -	-	-	-	-	1,984	1,984

December 31, 2013							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 550	-	-	-	-	13,975	14,525
Fixed income securities	107,128	109,025	193,069	69,077	-	5,786	484,085
Investment income due and accrued	216	294	832	678	-	116	2,136
Due from reinsurers	-	-	276	-	7	26	309
Due from insureds	-	-	-	-	-	2,027	2,027
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	40,049	-	-	438	40,487
Other receivables	-	-	-	-	-	1,419	1,419
Other assets	\$ -	-	-	-	-	2,758	2,758

Fixed income securities are rated using a composite of Moody's, Standard & Poor and Dominion Bond Rating Service ratings, and reinsurers are rated using A.M. Best. The balances in the above tables do not contain any amounts that are past due.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have enough funds available to meet all expected and unexpected cash outflow commitments as they fall due. Under stressed conditions, unexpected cash demands could arise primarily from a significant increase in the level of claim payment demands.

To manage its cash flow requirements, the Company has arranged diversified funding sources and maintains a significant portion of its invested assets in highly liquid securities such as cash and cash equivalents and government bonds (see note 5b). In addition, the Company has established counterparty exposure limits that aim to ensure that exposures are not so large that they may impact the ability to liquidate investments at their market value.

Claims liabilities account for the majority of the Company's liquidity risk. A significant portion of the investment portfolio is invested with the primary objective of matching the investment asset cash flows with the expected future payments on these claims liabilities. This portion, referred to as the cash-flow matched investment portfolio, consists of fixed income and preferred equity securities that are intended to address the liquidity and cash flow needs of the Company as claims are settled. The remainder of the Company's overall investment portfolio, the available-for-sale portfolio, backs equity and is invested in fixed income securities and equities with the objective of preserving capital and achieving an appropriate return consistent with the objectives of the Company.

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

The following tables summarize the carrying amounts of financial instruments and insurance assets and liabilities by contractual maturity or expected cash flow dates (the actual repricing dates may differ from contractual maturity because certain securities and debentures have the right to call or prepay obligations with or without call or prepayment penalties) as at:

December 31, 2014

	Within one year	One to five years	More than five years	No fixed maturity	Total
Assets					
Cash and cash equivalents	\$ 17,328	-	-	-	17,328
Investments – designated as FVTPL	80,885	135,715	142,612	516	359,728
Investments – available-for-sale	2,850	116,742	23,291	94,669	237,552
Investment income due and accrued	2,012	-	-	-	2,012
Due from reinsurers	726	-	-	-	726
Due from insureds	1,909	-	-	-	1,909
Reinsurers' share of unpaid claims	10,691	25,157	7,496	1,556	44,900
Due from Law Society	6,623	-	-	-	6,623
Other receivable	1,404	-	-	-	1,404
Other assets	1,984	-	-	-	1,984
Total	126,412	277,614	173,399	96,741	674,166
Liabilities					
Provision for unpaid claims	111,554	262,493	78,213	16,233	468,493
Due to reinsurers	612	-	-	-	612
Due to insureds	265	-	-	-	265
Expenses due and accrued	1,635	-	-	-	1,635
Total	\$ 114,066	262,493	78,213	16,233	471,005

December 31, 2013

	Within one year	One to five years	More than five years	No fixed maturity	Total
Assets					
Cash and cash equivalents	\$ 14,525	-	-	-	14,525
Investments – designated as FVTPL	78,984	150,373	136,299	499	366,155
Investments – available-for-sale	635	85,374	32,420	90,455	208,884
Investment income due and accrued	2,136	-	-	-	2,136
Due from reinsurers	309	-	-	-	309
Due from insureds	2,027	-	-	-	2,027
Reinsurers' share of unpaid claims	10,347	18,989	5,952	5,199	40,487
Other receivable	1,419	-	-	-	1,419
Other assets	2,758	-	-	-	2,758
Total	113,140	254,736	174,671	96,153	638,700
Liabilities					
Provision for unpaid claims	98,586	215,468	70,553	63,305	447,912
Due to reinsurers	591	-	-	-	591
Due to insureds	66	-	-	-	66
Due to Law Society	3	-	-	-	3
Expenses due and accrued	1,526	-	-	-	1,526
Total	\$ 100,772	215,468	70,553	63,305	450,098

Notes to Financial Statements

For the year ended December 31, 2014
Amounts stated in Canadian dollars (amounts in tables in thousands)

d) Market and interest rate risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates, and equity prices. Due to the nature of the Company's business, invested assets and insurance liabilities as well as revenues and expenses are impacted by movements in capital markets, interest rates, and to a lesser extent, foreign currency exchange rates. Accordingly, the Company considers these risks together in managing its asset and liability positions and ensuring that risks are properly addressed. These risks are referred to collectively as market price and interest rate risk - the risk of loss resulting from movements in market price, interest rate, credit spreads and foreign currency rates.

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company is exposed to interest rate price risk on monetary financial assets and liabilities that have a fixed interest rate and is exposed to interest rate cash flow risk on monetary financial assets and liabilities with floating interest rates that are reset as market rates change.

For FVTPL assets and other financial assets supporting actuarial liabilities, the Company is exposed to interest rate risk when the cash flows from assets and the policy obligations they support are significantly mismatched, as this may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows under unfavourable interest environments. Bonds designated as available-for-sale generally do not support actuarial liabilities. Changes in fair value, other than foreign exchange rate gains and losses, of available-for-sale fixed income securities are recorded to OCI.

The following chart provides the estimated increase (decrease) on the Company's net investment income, net provision for unpaid claims and adjustment expenses, and after-tax OCI, after an immediate parallel increase or decrease of 1% in interest rates as at December 31 across the yield curve in all markets.

		December 31, 2014			December 31, 2013		
		Net investment income	Net provision for unpaid claims and adjustment expenses	After-tax OCI	Net investment income	Net provision for unpaid claims and adjustment expenses	After-tax OCI
Interest rates	+1%	(9,224)	(12,741)	(2,951)	(10,780)	(11,686)	(3,003)
	-1%	9,664	13,428	3,092	11,332	9,717	3,161

Market price and interest rate risk is managed through established policies and standards of practice that limit market price and interest rate risk exposure. Company-wide market price and interest rate risk limits are established and actual positions are monitored against limits. Target asset mixes, term profiles, and risk limits are updated regularly and communicated to portfolio managers. Actual asset positions are periodically rebalanced to within established limits.

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual equity securities. The Company's equities are designated as available-for-sale and generally do not support actuarial liabilities. The following chart provides the estimated increase (decrease) on the Company's after-tax OCI, assuming all other variables held constant, after an immediate 10% increase or decrease in equity prices as at December 31.

		2014 After-tax OCI	2013 After-tax OCI
Equity prices	+10%	6,958	6,648
	-10%	(6,958)	(6,648)

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, in particular when an asset and liability mismatch exists in a different currency than the currency in which they are measured. As the Company does not hold significant liabilities in foreign currencies, the resulting currency risk is borne by the Company and forms part of its overall investment income. The table below details the effect of a 10% movement of the currency rate against the Canadian dollar as at December 31, with all other variables held constant.

Currency	2014		2013	
	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)
US Dollar	356	3,081	344	2,600
Euro	-	1,142	1	1,204
Other	-	830	-	847
	356	5,053	345	4,651

The Company also manages possible excessive concentration of risk. Excessive concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company applies specific policies on maintaining a diversified portfolio. Identified risk concentrations are managed accordingly.

The following tables summarize the carrying amounts of financial instruments by geographical location of the issuer, as at:

December 31, 2014						
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 13,770	486,983	25,358	1,772	527,883	85.6%
USA	3,558	-	39,083	61	42,702	6.9%
France	-	-	9,573	-	9,573	1.6%
Netherlands	-	-	5,216	-	5,216	0.8%
Others	-	15,112	15,955	179	31,246	5.1%
Total	\$ 17,328	502,095	95,185	2,012	616,620	100.0%

December 31, 2013						
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 11,068	465,013	26,786	1,911	504,778	85.3%
USA	3,443	-	29,961	50	33,454	5.7%
France	-	-	9,155	-	9,155	1.6%
Australia	-	4,197	1,387	30	5,614	0.9%
Others	14	14,875	23,665	145	38,699	6.5%
Total	\$ 14,525	484,085	90,954	2,136	591,700	100.0%

Notes to Financial Statements

For the year ended December 31, 2014

Amounts stated in Canadian dollars (amounts in tables in thousands)

21. Contingent Liability

During 2012, three insurance companies providing a separate coverage to the insured in excess of the Company's primary professional liability policy commenced independent but related legal actions against the Company, claiming total damages of \$28,000,000 for alleged breaches of duty in the Company's handling of a claim. The Company believes that the actions lack merit and will vigorously defend its position. Accordingly, the Company has not recorded any related provision in its statement of financial position. Subsequent to the claims being brought forward, two claimants have agreed to drop their actions against the Company without costs. The amount of damages claimed by the remaining claimant is \$14,000,000.

22. Contingent Asset

In 2013, the *Income Tax Act* was amended to extend tax exempt status given to certain subsidiaries of Canadian municipalities to also include certain subsidiaries of public bodies performing a function of government in Canada. Transitional rules were also included to allow applicable taxpayers to refile on this tax exempt basis for their taxation years beginning after May 8, 2000. After completing a detailed and careful evaluation of the applicability of the new provisions to the Company, the Company believes that it is probable that a refund claim would be successful. Accordingly, during the current year the Company has filed as a tax exempt organization for income tax purposes, and has requested full retrospective exemption back to its 2001 taxation year. The income tax payments relating to taxation years 2001 onwards total as much as \$65,810,261. The exemption would also give rise to significant ongoing future income tax savings, but the Company's deferred income tax asset would be of nil value.

Management Statement on Responsibility for Financial Information

The preparation of the annual financial statements, Management's Discussion and Analysis and all other information in the Company's Annual Report is the responsibility of the Company's management, and the annual financial statements have been approved by the Board of Directors.

The financial statements have been prepared in accordance with International Financial Reporting Standards. Financial statements, by their very nature, include amounts and disclosures based on estimates and judgments. Where alternative methods or interpretations exist, management has chosen those it deems most appropriate in the circumstances, including appropriate consideration to relevance and materiality. Actual results in the future may differ materially from management's current assessment given the inherent variability of future events and circumstances. Financial information appearing elsewhere in the Company's Annual Report is consistent with the financial statements.

Management maintains the necessary system of internal controls over financial reporting to meet its responsibility for the reliability of the financial statements. These controls are designed to provide management with reasonable assurance that the financial records are reliable for preparing financial statements and other financial information, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors is responsible to ensure that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out its responsibility primarily through its Audit Committee, which is independent of management. The Audit Committee reviews the financial statements and recommends them to the Board for approval. The Audit Committee also reviews and monitors the Company's system of internal controls over financial reporting in the context of reports made by management or the external auditor.

Role of the Auditor

The external auditor, Deloitte LLP, has been appointed by the shareholder. Its responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and to report thereon to the Company's shareholder. In carrying out its audit, the auditor considers the work of the appointed actuary and his report on the policy liabilities of the Company. The external auditor has full and unrestricted access to the Audit Committee and the Board of Directors to discuss audit, financial

reporting and related findings. The auditor's report outlines the scope of its audit and its opinion.

Role of the Appointed Actuary

The actuary is appointed by the Board of Directors of the Company. With respect to the preparation of these financial statements, the appointed actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Company's shareholder. The valuation is carried out in accordance with accepted actuarial practice and regulatory requirements. The scope of the valuation encompasses the policy liabilities as well as any other matter specified in any direction that may be made by the regulators. The policy liabilities consist of a provision for unpaid claims and adjustment expenses on the expired portion of policies, a provision for future obligations on the unexpired portion of policies, and other policy liabilities that may be applicable to the specific circumstances of the Company.

In performing the valuation of the policy liabilities, which are by their very nature inherently variable, the appointed actuary makes assumptions as to the future rates of claims severity, inflation, reinsurance recoveries, expenses and other matters, taking into consideration the circumstances of the Company and the nature of the insurance coverage being offered. The valuation is necessarily based on estimates; consequently, the final values may vary significantly from those estimates. The appointed actuary also makes use of management information provided by the Company, and uses the work of the auditor with respect to the verification of the underlying data used in the valuation.

Toronto, Ontario

February 25, 2015

Kathleen A. Waters
President and CEO

Steve Jorgensen
Chief Financial Officer

Exhibit 12 – Insurance Ratios¹

TEST	RECOMMENDED RANGE	DEC	DEC	DEC
		2014	2013	2012
I. Solvency Ratios				
1. Minimum Capital Test				
<i>(Measures the excess of capital available to capital required based on a risk-based capital adequacy framework and is used to determine capital adequacy of a company.)</i>	Preferred: 220-230% Minimum: 180%	251% Better than Range	233% Better than Range	223% Better than Range
2. Loss reserves to equity				
<i>(Measures unpaid claim and adjustment reserves as a percentage of surplus and provides a simple test of the leveraged position of the company.)</i>	Preferred: < 225% Maximum: 250%	203% Better than Range	215% Better than Range	230% Within Range
II. Other Select Ratios				
1. Liabilities as a % of liquid assets				
<i>(Liabilities as a percentage of Cash and other liquid assets-measures company's ability to meet its financial demands.)</i>	Preferred: < 80% Maximum: 105%	70% Better than Range	70% Better than Range	72% Better than Range
2. Net premiums written as a % of surplus				
<i>(Net risk ratio measures the company's ability to absorb financial shocks. The higher the ratio of premiums to surplus, the greater is the potential risk borne by the company in relation to the surplus available to absorb loss variations.)</i>	Preferred: < 80% Maximum: 100%	55% Better than Range	56% Better than Range	61% Better than Range
3. Return on equity				
	Greater than 0% ² ,			
<i>(Measures an insurer's net income as a percentage of equity. The higher the ratio, the greater the return to shareholders per unit of invested capital. Sustainability of earnings is more important than periods of high returns followed by periods of low returns or losses.)</i>	Net income	9% Better than Range	3% Better than Range	(1%) Outside of Range
	Comprehensive Income	9% Better than Range	10% Better than Range	2% Better than Range

TEST	RECOMMENDED RANGE	DEC	DEC	DEC
		2014	2013	2012
4. General expense ratio				
<i>(Measures an insurer's general expenses, excluding commissions, as a percentage of net earned premiums.). This ratio should be maintained at lower than or equal to comparable small insurance companies.</i>	Up to small insurance company benchmark (27% as at Dec 2013)	18% Better than Range	19% Better than Range	20% Better than Range
5. Optional business segment				
<i>(Excess program and TitlePLUS title insurance) is planned to operate on a break-even or better basis.</i>	Greater than \$0 (stated in \$'000s)	2,049 Better than Range	993 Better than Range	(753) Outside of Range

Note:

1. The above metrics reflect the Risk Appetite Statement approved by the Board of Directors on June 25, 2014.
2. Sufficient to maintain/grow MCT.

Legend
Better Than Range
Within Range
Outside of Range



CIBC Asset Management Inc.
18 York Street, Suite 1400
Toronto ON M5J 2T8
Tel: 416-364-5620
Fax: 416-364-3286

Confidential

February 5, 2015

Subject: Quarterly Compliance Report as at December 31, 2014
for Lawyers' Professional Indemnity Company

As of and for the quarter ending December 31, 2014, we hereby certify that to the best of our knowledge the investments in the Lawyers' Professional Indemnity Company portfolio were in compliance, based on our records which are issued on a trade date basis, in accordance with the Investment Policy Statement dated January 1, 2014.

Yours truly,

A handwritten signature in black ink, appearing to read "Deborah Lewis".

Deborah Lewis, CFA
First Vice President



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February 9th, 2015

Lawyers' Professional Indemnity Company
C/O Ms. Kathleen A. Waters, President & CEO
250 Yonge Street, Suite 3101
P.O. Box 3
Toronto, Ontario
M5B 2L7

SUBJECT: COMPLIANCE CERTIFICATE

Dear Ms. Waters,

This is to confirm that, at the end of each month of the quarter ending December 31st, 2014, Letko Brosseau was in compliance with the requirements of the Statement of Investment Policies and Procedures, effective January 1st, 2014. To the best of our knowledge, we have no reason to believe that we were not in compliance with all such requirements at any other time during such period.

We also confirm that as of January 1st, 2015, the new Investment Policy Statement is being applied to the portfolio.

Should you require additional information, please do not hesitate to contact us at your convenience.

Regards,

Original letter signed by Peter Letko

Peter Letko
Letko Brosseau & Associates Inc.
PL/mn

TAB 4.5.3

FOR INFORMATION

**LIBRARYCO INC. – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2014**

45. **The audited financial statements for LibraryCo Inc. for the year ended December 31, 2014 are for information.**
46. LibraryCo, a wholly-owned, not-for-profit subsidiary of the Society, was established to develop policies, procedures, guidelines and standards for the delivery of county law library services and legal information across Ontario and to administer funding on behalf of the Society.
47. LibraryCo's Annual Financial Statements have been approved by LibraryCo's Board.

LIBRARYCO INC.
FINANCIAL STATEMENTS 2014

**LIBRARYCO INC.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

Results of Operations

Results for the year identify a deficit of \$242,000 compared to a deficit of \$88,000 in 2013 and a budgeted deficit in 2014 of \$278,000. Year on year, revenues declined by \$180,000 to \$8 million and expenses declined by \$28,000 to \$8.3 million.

Most revenues and expenses were in line with projections, but the most significant event during the year was at the start of the fourth quarter, when LibraryCo terminated the employment of all its employees. Administrative duties have been taken up by The Law Society of Upper Canada for no increase in the administration fee.

The deficit for the year has reduced the General Fund balance to \$141,000 and the Reserve Fund balance is unchanged at \$500,000.

Statement of Revenues and Expenses — Revenues

The Law Society grant is the lawyer-based fee that is transferred to LibraryCo totalling \$7.5 million, the same as 2013.

The Law Foundation of Ontario grant of \$542,000 was provided to LibraryCo to subsidize the purchase of electronic resources. The grant declined by 25% in 2014 and has not been renewed in 2015, leading to a renegotiation of the contract for the provision of electronic products in 2015.

Statement of Revenues and Expenses — Expenses

The salaries and administration expense of \$640,000 declined by \$25,000 in 2014 and comprises staff salaries and the administration fee paid to the Law Society. As noted above, LibraryCo terminated the employment of all its employees in the last quarter of 2014.

Professional fees increased by nearly \$6,000 to \$20,000 due to a strategic planning session and an assessment of the impact of the Canadian Anti-Spam Legislation on LibraryCo.

Other head-office expenses increased by \$82,000 to \$143,000 due to severance costs and changes in publication expenses, 1-800 line charges, professional development, web initiatives and miscellaneous expenses.

Electronic product expenses decreased by \$147,000 based on the new contract for 2014.

Group benefits costs have increased by \$16,000 to \$282,000 providing the same level of coverage to staff within the county library system. In recent years, LibraryCo has received premium refunds based on claims experience and the 2014 refund was smaller than in 2013.

Other centralized expenses have decreased by \$13,000 to \$138,000 with savings spread across publications, Conference for Ontario Law Association's Libraries (COLAL) expenses, continuing education, staff and travel, and courier/postage costs.

County and District law libraries grants increased by \$53,000 to \$6.3 million. As detailed in the notes to the financial statements, grants to individual libraries typically increased by 1% in line

with the budget, with capital and special needs grants effecting the totals in both years, such as the \$25,000 paid to Thunder Bay in 2014, to assist with moving costs.

Balance Sheet and Statement of Changes in Fund Balances

Cash and short-term investments have decreased by \$201,000 due to the operating deficit and changes in the other working capital items. The accounts receivable total has increased based on the timing of benefit premium refunds and accrued liabilities includes staffing cost accruals in 2014.

The General Fund accounts for the delivery, management and administration of library services. The General Fund has decreased by \$242,000 to \$141,000 over the last 12 months in line with the budget for the period which used the General Fund to finance expenses. The 2015 budget includes funding of \$100,000 from the General Fund almost depleting it.

The Reserve Fund has an unchanged balance of \$500,000. In accordance with Board policy it comprises a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000.



Deloitte LLP
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Suite 1700
Toronto ON M2N 6L7
Canada
Tel: 416-601-6150
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of LibraryCo Inc.

We have audited the accompanying financial statements of LibraryCo Inc., which comprise the balance sheet as at December 31, 2014, and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LibraryCo as at December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is stylized, with the "D" being particularly large and the "LLP" being written in a cursive-like font.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
March 24, 2015

LIBRARYCO INC.

Balance Sheet

Stated in dollars

As at December 31

	2014	2013
Current Assets		
Cash and short-term investments	663,373	863,847
Accounts receivable	46,997	18,917
Prepaid expenses	29,574	26,798
Total Assets	739,944	909,562
Liabilities, Share Capital and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities (notes 4 and 6)	98,388	26,426
Total Liabilities	98,388	26,426
Share Capital and Fund Balances		
Share capital (note 5)	200	200
General fund (note 2)	141,356	382,936
Reserve fund (note 2)	500,000	500,000
Total Share Capital and Fund Balances	641,556	883,136
Total Liabilities, Share Capital and Fund Balances	739,944	909,562

See accompanying notes

On behalf of the Board of Directors



Chair – Board of Directors



Vice Chair – Board of Directors

LIBRARYCO INC.

Statement of Revenues and Expenses

Stated in dollars

For the year ended December 31

	2014	2013
Revenues		
Law Society of Upper Canada grant	7,498,519	7,498,524
Law Foundation of Ontario grant	542,000	722,500
Interest income	8,269	8,551
Total Revenues	8,048,788	8,229,575
Expenses		
Head Office/Administration		
Salaries and administration	639,657	664,725
Professional fees	20,173	14,614
Other (note 7)	142,547	60,147
Total Head Office/Administration Expenses	802,377	739,486
Law Libraries - Centralized Purchases		
Electronic products and services	746,220	892,518
Group benefits	281,976	266,253
Other (note 8)	138,170	151,027
Total Law Libraries - centralized purchases	1,166,366	1,309,798
County and District Law Libraries Grants (note 9)	6,321,625	6,268,543
Total County and District Law Libraries Expenses	7,487,991	7,578,341
Total Expenses	8,290,368	8,317,827
Deficit for the year	(241,580)	(88,252)

See accompanying notes

LIBRARYCO INC.

Statement of Changes in Fund Balances

Stated in dollars

For the year ended December 31

	2014			2013
	General Fund	Reserve Fund	Total	Total
Balances, beginning of year	382,936	500,000	882,936	971,188
Deficit for the year	(241,580)	-	(241,580)	(88,252)
Balances, end of year	141,356	500,000	641,356	882,936

See accompanying notes

LIBRARYCO INC.

Statement of Cash Flows

Stated in dollars

For the year ended December 31

	2014	2013
Net outflow of cash related to operating activities:		
Deficit for the year	(241,580)	(88,252)
Net change in non-cash operating working capital items:		
Accounts receivable	(28,080)	13
Prepaid expenses	(2,776)	(8,978)
Accounts payable and accrued liabilities	71,962	(681)
Cash used in operating activities	(200,474)	(97,898)
Cash and short-term investments, beginning of year	863,847	961,745
Cash and short-term investments, end of year	663,373	863,847

See accompanying notes

LibraryCo Inc.
Notes to financial statements
For the year ended December 31, 2014

1. General

LibraryCo Inc. ("the Organization") was established to develop policies, procedures, guidelines and standards for the delivery of county law library services and legal information across Ontario and to administer funding from The Law Society of Upper Canada ("the Society").

The Organization has two classes of shares: Common shares and Special shares. The Society holds all of the 100 Common shares outstanding. Of the 100 Special shares outstanding, 25 are held by the Toronto Lawyers' Association (TLA) and 75 are held by the County and District Law Presidents' Association (CDLPA). The Society may appoint up to four directors, CDLPA may appoint up to three directors and TLA may appoint one director.

The Organization is not subject to federal or provincial income taxes.

Under an Administrative Services Agreement, the Society provides the administrative functions of the Organization.

2. Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations set out in Part III of the *CPA Canada Handbook — Accounting*.

General and reserve funds

The General Fund accounts for the delivery, management and administration of library services. The Reserve Fund is maintained to assist the Organization's cash flows and act as a contingency fund. In accordance with a Board resolution, the Reserve Fund will be maintained at a minimum of \$500,000, comprising a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000; any expenses of this fund that would reduce the fund balance below \$500,000 should be replenished in the following year.

Cash and short-term investments

Cash and short-term investments are amounts on deposit and invested in short-term (less than one year) investment vehicles according to the Organization's investment policy.

Revenue recognition

Grants are recorded as revenue in the General Fund in the fiscal year in which they are received. Investment income is recognized when receivable, if the amount can be reasonably estimated.

Grants paid

Grants are recognized in the fiscal year in which they are paid.

3. Financial Instruments

The Organization's financial assets and financial liabilities are classified and measured as follows:

Asset / Liability	Measurement
Cash and short-term investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

4. Accounts Payable and Accrued Liabilities

There are no amounts payable for government remittances.

5. Share Capital

Authorized

Unlimited number of Common shares

Unlimited number of Special shares

Issued	2014	2013
100 Common shares	\$100	\$100
100 Special shares	100	100
	\$200	\$200

6. Related Party Transactions

The Society provides administrative services to the Organization (note 1) as well as certain other services and publications. The total amount billed by the Society for 2014 was \$589,092 (2013: \$590,555). Included in accounts payable and accrued liabilities are amounts due to the Society of \$492 (2013: \$8,526).

7. Other Expenses — Head Office/Administration

Included in these expenses are costs associated with administration by the Society, directors' and officers' insurance, Board of Directors' meetings and other miscellaneous items.

8. Other Expenses — County and District Law Libraries — centralized purchases

Included in these expenses are costs associated with staffing and travel, document delivery, publications, committee meetings and miscellaneous items.

9. County and District Law Library Grants

These grants represent the quarterly distribution of funds to the 48 County and District Law Libraries and any capital and special needs grants. The grants are distributed in accordance with policies and procedures established by the Organization's Board of Directors.

The following individual law library grants were distributed by the Organization during 2014 and 2013:

Law Association	2014	2013
Algoma County	\$132,937	\$ 130,972
Brant	98,754	100,239
Bruce	56,079	54,265
Carleton County	608,596	599,602
Cochrane	48,805	47,141
Dufferin	46,884	45,890
Durham	128,161	126,267
Elgin	76,244	75,632
Essex	277,862	272,770
Frontenac	129,263	128,853
Grey County	65,220	67,256
Haldimand	30,445	30,510
Halton County	137,400	139,369
Hamilton	442,317	435,780
Hastings County	84,540	85,607
Huron	74,745	73,640
Kenora District	85,951	86,891
Kent	69,402	68,376
Lambton	73,798	75,707
Lanark	38,683	41,105
Leeds & Grenville	70,734	72,535
Lennox & Addington	26,196	27,309
Lincoln	175,778	173,180
Manitoulin	2,500	0
Middlesex	357,979	351,703
Muskoka	64,561	64,122
Nipissing	84,918	83,663
Norfolk	70,424	69,898
Northumberland County	75,747	76,023
Oxford	70,071	70,159
Parry Sound	38,791	39,718
Peel	293,852	288,524
Perth	53,966	54,667
Peterborough	130,629	128,699
Prescott & Russell	13,698	14,993
Rainy River	26,566	26,173
Renfrew County	122,323	120,515
Simcoe County	138,304	136,260
Stormont, Dundas & Glengarry	79,148	75,275
Sudbury	184,535	184,339
Temiskaming	42,563	41,934
Thunder Bay	193,776	165,297
Toronto	579,321	570,760
Victoria-Haliburton	87,300	85,025
Waterloo	236,095	267,606
Welland County	92,447	94,471
Wellington	74,601	74,487
York	228,716	225,336
	\$ 6,321,625	\$ 6,268,543

TAB 4.5.4

FOR INFORMATION

INVESTMENT COMPLIANCE REPORTING

48. Investment Compliance Statements as at December 31, 2014 are for information.

STATEMENT OF INVESTMENT COMPLIANCE
SHORT TERM
For the three months ended December 31, 2014

		COMPENSATION FUND	GENERAL FUND
Investment Parameters	Guidelines for Both	Compliance	Compliance
1. <u>Asset Mix</u>			
Federal & provincial treasury bills	Allowed	Yes	Yes
Bankers acceptances	Allowed	Yes	Yes
Commercial paper	Allowed	Yes	Yes
Investment manager Money Market Fund	Allowed	Yes	Yes
Premium Savings Account	Allowed	Yes	Yes
FGP S/T Invest Fund	Allowed	Yes	Yes
2. <u>Quality Requirements</u>			
Commercial paper rating	Min. R1	N/A	N/A
Liquidity	Max. term to maturity of 365 days	Yes	Yes
3. <u>Quantity Restrictions</u>			
Commercial paper of a single corporate issuer	Max. 8% of Fund	Yes	Yes
4. <u>Other Restrictions</u>			
Equity securities	None	Yes	Yes
Direct investments in:			
resource properties	None	Yes	Yes
mortgages and mortgage-backed securities	None	Yes	Yes
real estate	None	Yes	Yes
venture capital financings	None	Yes	Yes
Derivatives	None	Yes	Yes



Fred Grady
Manager of Finance

**STATEMENT OF INVESTMENT COMPLIANCE
LONG TERM
For the three months ended December 31, 2014**

		COMPENSATION FUND	GENERAL FUND	E & O FUND
Investment Parameters	Guidelines	Compliance	Compliance	Compliance
1. <u>Asset Mix</u>				
Cash and Short-Term	0 - 15%	Yes	Yes	Yes
Equity investments	5 - 25%	Yes	Yes	Yes
Bonds	60 - 95%	Yes	Yes	Yes
2. <u>Quality Requirements</u>				
Bonds	Min. BBB	Yes	Yes	Yes
3. <u>Quantity Restrictions</u>				
Equities:				
single holding	Max. 10%	Yes	Yes	Yes
weight in portfolio > weight in S&P/TSX Composite Index	Varies	Yes	Yes	Yes
derivatives etc.	None	Yes	Yes	Yes
Non-Canadian	None	Yes	Yes	Yes
Bonds:				
single security or issuer (non-government)	Max. 10%	Yes	Yes	Yes
corporate issues	Max 50%	Yes	Yes	Yes
provincial govt. issues	Max 60%	Yes	Yes	Yes
municipal issues	Max 10%	Yes	Yes	Yes
foreign issues	Max 10%	Yes	Yes	Yes
BBB issues	Max. 10%	Yes	Yes	Yes



Fred Grady
Manager of Finance

The Law Society of Upper Canada General Fund

Manager: Foyston, Gordon & Payne Inc.

Compliance Report (Period ending December 31, 2014)

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
Total Fixed Income	75%	85%	95%	Y
Canadian Equity	5%	15%	25%	Y
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Max. 10% BBB rated bonds.				Y
Max. 100% in Government of Canada or Government of Canada guaranteed bonds.				Y
Max. 60% in Provincial government and Provincial government guaranteed bonds.				Y
Max. 10% in Municipal bonds.				Y
Max. 50% in Corporate issues.				Y
Max. 10% in non-Government issuers.				Y
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer in a foreign currency.				Y
Bond portfolio duration 1 to 5 years.				Y

Note: In mid June 2014 Law Society General Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy dated May 2014.

*If policy not complied with, comment on specifics.

January 21, 2015

Date:



Stephen P. Copeland
Senior Vice President Investments
& Private Client Services

**The Law Society of Upper Canada
Compensation Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending December 31, 2014)**

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
Total Fixed Income	75%	85%	95%	Y
Canadian Equity	5%	15%	25%	Y
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Max. 10% in BBB rated bonds.				Y
Max. 100% in Government of Canada or Government of Canada guaranteed bonds.				Y
Max. 60% in Provincial government and Provincial government guaranteed bonds.				Y
Max. 10% in Municipal bonds.				Y
Max. 50% in Corporate issues.				Y
Max. 10% in non-Government issuers.				Y
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer in a foreign currency.				Y
Bond portfolio duration 1 to 5 years.				Y

Note: In mid June 2014 Law Society Compensation Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy dated May 2014.

*If policy not complied with, comment on specifics.

January 21, 2015

Date:



**Stephen P. Copeland
Senior Vice President Investments
& Private Client Services**



January 2015

Ms. Wendy Tysall
Chief Financial Officer
Osgoode Hall
Finance Dept., 1st Floor
130 Queen Street West
Toronto, Ontario
M5H 2N6

Dear Wendy:

Re: Manager Compliance Reporting

For the Law Society of Upper Canada Errors and Omissions Insurance Fund, we wish to confirm that the portfolio being managed by Foyston, Gordon & Payne Inc. was in compliance with the Fund's Investment Policy Statement in effect (latest revision May 2014), for the quarter ending December 31, 2014.

Yours truly,

A handwritten signature in dark ink, appearing to read "S. P. Copeland", is written over a light blue horizontal line.

Stephen P. Copeland
Senior Vice President Investments
& Private Client Services

TAB 5



Report to Convocation

April 23, 2015

Equity and Aboriginal Issues Committee/ Comité sur l'équité et les affaires autochtones

Committee Members

Julian Falconer, Chair

Janet Leiper, Chair

Susan Hare, Vice-Chair and Special Liaison with the Access to Justice Committee

Beth Symes, Vice-Chair

Constance Backhouse

Peter Festeryga

Avvy Go

Howard Goldblatt

Jeffrey Lem

Marian Lippa

Barbara Murchie

Judith Potter

Susan Richer

Purposes of Report: Decision and Information

**Prepared by the Equity Initiatives Department
(Josée Bouchard – 416-947-3984)**

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Challenges Faced by Racialized Licensees Working Group – Interim Report to
Convocation, April 2015

Snapshots of the Professions

*Report of the Activities of the Discrimination and Harassment Counsel for the Law
Society of Upper Canada for the period of July 1 to December 31, 2014*

Equity Legal Education and Rule of Law Series Calendar - 2015

COMMITTEE PROCESS

1. The Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones (the "Committee") met on April 9, 2015. Committee members bencher Julian Falconer, Chair, bencher Janet Leiper, Chair, bencher Susan Hare, Vice-Chair and Special Liaison with the Access to Justice Committee, and benchers Constance Backhouse, Avvy Go, Howard Goldblatt, Jeffrey Lem, Marian Lippa, Barbara Murchie, Judith Potter and Beth Symes participated. Bencher Raj Anand participated to make a presentation. Julie Lassonde, representative of the Association des juristes d'expression française de l'Ontario, and Sandra Yuko Nishikawa, Chair of the Equity Advisory Group, also participated. Staff members Josée Bouchard, Sabreena Delhon, Marisha Roman, Ekua Quansah, Susan Tonkin and Grant Wedge also attended.

TAB 5.1

FOR DECISION

HUMAN RIGHTS MONITORING GROUP REQUEST FOR INTERVENTIONS

2. **That Convocation approve the letters and public statements in the following cases:**
 - a. **Lawyer Alberto Nisman – Argentina – letters of intervention and public statement presented at [TAB 5.1.1](#);**
 - b. **Lawyers in the Philippines – public statement presented at [TAB 5.1.2](#).**

Rationale

3. The request for interventions falls within the mandate of the Human Rights Monitoring Group (the “Monitoring Group”) to,
 - a. review information that comes to its attention about human rights violations that target members of the profession and the judiciary, here and abroad, as a result of the discharge of their legitimate professional duties;
 - b. determine if the matter is one that requires a response from the Law Society; and,
 - c. prepare a response for review and approval by Convocation.

Key Issues and Considerations

4. The Monitoring Group considered the following factors when making a decision about the death of lawyer Alberto Nisman:
 - a. there are no concerns about the quality of sources used for this report; and
 - b. although there is an ongoing investigation into Alberto Nisman’s death, the Monitoring Group is of the view that it is within its mandate to request that the investigation be conducted in a fair, impartial and independent way.
5. The Monitoring Group considered the following factors when making a decision about the treatment of lawyers in the Philippines:
 - a. the Law Society was asked to intervene by Lawyers for Lawyers and Amnesty International Canada, two stakeholders that work collaboratively with the Law Society;
 - b. there are no concerns about the quality of sources used for this report;
 - c. the case falls within the mandate of the Monitoring Group;
 - d. the Law Society has previously intervened in cases of lawyers facing persecution in the Philippines. In November 2008, the Law Society released a public statement announcing its support for a fact-finding mission investigating the human rights

situation in the Philippines, noting that the situation of attacks against lawyers in the Philippines has been ongoing for years. In June 2014, the Law Society intervened in the case of Maria Catherine Dannug-Salucon as a result of reports that the human rights lawyer was facing ongoing surveillance and intimidation.

6. There are no significant cost implications in proceeding with this request.

Background

ARGENTINA – DEATH OF PROSECUTOR ALBERTO NISMAN

Sources of Information

7. The background information for this report was taken from the following sources:

- a. Al Jazeera;¹
- b. British Broadcasting Corporation ("BBC");²
- c. The Guardian³
- d. Lawyers' Rights Watch Canada ("LRWC");⁴
- e. The New Yorker;⁵ and
- f. The New York Times.⁶

Background

8. On January 18, 2015, Alberto Nisman, Argentine's state prosecutor, was found dead in his apartment. The cause of death was identified as a gunshot wound to the head.⁷ Four days prior to his death, he had accused President Cristina Fernández de Kirchner and Foreign

¹ Al Jazeera is based in Qatari and owned by the Al Jazeera Media Network. Al Jazeera an international 24 hour English language news and current affairs channel.

² The BBC, founded in 1922, is one of the world's most respected sources for news. It has been a global service since 1932.

³ The Guardian is a globally respected news source, founded in Manchester, England, in 1821, and first printed in that year. It was named Newspaper of the Year in 2011 at the internationally recognized Press Awards.

⁴ LRWC was incorporated as a non-profit organization on 8 June 2000. It is a committee of Canadian lawyers that promotes human rights and the rule of law by providing support internationally to human rights defenders in danger. LRWC promotes the implementation and enforcement of international standards designed to protect the independence and security of human rights defenders around the world. Their work includes: campaigning for lawyers whose rights, freedoms or independence are threatened as a result of their human rights advocacy; producing legal analyses of national and international laws and standards relevant to human rights abuses against lawyers and other human rights defenders; and, working in cooperation with other human rights organizations.

⁵ The New Yorker is an American magazine of reportage, commentary, criticism, essays, fiction, satire, cartoons, and poetry. It is published by [Condé Nast](#). Started as a weekly in 1925, the magazine is now published 47 times annually, with five of these issues covering two-week spans.

⁶ The New York Times was established in 1851 and is considered one of the world's great newspapers. By 2011, the Times had won 106 Pulitzer Prizes, more than any other news organization.

⁷ "Draft of Arrest Request for Argentine President Found at Dead Prosecutor's Home" (3 February 2015), online: <http://www.nytimes.com/2015/02/04/world/americas/argentina-prosecutor-alberto-nisman-arrestwarrant-cristina-de-kirchner.html?_r=0> [New York Times]

Minister, Héctor Timerman, of conspiring to cover up Iran's alleged involvement in a 1994 attack on a Jewish community centre located in Buenos Aires that killed 85 people.⁸ Alberto Nisman had spent more than ten years investigating this case and he was scheduled to testify before Congress about this matter on January 19, 2015.⁹

9. Reports indicate that President Fernández has “wavered back and forth between suggesting [Alberto Nisman's death] was a suicide and a political murder by rogue intelligence agents out to discredit Fernández.”¹⁰ A prosecutor, Viviana Fein, has been placed in charge of investigating Alberto Nisman's death.¹⁰ It is reported that “though no official ruling has been made on Nisman's cause of death, the investigation has leaned strongly towards suicide.”¹¹ Viviana Fein has insisted that she is independent and impartial, stating that she is “transparent and honest” and “not worried about public opinion”.¹³ She has also noted that, at this point, “there has been nothing which allows [her] to say categorically whether this was a suicide or a homicide.”¹²
10. Alberto Nisman's ex-wife, Sandra Arroyo Salgado, recently commissioned an unofficial investigation into Alberto Nisman's death. According to reports, the findings of this investigation have ruled out theories of accident or suicide.¹⁵
11. The official investigation into Alberto Nisman's death is ongoing.¹³
12. In February 2015, Lawyers' Rights Watch Canada sent a letter of intervention to the Attorney General of Argentina and the Minister of Justice and Human Rights calling on the government of Argentina:
 - a. to appoint an Independent Commission of Inquiry empowered to conduct a full and independent investigation into the death of Alberto Nisman;
 - b. to conduct a full and independent investigation into the nature and extent of protective measures put in place by the government of Argentina to protect its prosecutors, and the insufficiency of those measures in Alberto Nisman's case, that will make recommendations for implementing and enforcing effective protective measures for prosecutors in the future; and

⁸ “Family of Alberto Nisman say Argentinian prosecutor was murdered” (5 March 2015), online: <<http://www.theguardian.com/world/2015/mar/05/alberto-nisman-argentina-president-fernandez>> [Guardian]

⁹ *Ibid.* Also see “What Happened to Alberto Nisman” (31 January 2015), online: <<http://www.newyorker.com/news/news-desk/happened-alberto-nisman>> [New Yorker]

¹⁰ *Guardian supra* note 8.

¹⁰ *Ibid.*

¹¹ *Ibid.* 13

Ibid.

¹² “What lies behind Alberto Nisman's death?” (28 January 2015), online: <<http://www.bbc.com/news/worldlatin-america-30937055>> [BBC] 15 *Ibid.*

¹³ “Argentine prosecutor Alberto Nisman was ‘murdered’” (5 March 2015), online: <<http://www.aljazeera.com/news/2015/03/argentine-prosecutor-alberto-nisman-murdered150305194708529.html>>

- c. to make a public statement of commitment to ensure the independent continuation of the work of Alberto Nisman in investigating and prosecuting perpetrators of the Amia bombing, including allegations of attempts by governments authorities to suppress evidence or otherwise improperly influence the investigation or prosecution.¹⁴

LAWYERS IN THE PHILIPPINES

Request from Lawyers for Lawyers

13. In January 2015, Josée Bouchard received a request from Adrie van de Streek, Executive Director, Lawyers for Lawyers, asking the Law Society to co-sign a petition for the Day of the Endangered Lawyer. The petition called on the current government of the Philippines to investigate and prevent the killings and harassment of lawyers in the Philippines. As this request was received the day before the Day of the Endangered Lawyers, the Law Society took no action.

Day of the Endangered Lawyer 2015: The Philippines

14. The International Day of the Endangered Lawyer began in 2010 and was first organized by the European Democratic Lawyers Association (AED-EDL) in support of lawyers in Iran. Each year the AED-EDL focuses on a country where lawyers are endangered due to their advocacy work. This year, the International Day of the Endangered Lawyer was dedicated to lawyers in the Philippines. According to Lawyers for Lawyers, "since 2001, at least 41 lawyers and 18 judges have been murdered in the Philippines. The suspects of these crimes seem to be in the army and the police, but the government refuses to take any action. Since 2013, the number of murders on lawyers and judges have been increasing [sic]."¹⁵
15. The AED-EDL, the European Association of Lawyers for Democracy and World Human Rights (ELDHR) and the European Bar Human Rights Institute, with the support of the International Association of Democratic Lawyers, the National Union of Peoples' Lawyers (Philippines) and Lawyers for Lawyers, have drafted a report titled, *Basic Report on the Human Rights Lawyers Under Continuing Threat in the Philippines*, which provides information on lawyers in the Philippines who have been killed or attacked since July 2012. The report can be found on-line at the following:

http://www.ccbe.eu/fileadmin/user_upload/document/Events/Basic_report_for_the_Day_of_the_Endangered_Lawyer_2015.pdf

¹⁴ Lawyers Rights Watch Canada, Argentina: Responsibilities of the Government of Argentina in the Death of Prosecutor Alberto Nisman | Letter. 8 February 2015, online: < <http://www.lrwc.org/argentinaresponsibilities-of-the-government-of-argentina-in-the-death-of-prosecutor-alberto-nisman-letter/> >

¹⁵ Lawyers for Lawyers, "Philippines: Day of the Endangered Lawyers", online: <<http://www.advocatenvooradvocaten.nl/10031/philippines-day-of-the-endangered-lawyer/>>

Request from Amnesty International

16. In February 2015, Josée Bouchard received a request from Alex Neve, Secretary General, Amnesty International Canada. Mr. Neve asked the Law Society to endorse a statement calling on the Secretary of Justice of the Philippines to urgently address cases of torture and other ill-treatment in the Philippines by taking concrete action to ensure those responsible are brought to justice.

Monitoring Group's Recommended Action

17. The Monitoring Group considered the Amnesty International request and decided it could not recommend the support of a broad statement against torture in the Philippines it does not fall within its mandate. However, in light of the information produced by Lawyers for Lawyers regarding the ongoing killings and harassment of lawyers and judges in the Philippines, it is within its mandate to recommend the release of a public statement. The proposed public statement is presented at [TAB 5.1.2](#).

TAB 5.1.1

PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT

ALBERTO NISMAN

Her Excellency Cristina Fernández de Kirchner
Presidencia de la Nación
Balcarce 50, piso 1.
(1064) Ciudad Autónoma de Buenos Aires
Argentina

President Fernández:

Re: The death of prosecutor Alberto Nisman

I write on behalf of the Law Society of Upper Canada* to voice our grave concern over the death of prosecutor Alberto Nisman. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Reports indicate that on January 18, 2015, Alberto Nisman, Argentine's state prosecutor, was found dead in his apartment. The cause of death was identified as a gunshot wound to the head. Four days prior to his death, he had accused the President and Foreign Minister, Héctor Timerman, of conspiring to cover up Iran's alleged involvement in a 1994 attack on a Jewish community centre located in Buenos Aires that killed 85 people. Alberto Nisman had spent more than ten years investigating this case and he was scheduled to testify before Congress about this matter on January 19, 2015.

We understand that a prosecutor, Viviana Fein, has been placed in charge of investigating Alberto Nisman's death. According to reports, Alberto Nisman's ex-wife, Sandra Arroyo Salgado, recently commissioned an unofficial investigation into Alberto Nisman's death. The findings of this investigation have ruled out theories of accident or suicide.

The Law Society would like to remind Your Excellency of Principles 16 and 17 of the United Nations *Basic Principles on the Role of Lawyers*. Principle 16 states:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economic or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Principle 17 states:

Where the security of lawyers is threatened as a result of discharging their functions, they shall be adequately safeguarded by the authorities.

Concerns have been raised that Alberto Nisman was killed as a result of fulfilling his legitimate legal duties. The Law Society urges the government of Argentina to,

- a. ensure that the investigation into the death of Alberto Nisman is fair, impartial and independent;
- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations;
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

Yours very truly,

Janet E. Minor

Treasurer

**The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 7,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

The mandate of the Law Society is to govern the legal profession in the public interest by upholding the independence, integrity and honour of the legal profession for the purpose of advancing the cause of justice and the rule of law.

cc:

Alejandra Magdalena Gils Carbó
Attorney General of Argentina
Avenida de Mayo 760
Buenos Aires, B.A., Argentina
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Dr. Julio Alak, Minister of Justice and Human Rights
Minister of Justice and Human Rights:
Sarmiento 329, C1041AAG Buenos Aires
Email: prensa@jus.gov.ar Dr. Daniel Jorge Bugallo Olano

Alex Neve, Secretary General, Amnesty International Canada

Mary Lawlor, Executive Director, Front Line Defenders

Vincent Forest, Head of European Union Office, Front Line Defenders

Kenneth Roth, Executive Director, Human Rights Watch

Adrie van de Streek, Executive Director, Lawyers for Lawyers, via email

David F. Sutherland, Chair, Lawyers' Rights Watch Canada

Yves Berthelot, President, Observatory for the Protection of Human Rights Defenders

Michel Forst, Special Rapporteur on the situation of human rights defenders, Office of the United Nations High Commissioner for Human Rights

Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights

Sarah Smith, Human Rights and Rule of Law Policy Advisor, The Law Society of England and Wales

Proposed Public Statement

The Law Society of Upper Canada Expresses Concern about the Death of Alberto Nisman

The Law Society of Upper Canada is deeply concerned about the death of prosecutor Alberto Nisman in Argentina.

Reports indicate that on January 18, 2015, Alberto Nisman, Argentina's state prosecutor, was found dead in his apartment. The cause of death was identified as a gunshot wound to the head. Four days prior to his death, he had accused President Cristina Fernández de Kirchner and Foreign Minister Héctor Timerman of conspiring to cover up Iran's alleged involvement in a 1994 attack on a Jewish community centre located in Buenos Aires that killed 85 people. Alberto Nisman had spent more than ten years investigating this case and he was scheduled to testify before Congress about this matter on January 19, 2015.

We understand that a prosecutor, Viviana Fein, has been placed in charge of investigating Alberto Nisman's death. According to reports, Alberto Nisman's ex-wife, Sandra Arroyo Salgado, recently commissioned an unofficial investigation into Alberto Nisman's death. The findings of this investigation have ruled out theories of accident or suicide.

The Law Society would like to remind the government of Argentina of Principles 16 and 17 of the United Nations *Basic Principles on the Role of Lawyers*. Principle 16 states:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economic or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Principle 17 states:

Where the security of lawyers is threatened as a result of discharging their functions, they shall be adequately safeguarded by the authorities.

Concerns have been raised that Alberto Nisman was killed as a result of fulfilling his legitimate legal duties. The Law Society urges the government of Argentina to,

- a. ensure that the investigation into the death of Alberto Nisman is fair, impartial and independent;
- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations;
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

**The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 7,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

The mandate of the Law Society is to govern the legal profession in the public interest by upholding the independence, integrity and honour of the legal profession for the purpose of advancing the cause of justice and the rule of law.

Proposed Letter to Lawyers' Associations

Dear [Name],

Re: The death of prosecutor Alberto Nisman

I write to inform you that on the advice of the Human Rights Monitoring Group*, the Law Society of Upper Canada sent the attached letter to President Cristina Fernández de Kirchner of Argentina, expressing our deep concern over reports of the death of Alberto Nisman.

We would be very interested in hearing from you concerning the situation noted in the attached letter, whether your organization has intervened in this matter and whether we have any of the facts in the case wrong. Any further information you may have about the case would also be welcome.

Please forward any further correspondence to the attention of Josée Bouchard, Director, Equity, Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to jbouchar@lsuc.on.ca.

I thank you for your time and consideration.

Sincerely,

Paul Schabas
Chair, Human Rights Monitoring Group

* The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 7,000 paralegals in the province of Ontario, Canada. The Law Society is committed to preserving the rule of law and to the maintenance of an independent Bar. Due to this commitment, the Law Society established a Human Rights Monitoring Group ("Monitoring Group"). The Monitoring Group has a mandate to review information of human rights violations targeting, as a result of the discharge of their legitimate professional duties, members of the legal profession and the judiciary, in Canada and abroad. The Human Rights Monitoring Group reviews such information and determines if a response is required of the Law Society.

Letter to be sent to:

Alex Neve, Colegio de Abogados de la Ciudad de Buenos Aires

ary General, Amnesty International Canada

Mary Lawlor, Executive Director, Front Line Defenders

Vincent Forest, Head of European Union Office, Front Line Defenders

Kenneth Roth, Executive Director, Human Rights Watch

Adrie van de Streek, Executive Director, Lawyers for Lawyers, via email

David F. Sutherland, Chair, Lawyers' Rights Watch Canada

Yves Berthelot, President, Observatory for the Protection of Human Rights Defenders

Michel Forst, Special Rapporteur on the situation of human rights defenders, Office of the United Nations High Commissioner for Human Rights

Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights

Sarah Smith, Human Rights and Rule of Law Policy Advisor, The Law Society of England and Wales

TAB 5.1.2

**The Law Society of Upper Canada Expresses Concern about Human Rights Violations
faced by Lawyers and Members of the Judiciary in the Philippines**

The Law Society of Upper Canada is deeply concerned about the ongoing human rights violations faced by lawyers and judges in the Philippines.

The 2015 Day of the Endangered Lawyer was dedicated to lawyers in the Philippines. **Reports indicate that at least 41 lawyers and 18 judges have been murdered in the Philippines since 2001.** An increasing number of lawyers and judges have been harassed and attacked. According to the *Basic Report on the Human Rights Lawyers under Continuing Threat in the Philippines*, in these cases “only very scarcely a perpetrator is arrested and nearly never prosecuted or punished by the courts.”

The Law Society reminds the government of the Philippines of Principles 16, 17 and 23 of the United Nations *Basic Principles on the Role of Lawyers*. Principle 16 states:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economics or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Principle 17 states:

Where the security of lawyers is threatened as a result of discharging their functions, they shall be adequately safeguarded by the authorities.

Principle 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

The Law Society urges the government of the Philippines to,

- a. put an end to all acts of violence and harassment against human rights lawyer and defenders in the Philippines;
- b. guarantee in all circumstances the physical and psychological safety and integrity of all human rights lawyers and defenders;

- c. conduct a fair, impartial and independent investigation into the cases of human rights lawyers who have been murdered, harassed or attacked in order to identify all those responsible, bring them to trial and apply to them civil, penal and/or administrative sanctions provided by law;
- d. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

**The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 7,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

The mandate of the Law Society is to govern the legal profession in the public interest by upholding the independence, integrity and honour of the legal profession for the purpose of advancing the cause of justice and the rule of law.

TAB 5.1.3

FOR INFORMATION

MONITORING GROUP PAST INTERVENTION – WALEED ALBULKHAIR

SUMMARY

1. On April 1, 2015, Lawyers' Rights Watch Canada asked the Law Society of Upper Canada to join a Petition to the UN Working Group on Arbitrary Detention for Saudi Arabian lawyer Waleed Albulkhair, on whose behalf the Law Society has intervened twice, most recently in early March 2015.
2. Waleed Albulkhair is serving a 15 year sentence for peacefully advocating reforms necessary to protect rights. He is a lawyer and has been an outspoken advocate for an elected parliament, an independent judiciary, a constitutional monarchy and recognition of human rights. He has also advocated on behalf of prisoners of conscience and written many articles identifying human rights abuses and the need for legal reform. In 2012 he was awarded the Olof Palme Prize for his strong, self-sacrificing and sustained struggle to promote respect for human and civil rights for both men and women in Saudi Arabia.^[1]
3. In April 2012 the Government of Saudi Arabia banned him from traveling outside Saudi Arabia. Some of the advocacy for recognition of human rights and democratic reform that led to his prosecution and imprisonment include:
 - In 2007 he signed the *Features of a Constitutional Monarchy* a petition calling for a constitutional monarchy;
 - In 2008 he founded the Monitor for Human Rights in Saudi Arabia (MHRSA). MHRSA and the Saudi Civil and Political Rights Association (ACPRA) became the first to highlight the plight of prisoners of conscience in Saudi Arabia;
 - In 2008 he initiated a 48-hour hunger strike for prisoners of conscience which led to sit-ins and demonstrations;
 - In 2011 he signed *Towards a State of Rights and Institutions*, a 9-point petition calling for elections, an independent judiciary and the establishment of civil society institutions and labour unions. The petition was posted on a dedicated website and Facebook and signed by over 9,000 before it was removed;

^[1] Olof Palmes Minnesfond, 2012. <http://www.palmefonden.se/2012-radhia-nasraoui-och-waleed-sami-abu-alkhair-2/>

- In 2012 he began hosting weekly meetings in his home called 'samood' (which connotes resistance or steadfastness) to discuss social, political and philosophical issues. He was arrested temporarily in October 2013 as a result of these meetings. These sessions began in reaction to the government clamp down on gatherings in public places following the 8 February 2012 arrest of journalist Hamza Kashgari;
 - In 2012 he publically criticized the "war" on freedom of expression and the "criminalization" of thought in Saudi Arabia;
 - In 2013 he publically criticized the lack of codified laws and interference by the Minister of the Interior as factors contributing to "religious extremism and intolerance among the judiciary" and the conviction of human rights and civil society advocates;^[2]
 - He has represented Raif Badawi, the organizer of the Saudi Liberal Network internet discussion group who was convicted of insulting Islam and sentenced to 10 years in prison, a fine, and 1,000 lashes to be administered 50 lashes at a time; and
 - He has attended meetings regarding human rights concerns with the Gulf Cooperation Council (GCC).
4. As this matter was of an urgent nature, the Treasurer approved the request to support the petition and informs Convocation of this action. The action was taken in accordance with the Monitoring Group's mandate stating "where Convocation's meeting schedule makes such a review and approval impractical, the Treasurer may review such responses in Convocation's place and take such steps, as he or she deems appropriate. In such instances, the Human Rights Monitoring Group shall report on the matters at the next meeting of Convocation."

^[2] "The legal system is based on uncoded principles of Islamic law, which leaves judges largely free to decide what actions, in their view, are crimes, as well as the appropriate punishments. I believe that the Interior Ministry actively encourages religious extremism and intolerance among the judiciary, recognizing that judges with these views are far more willing to convict human rights and civil society advocates of vague religious and social offenses." Waleed Abu Alkhair, *Sentenced in Saudi Arabia for peaceful activism*, Washington Post, 26 November 2013. http://www.washingtonpost.com/opinions/sentenced-in-saudi-arabia-for-peaceful-activism/2013/11/26/95fbcc6e-507b-11e3-9fe0-fd2ca728e67c_story.html

TAB 5.2

REPORTS FOR INFORMATION

**BENCHER SUSAN HARE'S ADDRESS TO CONVOCAATION
RENEWAL PROCESS FOR THE ABORIGINAL INITIATIVES STRATEGY**

18. Bencher Susan Hare, Vice-Chair of the Equity and Aboriginal Issues Committee, presents an address to Convocation that is based on the address reproduced at [TAB 5.2.1](#).

**CHALLENGES FACED BY RACIALIZED LICENSEES WORKING GROUP
– INTERIM REPORT TO CONVOCAATION, APRIL 2015**

19. Since 2012, the Challenges Faced by Racialized Licensees Working Group (RWG) has been mandated to,
- identify challenges faced by racialized licensees in different practice environments, including entry into practice and advancement;
 - identify factors and practice challenges faced by racialized licensees that could increase the risk of regulatory complaints and discipline;
 - consider best practices for preventative, remedial and/or support strategies; and
 - if appropriate, design and develop preventative, remedial, enforcement, regulatory and/or support strategies, for consideration by the Equity Committee and other committees, to address these challenges.
20. Since its inception, the RWG has gathered information about the challenges using formal and informal engagement processes. The qualitative and quantitative data obtained from the engagement processes identified widespread barriers experienced by racialized licensees within the legal profession at all stages of their careers.
21. The challenges faced by racialized licensees impact the reputation of the legal system in Ontario, affect access to justice for Ontarians and affect the quality of legal services for the public.
22. The RWG reviewed all of the information gathered and drafted a consultation paper titled *Developing Strategies for Change: Addressing Challenges Faced by Racialized Licensees*. The consultation paper summarized the findings of the engagement process and posed seven questions for the profession focused on addressing the challenges faced by racialized licensees.
23. Convocation approved a consultation paper in November 2014, and the Working Group consulted with lawyers, paralegals and members of the public throughout the province of Ontario between January and March 2015.

24. The Interim report, presented at [TAB 5.2.2](#), provides an overview of the consultation process and activities, and observations from the meetings.

SNAPSHOTS OF THE PROFESSION

25. Professor Ornstein was retained at the end of 2014 to analyze the 2013 results of the self-identification questions. The snapshots of the professions are presented at [TABS 5.2.3](#) and [5.2.4](#).

REPORT OF THE ACTIVITIES OF THE DISCRIMINATION AND HARASSMENT COUNSEL FOR THE LAW SOCIETY OF UPPER CANADA FOR THE PERIOD OF JULY 1 TO DECEMBER 31, 2014

26. Subsection 20(1)(a) of By-Law 11, *Regulation of Conduct, Capacity and Professional Competence*, provides that, unless the Committee directs otherwise, the Discrimination and Harassment Counsel (the DHC) shall make a report to the Committee no later than January 31 in each year, upon the affairs of the Counsel during the period July 1 to December 31 of the immediately preceding year.
27. In February 2015, the DHC requested, and the Equity and Aboriginal Issues Committee approved, an extension of the deadline to the end of March 2015.
28. Subsection 20(2) of By-Law 11 provides “The Committee shall submit each report received from the Counsel to Convocation on the day following the deadline for the receipt of the report by the Committee on which Convocation holds a regular meeting”.
29. The Equity and Aboriginal Issues Committee, pursuant to Subsection 20(2) of By-Law 11, presents to Convocation the *Report of the Activities of the Discrimination and Harassment Counsel for the Law Society of Upper Canada for the period of July 1 to December 31, 2014*, reproduced at [TAB 5.2.5](#).

**MATERIALS TO FOLLOW
WHEN AVAILABLE**

TAB 5.2.2



Challenges Faced by Racialized Licensees Working Group: Interim Report to Convocation

April 2015

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Introduction

This interim report to Convocation provides an overview of the consultations by the Challenges Faced by Racialized Licensees Working Group (the Working Group) based on the findings in its consultation paper published in October of 2014, "Developing Strategies for Change: Addressing Challenges Faced by Racialized Licensees".¹

From across the legal and paralegal professions, there has been an interested and enthusiastic response to addressing the challenges. We heard from all parts of the province that the Law Society has a role to play in being part of the solution to the challenges identified in the consultation report. The following sections outline the background to the consultation process and summarize the ideas for fostering growth and positive change that we have heard during our discussions with the profession and the public.

Background

Since 2012, the Law Society's Working Group has been mandated to:

- a. Identify challenges faced by racialized licensees in different practice environments, including entry into practice and advancement;
- b. Identify factors and practice challenges faced by racialized licensees that could increase the risk of regulatory complaints and discipline;
- c. Consider best practices for preventative, remedial and/or support strategies;
- d. If appropriate, design and develop preventative, remedial, enforcement, regulatory and/or support strategies, for consideration by the Equity Committee and other committees, to address these challenges.

The Working Group gathered information about the challenges using formal and informal engagement processes. Further information about this part of our work can be found at: <http://www.lsuc.on.ca/racialized-licensees/>.

The qualitative and quantitative data we obtained from the engagement processes identified widespread barriers experienced by racialized licensees within the legal profession at all stages of their careers. Examples of challenges faced in the legal profession include discrimination and stereotyping, negotiating concepts of "culture" and "fit", and lack of mentors, networks and role models. Participants also noted that race-based barriers are often complicated by the additional experiences of discrimination based on gender identity, gender expression, disability, sexual orientation, class and creed.

Some participants in the engagement process believed that racialized licensees were more likely to go into sole practice as a result of barriers faced in other practice environments. They also noted that internationally trained lawyers and paralegals face additional barriers in the

¹ A copy of the Consultation Paper can be found at: <http://www.lsuc.on.ca/racialized-licensees/>

profession. Generally, participants noted the vulnerability of racialized licensees in the legal profession in the context of professional regulation and discipline.

The challenges faced by racialized licensees impact the reputation of the legal system in Ontario, affect access to justice for Ontarians and affect the quality of legal services for the public.

The Working Group reviewed all of the information we gathered and drafted a consultation paper titled *Developing Strategies for Change: Addressing Challenges Faced by Racialized Licensees*.² The consultation paper summarized the findings of the engagement process and posed seven (7) questions for the profession focused on addressing the challenges faced by racialized licensees. The questions are organized within five themes:

- Enhancing the internal capacity of organizations;
- Mentoring, advisory services and networking;
- Enhancing cultural competence in the profession;
- Discrimination and the role of the complaints process; and
- The operations of The Law Society of Upper Canada.

Convocation approved the consultation paper in November 2014, and the Working Group consulted with lawyers, paralegals and members of the public throughout the province of Ontario between January and March 2015

The Consultation

The Working Group embarked on a journey of listening and learning, which involved holding twelve (12) open house learning and consultation programs around the province and participating in meetings with representatives from law firms, legal clinics, banks, government and legal associations. A summary of activities and submissions is presented in a separate report entitled *Challenges Faced by Racialized Licensees Working Group – Consultation Activities and Overview of Observations* (TAB 5.2.2.1).

These meetings were focused on practical solutions the Law Society could initiate or facilitate to specifically address the challenges faced by racialized licensees and to enhance diversity and inclusion within the legal profession.

The Working Group has heard from over 1,000 racialized and non-racialized lawyers, paralegals, law students, articling students and members of the public in the Greater Toronto Area (Downtown Toronto, Brampton, Newmarket, Oshawa), Hamilton, London, Ottawa, Sudbury, Thunder Bay, and Windsor. Three Toronto open houses (one in French and two in English) were webcast to ensure full access to all lawyers, paralegals and members of the public in Ontario.

² Available at: <http://www.lsuc.on.ca/racialized-licensees/>.

The Working Group has met or heard from a broad range of organizational stakeholders including:

- The Advocates' Society;
- The African Canadian Legal Clinic;
- The Arab Canadian Lawyers Association;
- The Association des juristes d'expression française de l'Ontario;
- The Association of Law Officers of the Crown;
- The Canadian Association of Black Lawyers;
- The Canadian Association of South Asian Lawyers;
- The Canadian Association of Muslim Women in Law;
- The Canadian Hispanic Bar Association;
- The Canadian Italian Advocates Association;
- The Canadian Muslim Lawyers Association;
- The Canadian Somali Lawyers Association;
- The County & District Law Presidents' Association;
- The Family Lawyers Association;
- The Federation of Asian Canadian Lawyers;
- The Human Rights Legal Support Centre;
- The Indigenous Bar Association;
- The Law Firms Diversity and Inclusion Network;
- The Law Society's Equity Advisory Group;
- The Law Students Society of Ontario
- The Legal Leaders for Diversity and Inclusion (LLD);
- The Ontario Bar Association;
- The Ontario Paralegal Association;
- The South Asian Bar Association;
- The Roundtable of Diversity Associations of the Toronto Lawyers' Association³;
- The University of Windsor, Equity and Diversity Committee;
- The University of Ottawa, Faculty of Law, faculty
- The Women Legal Mentoring Program;
- The Women Paralegal Association of Ontario; and
- law students and professors.

As part of the consultation process, the Working Group also reached out to larger law firms in Toronto to discuss the questions raised in the consultation paper. The Chair of the Working Group and Law Society staff met with managing partners and often recruitment partners or partner representatives on the Law Firms Diversity and Inclusion Network. The meetings have

³ Including the Arab Canadian Lawyers Association, the Association of Chinese Canadian Lawyers of Ontario, the Canadian Association of Black Lawyers, the Canadian Association of South Asian Lawyers, the Canadian Italian Advocates Organization, the Federation of Asian Canadian Lawyers, the Hellenic Canadian Lawyers Association, the Canadian Hispanic Bar Association, the Iranian Canadian Lawyers Association, the Korean Canadian Lawyers Association, the Macedonian Canadian Lawyers Association, Pro Bono Law Ontario, the Sexual Orientation and Gender Identity Conference of the Ontario Bar Association, the South Asian Bar Association, the Toronto Lawyers Association, and the Women's Law Association of Ontario

yielded positive discussions about policy options for addressing many of the challenges identified in the consultation paper. There has been interest and enthusiasm expressed for working collaboratively with the Law Society. Firms have begun a number of initiatives to create more inclusive workspaces. There is recognition of the business and human drivers for increasing competence in the diversity and inclusion aspects of hiring and retention.

We expect to complete the meetings in April so that the information obtained at these meetings can be considered in the context of our policy work. It is gratifying to see that a corresponding amount of interest exists within the larger firms in addition to the interest already demonstrated by the bar across Ontario during our meetings with groups, individuals and via webcast.

Also noteworthy is the exceptional amount of media interest in the consultation paper from media outlets across the province. In total, 18 stories appeared via mainstream, regional and legal media outlets, including the Globe and Mail, CBC Metro Morning, the Hamilton Spectator, the Brampton Guardian, CKPR Thunder Bay, 1310 News Ottawa, the Lawyers Weekly, Law Times, and CBA National Magazine. All coverage was extremely positive and included key messages from the consultation paper. This underscores the importance of the project to the professions and the public.

White Privilege

Consultant participants spoke of “white privilege”⁴, and expressed the need for all of us to acknowledge its existence in order to address the challenges faced by racialized licensees. A number of participants noted that it is important for licensees to understand how power operates to produce advantages for some and deny advantages to others.

Aboriginal Licensees and Racialized Licensees: Historical and Geographical Differences

Open house learning and consultation programs in Northern Ontario yielded interesting information about the similarities and differences between the experiences of Aboriginal licensees and licensees that self-identify as racialized in the context of the definition put forward by the Working Group and the importance of considering geographical location. Participants in Thunder Bay noted that, in terms of race and racism, the population in northern areas of the province is often divided into Aboriginal and non-Aboriginal peoples. Participants identified several examples where they had witnessed racism directed at Aboriginal people and where they had observed that racialized people were not treated differently from non-racialized people. It was noted that because of constitutionally protected Aboriginal and Treaty rights, Aboriginal peoples are in a different position than racialized and non-racialized peoples in Canada. As a result of these distinctive histories, strategies to respond to racism faced by Aboriginal peoples

⁴ The Ontario Human Rights Commission defines “privilege” generally as ‘unearned power, benefits, advantages, access and/or opportunities that exist for members of the dominant group(s) in society. It can also refer to the relative privilege of one group compared to another.

and to racism faced by racialized peoples should differ. The Law Society's policy work reflects this uniqueness, including the work of the Equity and Aboriginal Issues Committee and other initiatives that are outside the scope of this Working Group. The Law Society is also vigorously pursuing an Aboriginal Strategy in consultation with the Aboriginal Bar.

The Consultation Results:

The Working Group encouraged written submissions on the questions posed in the consultation paper or any additional initiatives, ideas or practices that could address the challenges faced by racialized licensees. The deadline for submissions was extended from March 1, 2015 to March 15, 2015, as a result of a number of requests for extra time.

This report summarizes the comments and ideas we have received to date from our meetings and consultations. A more complete record of the consultation activities and aggregated comments is available in a separate report entitled *Challenges Faced by Racialized Licensees Working Group – Consultation Activities*. At the time of writing this report, we were still receiving written submissions. These will be discussed and considered in a separate report. However, the written submissions received to date and for which we have received the expressed consent to publish are available on-line at <http://www.lsuc.on.ca/racialized-licensees/>. The list of those who have provided their express consent is available at Appendix 1 of this report.

A. Enhancing the internal capacity of organizations

The Working Group posed the following questions related to this theme in the consultation paper:

- How should the Law Society act as a catalyst for the establishment of diversity programs within firms⁵ and why?
- What is the preferred model for the collection of firm demographic data and why?
- How could the Law Society work with in-house legal departments to develop model contract compliance programs for in-house legal departments that retain firms?

Diversity Programs

"We need to encourage firms to be champions of diversity."

-Participant

There is significant support for the creation of diversity programs for the recruitment, retention and advancement of racialized licensees in firms and other legal organizations. Participants

⁵ References to 'firms' in this document encompasses law firms, paralegal firms, legal clinics, non-profit organizations, in-house legal departments, government legal departments, and other professional legal environments.

have reminded the Working Group that firm size, industry and geographical location need to be considered should the Law Society decide to develop diversity programs.

A number of participants support the creation of a diversity project modelled on the Law Society of Upper Canada's Justicia Project.⁶ Participants are divided, however, on whether diversity programs should be mandatory or voluntary. Some participants have noted that voluntary programs create buy-in and a willingness to create change. A number of participants have stated that it is important to have "diversity champions" who will lead change from the top-down. Participants outside of the GTA that work in small firms see the value of voluntary programs as small firms may lack the resources to implement mandatory programs. Some participants have noted that mandatory programs could create backlash.

Participants in favour of mandatory programs argue that mandatory programs create stronger awareness of equity and diversity issues. One participant, who had experience with employment equity programs, said it is necessary to have an enforcement mechanism in place. Other participants believe that, at the very least, the Law Society should require firms and legal organizations to have equity and diversity policies in place. Some participants suggested that the Law Society ask licensees to answer questions related to their firm's policies in the annual report in order to prompt change. Some participants suggested that requirements could include quotas for the number of racialized licensees that must be interviewed or hired by firms and legal organizations; however the majority of participants were strongly opposed to the creation of quota systems.

Some participants support the proposal that firms complete a self-assessment about their diversity performance, which would include more than an analysis of demographic data. One participant stated,

Beyond numbers, look at the way in which interactions are made, the ways in which people are hired, anti-nepotism policies, mentoring programs. All of these things are bigger pieces of the diversity pie.

The majority of participants interested in this idea indicated that the self-assessment should be voluntary, however the Law Society could provide incentives for firms to engage in this process. There were some participants who were in support of mandatory self-assessments that would be conducted by employees instead of firm management to garner more valuable results. Additionally, participants stated that the Law Society should provide law firms and legal organizations with self-assessment templates and tools.

Collecting Demographic Data

"Data collection is a humble but important first step."

⁶ The Justicia Project was launched in 2008 to create a collaboration between medium and large sized firms and the Law Society. The participants signed agreements and committed to develop policies, resources, practices and programs that would address barriers women face in the legal profession in relation to retention and career advancement. The Justicia Project prompted law firms to review policies and practices and to participate in the creation of resources on subjects such as leadership, business development, career advancement, parental leave and flexible work engagements, in order to increase the retention and advancement of women lawyers.

-Participant

The Working Group has heard a broad range of views on the issue of demographic data collection; however, most participants agreed that the collection of data would be, as one participant noted, “a humble but important first step”. Some participants believe that mandatory data collection is crucial to advancing diversity and inclusion, while others believe that mandatory collection could halt the progress that is already being made by firms and legal organizations in the area of equity and diversity.

Participants on the side of mandatory collection had a number of suggestions related to the methods of collection and reporting. The majority of participants, including those in small firms and outside of Toronto, were in favour of the Law Society collecting demographic data. Some participants suggested that the Law Society could use the data collected in the annual report to provide firms and legal organizations with their individual firm/organization demographic data and aggregate demographic data of firms of similar size and location to provide a benchmark. Participants also noted that it would be useful to capture information about inclusion and advancement in addition to numbers. Some participants in favour of mandatory reporting stated that, in order to create change, the demographic information for each firm should be publicly available.

One participant noted that if the Law Society determines that firms and legal organizations should be required to provide their own demographic data, the Law Society should ensure that there are processes in place for employees to self-identify.

Participants in favour of voluntary data collection have noted that a number of large firms are already engaging in demographic data collection and inclusion surveys, and are committed to this work - should the Law Society mandate data collection, it could have a negative effect on the work already being done. Participants from small firms have indicated that they are unsure how mandatory data collection would be enforced. Some participants believe that demographic data should be reported but on a voluntary basis. A number of participants suggested setting data collection as a criterion of a voluntary diversity program. The Law Society could then incentivize data collection by providing ratings or awards for meeting certain levels of diversity and inclusion.

In 2009, the Law Society began collecting demographic data, including race-based data, through the Lawyer Annual Report and the Paralegal Annual Report. A self-identification question was included in the annual reports to allow the Law Society to be aware of the extent to which the legal profession is reflective of the broader community it serves, to help meet the needs of the public, and to develop programs to enhance the diversity of the profession. The Law Society does not link demographic information to firms or legal organizations, however the Law Society could consider doing so.

Contract Compliance

“The case for diversity and inclusion has a business foundation”

- Participant

We heard that the Law Society could play a facilitative role by encouraging corporate procurement policies that consider supplier equity and diversity. A number of participants have highlighted the Bank of Montreal's contract compliance program and the work of the Legal Leaders for Diversity (LLD) as best practices in this area.

Some participants noted that they would discourage mandatory contract compliance as often people respond better to incentives rather than punitive consequences. Some participants from small firms pointed out that strict mandatory contract compliance related to diversity could be difficult for small firms and lead to smaller firms being unable to compete for work for larger entities and corporations.

B. Mentoring, advisory services and networking

The Working Group posed the following questions related to this theme in the consultation paper:

- What are the preferred mentoring and/or advisory services models for racialized licensees?
- What are the preferred networking models for racialized licensees?

Mentoring and Advisory Services

"Mentorship is not one size fits all"
- Participant

In November 2013, Convocation created the Mentoring and Advisory Services Proposal Task Force (the Task Force), which is examining the issue of mentoring. The Working Group will consult with the Task Force concerning the information obtained on mentoring and advisory services from our consultation process.

Types of Mentoring and Advisory Services

Generally, the Working Group has heard that there is no "one-size-fits all" model for mentorship. Different types of mentorship may be required at different stages of a person's career for different purposes. For example, mentoring could be case-specific or it could be related to how to navigate the profession as a racialized licensee.

A number of participants highlighted the importance of providing mentoring for sole practitioners. Paralegal participants told us that there is a shortage of mentorship programs in the paralegal community and thus a significant need. Other participants have noted that racialized licensees in large firms do not have role models within their firms so they should be provided with assistance to find mentors from outside their firms.

A significant number of participants emphasized that sponsorship is also essential to the career advancement of racialized licensees, noting that it would be helpful to have sponsors or champions advocating for individual licensees at decision-making tables.

Structure of Mentoring and Advisory Services

Some participants stated that it would be useful to have a panel of mentors who could address different facets a licensees' career, including providing advice on navigating barriers, substantive legal issues or on career advancement . Participants have also noted that mentorship should be provided to students before law school, to address pipelines issues, and in law school.

A number of organizations have described their mentoring programs and expressed interest in working collaboratively with the Law Society to help licensees in need of mentorship. One way in which this could take place using enhanced website services, the creation of a highly functional and welcoming on line mentoring community with links to partner organizations. As many organizations have their own websites, the Law Society could function as a connector to these kinds of services.

Participants have proposed various mentorship models, which include: one-on-one mentoring with various mentors for different purposes, study groups with people who have similar challenges and group mentoring to assist with practice management and career advancement. Some participants have suggested that junior licensees could also mentor other junior licensees from same racialized community. In a similar vein, some participants have stated that junior racialized licensees could act as effective mentors to senior non-racialized licensees.

Participants have noted that often mentoring programs have difficulty finding willing mentors. One participant also noted difficulties finding racialized mentors because, "we are not grooming racialized lawyers to become leaders." Some participants suggested that the Law Society have licensees note on the annual report if they are willing to be mentors. The Law Society could then create a mentor roster. Similarly, other participants suggested having a web-based sign up for mentors, which would allow the mentors to indicate their area of law and their time availability. Incentives for mentors could include the receipt of professionalism hours for mentoring services. Participants also suggested that mentors receive cultural competence training.

Participants outside of the GTA highlighted specific issues related to mentoring in their regions. A number of participants noted that the majority of professional associations that represent equity-seeking groups do not operate outside of the GTA, which limits access to association-based mentorship programs. One participant stated that if mentorship was to be offered in-person, it should be geographically accessible for licensees in under-serviced areas.

Networking

"Have more inclusive events."

- Participant

Many participants have stated that associations of racialized lawyers and paralegals are beneficial for fostering collaboration and creating a sense of belonging. Some participants have suggested that it would be useful for the Law Society to facilitate collaboration amongst the various associations. Some participants told us that legal associations are often too costly to join. Some of the associations also described concern with the cost of holding events for their sectors of the bar at the Law Society and expressed interest in having “in-kind” support and partnership from the Law Society to make those events accessible to diverse communities of lawyers.

Some participants have proposed that the Law Society hold regional networking events for licensees. Others note that Continuing Professional Development (CPD) programs can be good networking opportunities.

Participants have highlighted the fact that internationally trained lawyers and sole practitioners feel particularly isolated so networking opportunities should also be targeted to these groups.

C. Enhancing cultural competence in the profession

The Working Group posed the following question related to this theme in the consultation paper:

- How could the Law Society enhance the profession's cultural competence through its CPD programs?

CPD Programs

“We need to be educated about diversity.”

-Participant

A large number of participants were in favour of the Law Society requiring licensees to participate in mandatory CPD training on cultural competence, unconscious bias, and anti-racism. Others suggested that this CPD training be provided on a voluntary basis. There was concern expressed that requiring this form of training to be taken by all would be counter-productive. In either case however, participants agreed that professionalism credits should be provided for CPD training on these topics.

Some participants highlighted the importance of requiring licensees involved in recruitment, hiring and promotion decisions to participate in CPDs related to cultural competence and unconscious bias, specifically addressing topics such as bias-free interviews. One participant stated, “If attitudes don’t change, the numbers are not going to change.” Participants suggested that this CPD programming could be offered via webcast during summer student and articling interview periods. It was also proposed that the Law Society deliver these programs and other cultural competence and anti-discrimination and harassment programs at firms.

A number of participants noted the need to ensure that education on cultural competence, unconscious bias, anti-racism and anti-oppression start at law school and in the licensing

process. A participant suggested that the Law Society use its seat on the Federation of Law Societies to encourage the inclusion of cultural competency and diversity awareness as part of the core law school curriculum.

It was proposed that all benchers be provided with the training under consideration in order to create a deeper policy understanding of this aspect of the report and to inform Convocation's discussions of the policy alternatives.

Generally, participants stated that CPD programs should be widely available via webcast and recorded. Additionally, some participants suggested that the cost of CPD be reduced, perhaps by working with regional associations.

D. Discrimination and the role of the complaints process

The Working Group posed the following question related to this theme in the consultation paper:

- How should the Law Society best ensure that complaints of discrimination are brought to its attention and effectively addressed?

Complaints of Discrimination

"People have to feel comfortable in accessing policies."

- Participant

The Working Group heard a range of suggestions on encouraging licensees to bring forward complaints of discrimination.

Participants suggested updating the Rules of Professional Conduct and the Paralegal Rules of conduct to specifically address systemic discrimination and subtle forms of discrimination, so licensees are aware that the Rules do allow for complaints of systemic discrimination to be made to the Law Society. Some participants recommended advertising that complaints of discrimination can be made through the complaints process.

Participants noted that licensees will often refrain from reporting experiences of discrimination because they fear the negative impact a complaint might have on their careers and reputations. One participant stated, "We don't want to rock the boat or be considered a troublemaker".

Participants also noted they feared "micro-aggressions"⁷ In order to address this fear, some participants are in favour of the Law Society creating an anonymous system of receiving complaints; however, licensees in small firms said this would not be helpful for them as their firms are too small for them to remain anonymous. Some participants that support an anonymous complaints process recommended that the Law Society investigate firms that have been the subject of a number of anonymous complaints. Participants have also suggested amending the Rules of Professional Conduct and the Paralegal Rules of Conduct to include a

⁷ Examples included intrusive questioning on country of origin, education, year of call and age.

provision that states that reprisals for complaints of discrimination and harassment are prohibited.

Participants believe that bringing a complaint through an association may not alleviate the issues raised. Some participants have suggested that the Law Society ask licensees, using the annual report, whether they have ever experienced discrimination. This information could then be collected by firm or legal organization and provided to firm or legal organization management. Other participants propose that the Law Society audit firms to ensure that they have policies related to equity, diversity, discrimination and harassment.

Regardless of the method taken to receive complaints, participants have noted that it is important for the Law Society to advise complainants of what action was taken.

E. The Operations of the Law Society of Upper Canada

The best thing the Law Society can do is start to mirror the behaviour they want to see.
-Participant

The Law Society has received support from participants for its proposals to enhance its current Equity Compliance Program, conduct an internal equity audit, collect further data on the regulatory process and to develop a more diverse public face/image for the Law Society. A number of participants have emphasized that the Law Society must model the change it is seeking to create in the legal profession, which would include increasing diversity at both the governance and the staff levels.

On a few occasions, participants at the meetings and open houses noted the lack of diversity of Working Group presenters. Working Group members attended and presented at open houses and meetings when their schedules permitted, and at some meetings, the group of presenters did not reflect the diversity of racialized licensees at those meetings. That became a point of discussion with participants expressing concern about the overall diversity of Convocation, but also expressing satisfaction that there were those from the dominant culture who are interested in being part of change and in hearing from licensees on these subjects.

Moving Forward

"Perhaps we are at an inflection point?"
-Participant

The Working Group believes that we are at a particular point in the history of the legal professions where there is a significant possibility for change in the way in which the professions engage with equity and diversity principles and practices. There is a role for the Law Society to play in ensuring that we can be a part of a turning point that leads to positive change for racialized licensees and the professions in general.

As a result, the Working Group plans to continue to consider the balance of the submissions, to consider policy options that are within the mandate of the Law Society, apply what we have heard about best practices and bring a final report to Convocation in fall 2015.

Appendix 1 - List of Written Submissions Posted on Line

Note that the following is a list of submissions received to date where the authors have consented to the publication of their submissions. Other confidential submissions have been received and further submissions are expected.

[Arab Canadian Lawyers Association](#)

[Association des juristes d'expression française de l'Ontario - French submissions](#)

[Association des juristes d'expression française de l'Ontario - English translation](#)

[Association of Law Officers of the Crown](#)

[Canadian Association of Muslim Women Lawyers in Law](#)

[Canadian Association of Somali Lawyers](#)

[Canadian Hispanic Bar Association](#)

[Canadian Muslim Lawyers Association](#)

[Dhaliwal, Manpreet; Kassam, Abbas; de Mello, Toni; Dabo, Anne-Karine](#)

[Dosanjh, Balraj](#)

[Equity Advisory Group of the Law Society of Upper Canada](#)

[Family Lawyers Association](#)

[Federation of Asian Canadian Lawyers](#)

[Girvan, Robert](#)

[Human Rights Legal Support Centre](#)

[Indigenous Bar Association](#)

[Law Firm](#)

[LawPRO](#)

[Law Students Society of Ontario](#)

[Luu, Molly](#)

[Ontario Bar Association](#)

[Ontario Paralegal Association](#)

[Scorey, Andrew](#)

[Dean Lorne Sossin](#)

[South Asian Bar Association](#)

[St. Patrick Baxter, Michael](#)

[The Advocates' Society](#)

[University of Ottawa, Faculty of Law Students](#)

[University of Windsor, Faculty of Law, Equity and Diversity Committee](#)

[Jun Cai Wang](#)

[Women Paralegal Association of Ontario](#)

TAB 5.2.2.1



The Law Society of
Upper Canada | Barreau
du Haut-Canada

Challenges Faced by Racialized Licensees Working Group Consultation Activities and Overview of Observations

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The Consultation Paper and the Consultation Methodology

1. Based on the findings of the informal and formal engagement process, the Challenges Faced by Racialized Licensees Working Group (RWG) drafted a consultation paper for the profession's feedback. In October 2014, the RWG also consulted with members of the Equity Advisory Group, the Community Liaisons, the Canadian Association of Black Lawyers (CABL), the Canadian Association of South Asian Lawyers (CASAL), the Federation of Asian Canadian Lawyers (FACL) and the South Asian Bar Association (SABA) and received very helpful and important feedback on the consultation paper and consultation methodology.
2. The RWG relied on the advice received to develop the following consultation methodology:
 - a. Posting the consultation paper on-line and inviting written submissions from the profession, the judiciary, academia and the public;
 - b. Holding open house meetings across Ontario, including in Durham region, Hamilton, London, Ottawa, Peel region, Sudbury, Thunder Bay, Windsor and York region.
 - c. Holding two open house meetings in English and one in French in Toronto. These meetings were held at the Law Society and webcast.
 - d. Meeting with associations such as the County and District Law Presidents' Association, the Ontario Bar Association, the Ontario Paralegal Association, CABL, SABA, CASAL, FACL, the African Canadian Legal Clinic, the Canadian Association of Muslim Women Lawyers in Law, and the Arab Canadian Lawyers Association. Members of the judiciary and academia were also included, along with associations representing members of the public.
 - e. Meeting with representatives of law firms, including Managing Partners.
3. On October 27, 2014, the consultation paper was posted in French and English on-line with a deadline for written submissions of March 1, 2015. This deadline was extended to March 15, 2015. The following reports were also included on-line: the Stratcom Final Report, the Law Society Studies and Scan of Best Practices Report, the Equity Advisory Group Submissions, the Community Liaison Report and the Results from Informal Engagements report.

Promotional activities

4. On November 3, 2014, the Treasurer's office sent an email informing a number of associations and individuals of the consultation paper, the consultation process and inviting written submissions. The list of individuals and organizations included,
 - the African Canadian Legal Clinic;
 - the Arab Canadian Lawyers Association;
 - the Association of Chinese Canadian Lawyers of Ontario;
 - the Association of Corporate Counsel, Ontario Chapter;
 - the Association des juristes d'expression française;

- the Association of the Law Officers of the Crown;
- the Black Female Lawyers Network;
- the Canadian Association of Black Lawyers;
- the Canadian Association of South Asian Lawyers;
- the Canadian Corporate Counsel Association;
- the Canadian Italian Advocates Association;
- the Centre for Spanish-Speaking Peoples;
- the Canadian Bar Association;
- members of the judiciary;
- the Human Rights Tribunal of Ontario;
- the County & District Law Presidents' Association;
- the Criminal Lawyers' Association;
- the Department of Justice representative;
- the Family Lawyers' Association;
- the Federation of Asian Canadian Lawyers;
- the Hellenic Canadian Lawyers Association;
- the Hispanic Ontario Lawyers Association;
- the Indigenous Bar Association;
- the Internationally Trained Lawyers Program – University of Toronto;
- the Iranian Canadian Lawyers Association;
- Justicia Project firm representatives;
- the Korean Canadian Lawyers Association;
- the Law Firm Diversity and Inclusion Network;
- Ontario law school deans;
- the Law Students Society of Ontario;
- Legal Leaders for Diversity and Inclusion;
- the Macedonian Canadian Lawyers Association;
- law firm managing partners;
- the Metro Toronto Chinese and Southeast Asian Legal Clinic;
- the Ministry of the Attorney General;
- NALP Canada;
- the Ontario Bar Association;
- the Ontario Crown Attorneys' Association;
- the Ontario Human Rights Commission;
- the Ontario Paralegal Association;
- the Ontario Paralegal Network;
- Presidents of regional law associations;
- Pro Bono Law Ontario;
- the Public Prosecution Service of Canada;
- the Toronto Lawyers Association Roundtable of Diversity Associations (RODA);
- the South Asian Bar Association;
- the South Asian Legal Clinic of Ontario;
- the South West Region Women's Law Association;

- The Advocates' Society;
 - the Toronto Lawyers' Association;
 - the Urban Alliance on Race Relations;
 - the Women's Law Association of Ontario;
 - the Women's Paralegal Association of Ontario; and
 - Young Women in Law.
5. An Ontario Report advertisement has been regularly published in French and English since mid-November, emails have been sent to the profession informing them of the consultation process and the consultation process is well advertised on the Law Society website.

Meetings held to date

6. The following table provides an overview of the meetings held to date.

Date	Event/Organization	Working Group Members and Law Society Representatives	Number of Participants
October 29, 2014	University of Ottawa, Common Law Faculty	Raj Anand	100 students and 10 professors
October 31, 2014	Canadian Association of Black Lawyers annual conference	Julian Falconer (Vice-Chair) and Howard Goldblatt (Vice-Chair)	70 lawyers and paralegals
November 3, 2014	Treasurer Liaison Group	Julian Falconer	15 lawyers and paralegals
November 13, 2014	CDLPA plenary	Josée Bouchard, Director, Equity	70 lawyers
November 17, 2014	Sexual Orientation and Gender Identity Committee meeting of the Ontario Bar Association	Raj Anand	30 participants
November 18, 2014	Conference and launch of a book on employment equity at Ryerson University	Raj Anand	85 participants

Date	Event/Organization	Working Group Members and Law Society Representatives	Number of Participants
November 19, 2014	New Paralegal Reception	Treasurer Minor and Cathy Corsetti introduced the Consultation Paper	100 paralegals and lawyers
November 22, 2014	Ontario Paralegal Association Annual General Meeting	Raj Anand	170 paralegals in person and 125 via webcast
December 1, 2014	Representatives of Legal Leaders for Diversity	Treasurer Minor, Janet Leiper, Raj Anand	4 LLD senior general counsel
December 3, 2014	Ottawa French Law Practice Program	Josée Bouchard	20 candidates
January 12, 2015	Brampton Open House	Robert Burd, Janet Leiper and Malcolm Mercer	59 licensees
January 14, 2015	Law Firms Inclusion and Diversity Network	Raj Anand, Janet Leiper and Malcolm Mercer	25 firm representatives
January 15, 2015	Toronto Open House	Treasurer Janet Minor and Robert Burd, Howard Goldblatt, Janet Leiper, Malcolm Mercer and Marion Boyd	100 licensees in person and 170 via webcast
January 19, 2015	Arab Canadian Lawyers Association	Raj Anand and Howard Goldblatt	5 board members
January 20, 2015	Windsor Open House	Raj Anand and Howard Goldblatt	22 lawyers and paralegals

Date	Event/Organization	Working Group Members and Law Society Representatives	Number of Participants
January 21, 2015	Federation of Asian Canadian Lawyers	Raj Anand and Janet Leiper	15 board members
January 26, 2015	London Open House	Howard Goldblatt and William McDowell. Also attending were benchers Michael Lerner and Judith Potter.	25 lawyers and paralegals
January 27, 2015	BMO representatives	Raj Anand, Janet Leiper and Malcolm Mercer	2 representatives
January 27, 2015	York Region Open House	Howard Goldblatt, Janet Leiper and Malcolm Mercer	20 lawyers and paralegals
January 30, 2015	Law Firm Inclusion and Diversity Network representative	Janet Leiper	
January 30, 2015	Sudbury Open House	Susan Richer. Also attending –bencher Jack Braithwaite.	7 lawyers and paralegals
February 3, 2015	Durham Region Open House	Raj Anand and Malcolm Mercer	15 lawyers and paralegals
February 5, 2015	Ottawa Open House	Treasurer Janet Minor, Raj Anand and Malcolm Mercer. Also attending – benchers Constance Backhouse and Adriana Doyle.	80 lawyers and paralegals

Date	Event/Organization	Working Group Members and Law Society Representatives	Number of Participants
February 9, 2015	African Canadian Legal Clinic	Raj Anand, Avvy Go, Howard Goldblatt and Malcolm Mercer	3 representatives
February 18, 2015	South Asian Bar Association	Raj Anand, Avvy Go, Janet Leiper, Malcolm Mercer	9 board members
February 19, 2015	Canadian Association of Muslim Women Lawyers	Malcolm Mercer	5 members
February 23, 2015	Thunder Bay Open House	Julian Falconer	17 lawyers, paralegals and law students
February 23, 2015	Osgoode Hall Law School Diversity Week	Raj Anand	20 participants
February 24, 2015	Hamilton Open House	Malcolm Mercer, William McDowell, Susan Richer. Also attending – benchers Ross Earnshaw, Gerald Swaye and James Scarfone.	

Date	Event/Organization	Working Group Members and Law Society Representatives	Number of Participants
February 24, 2015	Roundtable of Diversity Organizations (RODA)	Raj Anand, Janet Leiper, Avvy Go	15 members
February 25, 2015	Toronto Open House	Treasurer Janet Minor, Raj Anand, Julian Falconer, Avvy Go, Janet Leiper, William McDowell, Susan Richer. Bencher Jeffrey Lem also attended.	70 licensees in person and 169 via webcast
February 27, 2015	Canadian Hispanic Bar Association	Avvy Go, Janet Leiper, Malcolm Mercer	2 members
March 11, 2015	Canadian Italian Advocates' Organization	Janet Leiper	11 members
March 17, 2015	Toronto Open House in French	Raj Anand and Josée Bouchard	35 participants
March 18, 2015	University of Ottawa, Faculty of Law, faculty members	Raj Anand	9 participants
March 20, 2015	BMO Open House	Avvy Go and Malcolm Mercer	60 participants
March 25, 2015	Iranian Canadian Legal Professionals	Janet Leiper, Jeffrey Lem and Malcolm Mercer	9 members

Observations to Date

The following are observations raised by participants in the consultation meetings outlined above.

Question 1: How should the Law Society act as a catalyst for the establishment of diversity programs within firms and why?

Diversity Programs

- Interested in the Law Society of England and Wales model. The Law Society of Upper Canada could adopt an inclusion charter. Participating in the inclusion charter project would not be mandatory but once committed to the program, firms would have to report annually to the Law Society. The charter would be a principles-based document that could address articling, recruitment and promotion practices, and there could be incentives to adhere to the charter. Participants could be asked to report to the Law Society about systems improvements and progress. The firms would collaborate to develop relevant resources. Voluntary participation would be better as it creates buy-in.
- Not in favour of requiring standards and compelling someone to do something but in favour of a self-assessment approach. Reforming the culture from the top down is a good approach. Putting the ideas into the mainstream discourse would have a huge impact on large firms.
- Adopting a model like the Justicia project would be good because it was a successful project.
- Proposing several approaches targeted to different types of practices could be an acceptable approach. For example, a small firm may not have the resources to undertake a voluntary project. However, if standards and resources are made available, that could be helpful. For the larger firm environment, different factors are at play.
- Not in favour of mandating programs. The research from the Law Society of England and Wales and Australia show that change happens slowly. If the Law Society asks firms to self-assess, it should ask more than numbers.
- There are a variety of tools on diversity and inclusion. It is important to look beyond the numbers, for example, consider the way in which interactions are made, the way in which people are hired, the way in which mentoring programs are structured.
- Where the Law Society can really assist is by developing an assessment tool that can be used by all law firms and even beyond, for example by government and the judiciary.
- The idea of a diversity project or education in firms is good but firms should do more than provide bare minimum training that does not address cultural inclusivity. Measuring the quality and implementation of programs is important.
- Law Society should consider adopting programs for regions and for all sizes of firms.
- Racialized lawyers do not want to be recognized because of their race, they want to be recognized because of their competency. It is important to hire based on competence, not colour.
- Doing a project on race without looking at other factors such as gender, sexual orientation, religion, socioeconomic class, is incomplete. It might be a richer picture to look at intersectional matrixes and those who are particularly vulnerable.

- For many of the firms, they are just starting to measure progress through for example inclusion and diversity surveys. Mandatory reporting would lead to losing faith in the system. Change is slow and we need to do things that have an impact.
- Because we are just starting to implement strategies for change, the Law Society should start with the carrot rather than a stick.
- For larger firms, look at whether they are hiring diverse cultures. Diversity makes good business sense and the Law Society should impose self-assessments.
- It is difficult for the Law Society to regulate certain policies in law firms. Mandatory programs would not be effective.
- Problem with mandatory diversity programs is the risk of backlash from the bar. If anything is going to be implemented, such as a diversity project or initiative, it should be on a voluntary basis by building the social consciousness of the bar. We have a larger responsibility as members of the Law Society to increase access to justice. If voluntary, then there can be a genuine impact on society.
- Required standards would be too bold. If it is a requirement, it gets peoples` back up.
- Mandatory hiring practices would make those who are already feeling marginalized, feel even more so.
- It is not just an issue of human rights, it is an issue of professional conduct. There are rules prohibiting discrimination already. The approach ignores the fact that this is a professional conduct issue. The requirement that there must be a policy is important but imposing what the policy must look like would not be as useful. The Justicia model is a wonderful idea. We are well beyond whether or not we should have discrimination policies.
- Not seeing anything regarding setting the example, templates for what policies should look like, hiring people to work in the office to assist firms to create these policies. Have meetings with managing partners and offer to assist in recruiting better and interviewing using questions that do not focus on fit. Model questions to pass to recruiters.
- When we talk about mandatory, paralegals struggle to make ends meet. More mandatory programs would impact on paralegals more than lawyers.
- Programs have to start with the Law Society as the governing body. It will not happen by relying on the firms only. This is an issue that has been ongoing for many years.

Mandatory Programs and External Monitoring

- These are really important issues and if we are going to make programs mandatory, education should be a component.
- Based on the experience with employment equity in the federal sector, it is not successful when it is voluntary. You need the mechanism for enforcement. It works if you have bonuses attached to promoting equity. People say the right things on paper but not in practice.

- The Law Society could do audits. What works is shaming.
- There needs to be outside monitoring. It is more than demographics and one needs to look at the quality of work etc.
- The Law Society has access to the data from the lawyer and paralegal annual reports. Include broader questions to the members such as “does your law firm have diversity policies”? If a lawyer or paralegal does not know the answer, he or she can go to the managing partner to ask for the policies. And if enough members go to their managing partner with that question, if there isn't a policy, the managing partner may decide to set up a committee to develop a diversity policy.
- If you don't comply with CPD requirements, the sanction is suspension of license. Maybe something like that could be implemented.
- We need to look at what has happened in the past. The gender equity gap is still there even with employment equity. The problem was partly lack of enforcement. The example of the Securities Commission and women on boards is good. Organizations have to self-report and they will make the numbers public or the organizations will and then the clients can make informed decisions. Put things in place so firms can see it is within their own best interest.
- There should be a requirement for a diversity policy, at the very minimum. If you have the policy or are required to have the policy, eventually people start talking about it. For example, workplace violence policies led to employees and clients talking about the issue. If you want law firms to start doing things and talking about it, should require at a minimum diversity policies. Encourage firms to conduct interviews with standardized and non-discriminatory questions.
- Requiring standards model is the best model because there are concerns with leaving it up to firms. Making it mandatory would be more efficient. Mandatory standards for larger firms only, not sole practitioners or sole firms - don't want to add to their burden.
- Mandatory standard for hiring practices – make hiring committee itself more diverse, where applicable. This to apply at all stages, i.e. articling hiring committee to consider diversity when picking which articling students to interview. Diversity lens to be applied at all stages, and if people equally qualified and one racialized and one not, racialized licensee should at least be considered.
- The Law Society should enforce minimum standards so there is consistency in the province in terms of diversity standards and goals. Ontario is a diverse place but in some communities there are few racialized licensees. Firms can report on these standards in the “comply or explain” method. No one wants the Law Society to impose punitive measures for not meeting certain standards.
- Mandatory self-examination is the right approach, for example: self-examination with demographics, contract compliance, what steps have you taken this year to augment your firm's knowledge of diversity issues.
- If firms have implemented a diversity project and it is not meeting the benchmark, they should explain.

- The Law Society could require firms to interview a certain number of students from racialized backgrounds.
- In the same way that lawyers have to submit a yearly report about their practice at the end of the year, they should also have to report on diversity within their firm, the demographics of their firm, what policies they have in place to accommodate diverse identities and which areas they should improve on –i.e. recruiting and retaining racialized articling students and lawyers.

Create Incentives

- Reward firms that demonstrate that they are diverse by giving them reduced fees. Do not force them, but encourage them to bear that in mind when hiring.
- Don't know if offering incentives for diverse workforces would be particularly feasible or correct. It doesn't get to the root of the problem.
- We should propose that if a firm is hiring diverse candidates and have diversity and inclusion program, they will be honoured and there will be financial benefits. There can be a financial penalty for not following policies. Prefer honouring than shaming.

Begin at Law School

- Inappropriate comments are made in interviews and at the workplace, but they are also made as early as law school. Those at law school don't have the tools to address inappropriate comments.
- Many students do not know what is and isn't appropriate. Some students do not know that there are programs to report inappropriate behaviour. They attend all kinds of seminars, such as how to dress for an interview, but there is nothing about how and where to report inappropriate questions or comments. Some of the information provided during interviews for example is inappropriate and borders on offensive. It would be great to make students aware that if they are asked inappropriate questions, they can report.
- The report talked about how large numbers of racialized licensees are forced into sole practice. What is the Law Society doing with the community colleges to teach them how to build and run a business?
- The Law Society should offer resources at an earlier point. It could offer more mentoring and resources for students.
- Some form of education should be done with professors at law schools. They invite their preferred students to social events, they help them with job opportunities, and they provide references. This starts at university. Not just in the workplace.
- The articling recruitment process is not transparent enough. It is unsettling that students don't know why they didn't get hired.

Conduct Continuing Profession Development Programs (CPD) on Cultural Competence

- Firms could do general CPDs on cultural competence, inclusiveness and unconscious bias. Only one firm is conducting CPD programs on those topics at the managing partner levels.

Consider Diversity at the Law Society

- To "act as a catalyst", you need to look at how many benchers are racialized and whether it reflects the 17% in the profession.
- The Law Society needs benchers who are champions and champions in firms.
- There are deeper issues than numbers, such as the difference in perception of understanding of issues. The best thing the Law Society can do is start to mirror the behaviour it wants to see. Have a more reflective Law Society.
- How The Law Society should be a role model to other firms. Diversity at the board level and committees is important. They should all show and lead by example.

Impact of Fees

- Have you considered that many racialized licensees do not come from affluent backgrounds and have to open sole practices to work? Fees are prohibitive.

Question 2: What is the preferred model for the collection of firm demographic data and why?

- The data has to be voluntary, confidential.
- It might be difficult to make self-identification an obligation as part of the lawyers or paralegals job.
- In order to be measurable, the data collection piece is crucial. One of the thing, in addition to tracking how many racialized lawyers there may be (not sure whether mandatory or voluntary) is to track progress of racialized lawyers. It is more difficult to do. The advancement is where the consultation has revealed that there is a lot of concerns/challenges in the profession.
- Reporting on a firm by firm basis is important. Let firms know the number of racialized licensees in their firms and then publish the information. Take them to task for their business case on diversity.
- If we are reporting either through mandatory reporting to the Law Society or through the annual report, the firms should be aware of the numbers for their firms.
- The Law Society should have mandatory data collection. Not so you can identify specific individuals, but so you can see trends in the profession. Provide incentives for firms to disclose the data. The Law Society could work with firms to develop incentivized systems. The Law Society could report on an aggregate basis and could include the Law Society reporting to firms.
- To implement change we need more stick than carrot.
- Developing a matrix with respect to the assessment tool and then requiring the firms to be champions of diversity is a good idea. You can then rate them: gold, silver, bronze.
- Firms need to feel comfortable that they have contributed in the way the data is collected. It is also important to capture more than just data, more particularly inclusion information. How lawyers feel in their firms.
- The annual report does not have to be only about head count. If you ask questions about equity programs in the annual report, then the lawyers would ask their firms about those programs.
- Racialized lawyers have gravitated to public sector/government. The Judicial Appointments Advisory Committee (JAAC) is a good model to follow. The hiring committee is very diverse and the onus is to be more representative. There was an analysis done of the 27 years that they have been in existence. When they first started, the provincial bench was over 95% White male and less than 3 or 4% women. Now it's 37% of women. And racialized judges were way less than 1% and now it is at 7.5%. It was not mandatory, but just having a mandate, a public policy and committee that was diverse and had an open mind made change happen. It took 25 years.

- Do not think you would prompt firms to make changes if the Law Society just collects and aggregate the numbers. The Law Society would need to identify firms.
- There is value in looking at how long licensees stay at a firm. For example, if you have a first year associate who stays one year and gets replaced by someone else. How do you count?
- When measuring becomes mandatory how do you deal with the perception that it is quotas?
- Data should be collected. We are in a privileged profession that few people have access to – we should know its composition. Like the idea of Law Society collecting the data because every individual licensee can report on their own. Maybe the Law Society can do both: from the firm's perspective and from the individual basis. Perhaps it should be voluntary.
- There is a big debate on who considers themselves to be racialized. When other people identify the diversity of the firm membership it is problematic.
- If you don't collect the data, how do you understand the problem?
- There is no real debate about the need for data collection. The issue is how we do it and how we use it. To collect data and not share it is useless. Firms collecting data internally and not reporting is meaningless. It doesn't do anything to help us understand what is going on and it doesn't help to see what is happening over time. We need the data shared, not just collected. Yes, it should be mandatory because if not, there will be holes. There will be some reporting and some not. In order to understand the whole, we need to have all the information available to us.
- We need to collect data, but what data? Not just how many people in the firm but also what are they doing in the firm? Are they sitting on boards? We need to start with Law Society not just firms. Entry into profession: we should ask questions on the Licensing exam regarding responsibilities to uphold equity and diversity. The Law Society should collect numbers for the Law Society itself - staff, benchers.
- Le premier point c'est le Barreau. Il faudrait que tous les comités du Barreau aient des personnes racialisées.
- We need to have policies. We can't legislate kindness and fairness. If firms have to say how many people are racialized, that works. If numbers are published, firms will change.
- Would like to see law firms promote diversity through their website by publishing the numbers of different diverse lawyers. The Law Society can encourage instead of punish. If I can go to a website one day and see people from different countries that makes me feel welcome.
- Mandatory monitoring leads to push back. Before we resort to the stick, try the carrot first.
- More data needs to be collected in addition to someone's skin colour. Some tend to hire from the same race. Not all racialized licensees come from the same background. This needs to be addressed.

- All the findings should be disclosed by the firms. The new generation is interested in companies that are hiring diversity. In 10 to 20 years, having the data out there will have an impact.
- Consistent demographic data standards are important, data should also be public to legal profession. This will help with consistency of data: number of racialized licensees at associate, partner, new hire, articling student, summer student levels.
- Need to also collect and analyze data, more specifically, which racialized groups are moving up and which are not.
- The voluntary self-identification survey in annual report should be mandatory. The Law Society should get firm data. The comparison should be to the Ontario population. The results should be provided to everyone in the firm.
- The Law Society should make firms disclose publicly. If it is public, things will change.
- Firms could report demographic data to a third party, instead of the Law Society.
- The gathering of demographic data should be mandatory because without numbers, many people deny that there is even a problem. That data is essential to moving forward with effective diversity and inclusion initiatives and having a broader impact on access to justice.

Question 3: How could the Law Society work with in-house legal departments to develop model contract compliance programs for in-house legal departments that retain firms?

- The Law Society should work with the Legal Leaders for Diversity to develop model contract compliance programs that would require potential suppliers to provide diversity statistics during the RFP process.
- This depends on firm size. Data gathering in a bigger firm is a lot easier. They are more institutionally disposed.
- The recruitment for in-house legal departments should be more transparent.
- There needs to be some process where large organizations like banks collect data. How do lawyers give input so that they are not excluded from the process?
- The Law Society could create tools for clients who can ask their law firms to reflect these characteristics.
- The Law Society could tell people in CPD that this is coming – provide examples of companies that do impose.
- While the idea of contract compliance is a good one, would discourage any mandatory contract compliance.
- In-house departments can hire consultants in race relations and diversity to help them with contract compliance - not the Law Society's role. The Law Society's role should be limited because of the private nature of contracts and tenders.
- The Law Society could have a roster of firms and members that have said they are committed to diversity and these are the steps they are taking and then get recognized for it. If someone is looking for firm to do business with, they can go to the Law Society website and see firms that have committed to diversity.

Question 4 and 5: What are the preferred mentoring and/or advisory services models for racialized licensees?

- Mentorship is not one-size fits all. There are different types of mentorship needs at different stages of your career for different things.
- Substance based and professional based mentoring is needed. It is needed in law school.
- Racialized lawyers also need guidance from non-racialized lawyers. Their network is so small.
- There is a lot of value in one-on-one contact. However, it is better to have a diversity of perspectives. Especially new lawyers - they don't necessarily have the connections so a mix based on the person's interests is important. Mentors do not necessarily have to be racialized. There needs to be adequate representation.
- Limited scope advisory services provide opportunities to have conversations about work in a structured way.
- Reservations about remunerated services because of potential failure. Also, remuneration changes the dynamic of the relationship (e.g. the time is limited).
- Legal Leaders for Diversity's mentorship program is great. They get mentees to come to each event. Mentorship outside of the firm is important.
- We need to move away from looking at senior lawyers being a mentor to junior lawyers from same community. We should train recent lawyers on how to become leaders in law firms or organizations.
- The Law Society has huge resources. Have an incentive for mentoring and put it on the website (on-line mentoring). Form a culture about giving our time.
- Mentoring is challenging. People do not understand what mentoring means. It is hard to develop that relationship with someone and get them interested. Mentoring should be a combination of one-on-one and group - depending on what the person needs.
- If racialized and born outside Canada, the problem is compounded. You turn to your community and they are your competitors. Mentors are not opening up.
- Reward positive behaviour - give recognition for mentoring. In firms, you can give compensation.
- In terms of what the mentoring would look like: large firms could provide mentoring for paralegals. They could provide the experience of working in a firm.
- The Law Society could disseminate the information more broadly - notices to the profession, more marketing.
- The Law Society should offer resources at an earlier point. More emphasis should be placed on pre-law.

- Racialized licensees need to have someone who understands their experience and the mainstream experience.
- Study groups would be great to integrate racialized licensees with people who have the same challenges.
- There is a lot of value in peers getting together.
- The profession does not really know the professional associations of racialized licensees. It would be a good practice to disseminate that information more broadly so if a licensee has an issue, they can call upon one of these associations.
- It is useful to have different mentors that can speak to different challenges - gender, advancement, moving into new area; to have more than one person who can provide that unique perspective that someone that is young might need.
- Law schools have mentors for law students. Racialized students work together and talk to each other. There are not a lot of role models (even on faculty). We need to have a safe place to have discussions.
- A good mentor (could have more than one) gives you career advice and substantive advice. You can have all of that but if there is still systemic discrimination, it does not work.
- It is worth thinking about the value of cross cultural mentorship. The Law Society could play a real leadership role there. In terms of gender too, senior women can mentor young men.
- The Law Society should have people note on annual report that they are willing to be mentor and create a roster.
- By the time people have their licenses it's too late. Schools are supposed to provide networks.
- Mentorship must be work-related. Mentorship should be within organizations by senior dominant people with women or racialized individuals.
- The Law Society should encourage recognition amongst members of the bar that mentoring should not just be unidirectional. It can help to develop relationships with younger lawyers because mentors and mentees have a lot to learn from each other. Intercultural, intergenerational.
- The Law Society could develop an initiative addressing specific areas where a sole practitioner may need assistance. Licensees could apply to a fellow-type program (e.g. Maytree's fellow program) where you have a series of different sessions on how to run a practice.
- Mentoring or networking events have to be able to cater to racialized licensees who work in under services areas.
- The Law Society could give an incentive of 1 professional hour for mentoring.

- The Law Society should send a mass e-mail to new licensees, at first contact with the Law Society, encouraging them to contact organizations such as the South Asian Bar Association and the Federation of Asian Canadian Lawyers. The Law Society should train mentors within those associations to standardize mentorship and provide logistical support, like meeting space.
- Why reinvent the wheel – mentoring can be done through organizations. Organizations would require some support, but organizations would best serve needs of mentees.
- Sponsorship is different than mentoring because sponsors take an ongoing interest in the career development of the mentee.
- There are too many mentoring options – Law Society, Ontario Bar Associations, law schools, large firms etc. There must be a better way of coordinating. The regulator has a role in this.

Question 5: What are the preferred networking models for racialized licensees?

- CPD budgets are small for sole practitioners. It would be useful to have CPD sessions that the Ontario Bar Association and the Law Society could jointly host. There could be well-known experts in the area and they could make a presentation for free. This could be mandatory. There would be one event per section per year.
- Having organizations of specific cultures that can relate and assist is helpful.
- When racialized licensees are restricted to racialized groups, they can sympathize and develop opportunities within these groups – but this also insulates them from the rest of the networking that could be much larger and provide more opportunities. Networking should be available to everyone.
- The Law Society should have regional networking events sponsored by the Law Society and encourage people to come out.
- Networking should start very early. The Law Society should provide internationally trained lawyers with networking opportunities – the exemption from articling results in internationally trained lawyers having no contacts in legal community. This should be communicated to lawyers applying for an exemption.
- Associations are costly and for someone unemployed, it may be difficult to join.
- The Law Society should have more inclusive events - e.g. consider excluding alcohol from some networking events, to make them more accessible. The Law Society should also have events that are more financially accessible. The Law Society could provide space/other support.
- The Law Society should not charge organizations so much to have events. They should recognize that organizations are in the trenches (working with lawyers, volunteers). There should be some recognition that the Law Society has a facility, and organizations can come and use it.
- There should be more broad-based networking events that are not focused on being culturally in Canada for a long time to understand them. Because events are informal, there is a lowering of formality in the sense of how you deal with individuals.

Question 6: How could the Law Society enhance the profession's cultural competence through its Continuing Professional Development (CPD) programs?

- In favour of having some type of CPD to address unconscious/semi-conscious bias as a start. CPD should start early. Networking, mentoring and CPD should start at law school - then Licensing Process and running through the profession. The break between the Law Society and law schools is an artificial division because a lot of problems start at law school. The Law Society should tell, suggest, and strongly encourage law schools to adopt programs. There should be meshing between law schools and the Law Society.
- Unconscious bias training should start the top down. This could be done in firms of more than 10 people – does not have to be only in 50 person law firms.
- The cost of CPD is a big issue for sole and small practitioners. The prices of the programs could be reduced. More sessions means more socialization.
- In order for people to go to cultural competence training, there needs to be a draw factor. It would be challenging to attend if it is not attached to substantive topics.
- The starting point is to take the dominance and understand the privilege that we face. Teaching White people about their privilege is a good starting point. Don't teach about cultural competence, teach about privilege.
- This would require a mandatory CPD hour on understanding of the barriers as an initial step. One hour for 1 professional credit. The Law Society can then build on that. Do not teach on cultural competence –teach on understanding the barriers.
- Racialized lawyers tend to work in smaller firms. Smaller firms don't have money for CPD. The Law Society should not make cultural competence CPD mandatory because a lot of firms don't have money to spend.
- The Law Society should have cultural competence CPDs with professionalism credits. This should be offered as webinar and should be recorded.
- The Law Society should have all interviewers do unconscious bias training, delivered as a webinar. There would be good uptake.
- The Law Society could go to law firms and provide training programs on workplace harassment.
- The Law Society requires CPD for professional content hours, why not include certain hours dealing with cultural exploration or understanding?
- Cultural competence training should be offered in law school and to those responsible for student applications for law schools. There should be mandatory CPD programs that address these issues and an incentive provided for participation.
- Cultural competence is not recognized as an important competency for lawyers in Canada, but it should be. The Law Society could use its seat on the Federation to include cultural competency and diversity awareness as part of core curriculum.

- Diversity education should be over and above current CPD. There should be a different category that is a requirement (i.e. under professionalism).
- This is a systemic issue. There are a lot of CPD programs on cultural competency. The Law Society has to get to decision makers - it's about unconscious bias. The Law Society needs to provide mandated topics that firms have to talk about and do some work on.
- Cultural competence training could be mandatory to allow for standardized values across the province. The profession needs to be educated about our diversity. Make the training affordable for everyone.
- One of the main problems is accessibility of education. The Law Society should make it easier to get the education in the regions.
- The Law Society should consider anti-racist programs. The Law Society could include an element into each CPD programs, for example in anti-racist education. The Law Society cannot legislate societal change.
- "Anti-discrimination" might be more useful terminology as opposed to "cultural competency". It can be hard to avoid stereotypes and hard to have sophisticated conversation about these issues.
- There is CPD on how to not get sued/how to be professional/get retainers/protect yourself. This should be more of an education process. The Law Society should start bringing in a bit more awareness through the education process of what the issues are and how you can become better person. A little bit could be included at one CPD or more at another. We should be made to realize that there are some biases there.
- For cultural competence CPD, The Law Society will have to use associations. Big providers will not be able to do it and people will not be able to pay for it. Big firms give their employees all of their professionalism hours - not everyone has access. Associations can provide CPD at a reasonable cost.
- The Law Society should have more diversity on CPD panels.
- Canadian law firms could benefit from direction on best practices in creating diversity programming. It is not enough to do a one or two hour workshop for 150 lawyers to provide 2 hours of CPD accreditation. It takes 30-50 hours of individual self-work to move up in cultural competence. Canadian law firms should have intensive, in-depth behavioural change programming that causes people to be more inclusive. Key challenges - behavioural change both individual and systemic. It costs money to drive behavioural change. The Law Society can provide guidance when it comes behavioural change and cultural competence.

Question 7: How should the Law Society best ensure that complaints of discrimination are brought to its attention and effectively addressed?

- Increase the knowledge of the complaint process.
- The Law Society could have an anonymous process to receive complaints.
- There should be a 'no reprisal' section in the Rules.
- A place to start to make sure all licensees know about the possibility of systemic complaints would be updating the Rules of Professional Conduct.
- The associations may have a role to play.
- One issue is that the Rules do not get at subtle forms of discrimination - discrimination on a daily basis. The Law Society should give thought as to how the Rules can be crafted to address subtle discrimination.
- The issue of fear is a really significant issue, especially for younger lawyers who are afraid of what a complaint would mean for their career. Bringing a complaint through an association may not alleviate the problem. The Law Society could build in confidentiality mechanisms.
- If anonymous complaints regarding the same firm are made, then the Law Society could send investigators.
- An anonymous complaints service might be helpful, especially because data shows that a huge part of this is invisible biases. People don't even realize when they are discriminating. The Law Society should inform them that there is a problem. This does not address the situation in smaller or medium sized firms. The Law Society could ask licensees in the annual report whether they have ever experienced discrimination, collect the information by firm, and pass it on to managing or senior partners.
- The concept of the complaint process is key. People have to feel comfortable in accessing the process. The idea of an audit can be helpful. It takes the onus off the individuals and puts the onus on the firm. Firms will feel they have to answer if the Law Society is asking.

On Connections between Aboriginal Peoples' and Racialized Peoples' Experiences

- Indigenous is not defined along the basis of race, but of nationhood. The obligation the Canadian government owes to Indigenous people is very different from what is owed to racialized people in Canada. Therefore, the strategies to respond to racism against Indigenous people will be different because of that history.
- Geography can be a factor in understanding racism.
- There are important reasons for keeping key, specific concerns relating to Aboriginal issues separate. The acuteness of the Indigenous experience of racism relates to the history of Indigenous people in Canada. It's a problem that needs to be named, identified, and addressed. It's a complex problem and not enough research has been done on it yet.
- It's a false dichotomy to force people to either follow the Aboriginal or the racialized path. There can be both alliances and specialized paths to create solutions that recognize the different issues.
- There are parallels between various groups in the experience of racism that can be discussed under the umbrella of diversity. But Indigenous people are not the same as others. The diversity umbrella came after Indigenous people were here. Anti-racism can be discussed along multi-cultural themes.
- Aboriginal people are between a rock and a hard place when talking about racism. There are commonalities but the unique historical context that makes succeeding in the legal professional for Aboriginal people additionally hard needs to be acknowledged. The way that "business is done" in the legal world is a cultural barrier for Aboriginal people. There is the added responsibility of representing your own community. You are seen as an expert in all Aboriginal issues by non-Aboriginals. There is also an expectation that you will go home to work for your community. There is pressure to bring your education back home that non-Aboriginal students would not feel. These different pressures and stresses mean that supports for Aboriginal lawyers would be very different.

Other

- Racialized licensees are more likely to be unemployed or underemployed, yet the fees that they pay are exorbitant (approximately \$500 a year for non-practising or unemployed licensees). The Law Society should implement a fee waiver/fee reduction program to alleviate some of the disproportionate burden that racialized licensees face (or all licensees for that matter). Part-time lawyers, including those on parental leave, would also benefit.



Statistical Snapshot of Lawyers in Ontario

from the Lawyer Annual Report (LAR) 2013

RESPONSE RATES

The Law Society of Upper Canada has been collecting self-identification data in the Lawyer Annual Report since 2009. The structure of the survey at the time permitted the lawyer to opt to pass over the question and provide no response. This option has been modified so that, while a lawyer can still decline to self-identify, the person must now so indicate by expressly entering this response.

RESPONSE RATES FOR EACH QUESTION

The response rate for each question is as follows:

- Aboriginal 88%
- Racialized 77%
- Sexual orientation 81%
- Francophone 91%
- Able to practice in French 87%
- Disability 85%
- Gender 100%

RACE AND ABORIGINAL

General Data — * Indicates less than 0.1%

Categories from LAR	Number of Lawyer Respondents	% of all Lawyer Respondents	Total Ontario Population %	Persons in the Labour Force Age 25 or more %	University Graduates in the Labour Force, Age 25 or more %
Inuk	5	*	*	*	*
First Nations	277	0.9	1.6	1.2	0.5
Métis	136	0.5	0.7	0.6	0.3
Other Aboriginal			0.1	0.1	0.1
Multiple Aboriginal			*	*	*
All Aboriginal communities	418	1.4	2.3	1.9	0.8
Arab	234	0.8	1.1	0.9	1.5
Black	851	2.9	4.3	3.8	2.7
Chinese	932	3.1	5.0	5.1	8.5
East Asian (e.g. Japanese, Korean)	358	1.2	3.0	3.2	4.7
Latino	146	0.5	1.4	1.5	1.2
South Asian (e.g. Indo-Canadian, Indian Subcontinent)	1,670	5.6	7.7	7.2	10.8
Southeast Asian	191	0.6	1.1	1.1	0.9
West Asian (e.g. Iranian, Afghan)	253	0.8	1.0	0.8	1.3
Other racialized			0.6	0.6	0.4
More than one racialized group	98	0.3	0.7	0.5	0.7
Racialized and White	305	1.0			
Total racialized	5,038	16.9	26	25	33
White	24,341	81.7	71.8	73.4	66.4
Total		100.00	100.00	100.00	100.00
Total respondents to the question about being Aboriginal	34,270				
Total respondents to the question about race	29,797				

For more information about the Law Society of Upper Canada please visit our website at www.lsuc.on.ca

The National Household Survey uses the term “Black” only.

The National Household Survey uses the categories of “Korean” and “Japanese” separately

The National Household Survey uses the category “Latin American” only.

The National Household Survey uses the following examples for South Asian: “East Indian, Pakistani, Sri Lankan, etc.”

Age, Race and Aboriginal — in Percentages

The proportion of racialized and Aboriginal lawyers continues to increase.

For Aboriginal lawyers, it goes from 0.6 percent of the group age 65 and older to 1.5 percent of the group under 35 and 1.7 of lawyers age 35-44. For racialized lawyers, it goes from 3.9 percent of the group age 65 and older to 27.5 percent of the group under 35 and 23.7 percent of lawyers age 35-44.

Except for Black and Aboriginal lawyers, the representation of each group is greater, in many cases much greater, in the 35-44 than in the 45-54 age group. For a number of groups, the percentage doubles or nearly doubles in that 10-year interval showing an increase the proportion of those lawyers entering the profession.

It is important to note that the similarity in the proportion of Aboriginal lawyers in the 25-34, 35-44 and 45-54 age groups, and of Black lawyers under 35, and in the 35-44 and 45-54 age groups suggests that their proportion entering the profession is not increasing.

	Under 35	35-44	45-54	55-64	65 or more
Aboriginal					
First Nations and Inuk	0.8	1.2	1.2	0.8	0.3
Métis	0.7	0.5	0.5	0.3	0.3
Aboriginal Total	1.5	1.7	1.7	1.1	0.6
Racialized					
Arab	1.4	1.1	0.6	0.3	0.1
Black	3.0	3.7	3.8	1.4	0.7
Chinese	5.2	4.1	2.4	1.5	1.0
East Asian	1.7	1.9	1.0	0.4	0.3
Latino	1.0	0.8	0.3	0.1	0.0
South Asian	9.3	8.1	4.4	1.6	1.6
Southeast Asian	1.1	1.0	0.4	0.3	0.0
West Asian	2.5	1.0	0.3	0.1	0.1
More than one Racialized Group	0.7	0.5	0.2	0.1	0.0
Racialized and White	1.6	1.5	1.0	0.2	0.1
Racialized Total	27.5	23.7	14.4	6.0	3.9
White	71.0	74.9	84.0	93.1	95.5
Total	100.0	100.0	100.0	100.0	100.0
Total numbers	5,854	8,422	7,053	5,705	2,763

Year of Call, Race and Aboriginal — in Percentages

	2013	2010-2012	2005-2009	1995-2004	1985-1994	1975-1984	Before 1975
	First Year	2nd-4th Years	5th-9th Years	10th-19th Years	20th-29th Years	30th-39th Years	40th or more
Aboriginal							
First Nations and Inuk	0.7	1.0	1.4	1.4	0.6	0.3	0.3
Métis	0.5	0.9	0.7	0.4	0.4	0.1	0.2
Aboriginal Total	1.2	1.9	2.1	1.8	1.0	0.4	0.5
Racialized							
Arab	1.1	1.2	1.3	0.9	0.4	0.2	0.1
Black	4.0	4.5	4.2	3.8	1.4	0.3	0.1
Chinese	5.7	5.1	4.4	3.4	2.1	0.9	0.1
East Asian	1.4	1.7	2.1	1.5	0.6	0.3	0.2
Latino	1.3	1.2	0.8	0.4	0.1	0.1	0.0
South Asian	12.8	10.4	8.8	6.5	1.6	0.6	0.2
Southeast Asian	1.1	1.2	1.1	0.7	0.2	0.0	0.0
West Asian	3.2	2.5	1.3	0.5	0.1	0.0	0.1
More than one Racialized Group	0.9	0.6	0.6	0.3	0.1	0.0	0.0
Racialized and White	1.5	1.8	1.7	1.1	0.5	0.2	0.0
Racialized Total	33.0	30.2	26.3	19.1	7.1	2.6	0.8
White	65.8	68.0	71.6	79.0	91.8	97.1	98.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	1,519	3,712	4,925	8,294	5,801	4,130	1,416

Type of Employment, Race and Aboriginal — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
First Nations and Inuk	28	7	14	2	3	12	25	2	6	100	255
Métis	24	8	20	3	2	9	29	2	2	100	125
Aboriginal Total	27	8	16	2	3	11	26	2	5	100	380
Arab	22	12	22	5	2	11	17	0	9	100	218
Black	36	7	14	2	2	13	19	2	5	100	773
Chinese	21	10	24	3	2	18	14	0	7	100	838
East Asian	19	15	21	3	1	17	18	0	7	100	313
Latino	22	12	26	4	3	14	15	1	4	100	137
South Asian	30	10	20	3	2	13	15	2	6	100	1,529
Southeast Asian	27	8	25	6	2	11	15	2	5	100	170
West Asian	26	5	34	6	0	11	13	1	3	100	231
More than One Group	20	5	29	3	2	12	20	0	9	100	92
Racialized and White	12	11	23	6	4	15	19	2	7	100	284
Racialized Total	26	10	21	3	2	14	16	1	6	100	4,585
White	21	21	18	3	1	12	15	2	7	100	22,486
Total	22	19	19	3	1	13	16	2	7	100	27,451

Aboriginal and racialized lawyers, compared to White lawyers, are more likely to be in sole practice or in a legal clinic and less likely to be law firm partners. Age could account for some of these differences. Aboriginal lawyers are more likely to work in government

Size of Firms for those in Private Practice — in Percentages

	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Aboriginal									
First Nations and Inuk	37	20	27	8	0	5	3	100	60
Métis	23	13	36	13	0	5	10	100	39
Aboriginal Total	31	17	30	10	0	5	6	100	99
Racialized									
Arab	33	12	18	7	8	9	13	100	85
Black	31	17	15	10	7	8	13	100	172
Chinese	19	16	13	8	8	8	27	100	308
East Asian	19	15	12	12	10	15	17	100	121
Latino	34	14	14	9	4	13	13	100	56
South Asian	31	19	13	9	5	10	13	100	497
Southeast Asian	23	18	22	12	6	8	11	100	65
West Asian	29	17	19	8	5	5	17	100	106
More than one Racialized Group	31	17	9	9	6	6	23	100	35
Racialized and White	22	12	12	14	4	15	20	100	114
Racialized Total	27	16	14	10	6	10	17	100	1,559
White	18	16	16	12	7	14	18	100	9,363
Total	19	16	16	11	7	13	17	100	11,021

Region, Race and Aboriginal — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Aboriginal										
First Nations and Inuk	8	11	26	9	10	15	15	6	100	272
Métis	6	2	29	4	10	13	31	5	100	131
Aboriginal Total	8	8	27	7	10	14	21	5	100	403
Racialized										
Arab	8	3	48	13	0	1	27	1	100	231
Black	3	3	56	21	3	1	11	1	100	834
Chinese	1	2	71	17	1	0	8	0	100	920
East Asian	1	3	71	16	1	1	6	1	100	355
Latino	7	5	59	13	2	1	12	1	100	145
South Asian	2	3	58	30	1	0	6	0	100	1,651
Southeast Asian	2	3	57	24	2	1	11	1	100	190
West Asian	1	3	69	16	1	0	9	0	100	249
More than one Racialized Group	3	3	69	14	0	2	8	1	100	96
Racialized and White	2	4	63	11	1	2	15	2	100	300
Racialized Total	2	3	61	21	1	1	9	1	100	4,971
White	6	7	55	11	4	2	12	3	100	24,099
Total	6	6	55	13	3	2	12	2	100	29,473

Aboriginal lawyers are much more likely to work in the Central North, Northern Ontario, Eastern Ontario and Ottawa and less likely to be in Toronto. Racialized lawyers are concentrated in Toronto, except for the high representation of Arab lawyers in Ottawa and South Asian lawyers in the combination of Durham, Halton, Peel and York.

GENDER

Age and Gender — in Percentages

	Total	Under 35	35-44	45-54	55-64	65 or more
Women	41.9	54.0	51.6	43.7	31.5	10.6
Men	58.1	46.0	48.4	56.3	68.5	89.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	38,593	7,072	10,527	9,271	7,869	3,854

Note: A comparison of the age groups 35-44 and the older groups of lawyers reveals outstanding growth in the proportion of women in the profession.

Type of Employment and Gender — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
Women											
under 35	7.9	2.5	50.2	5.4	2.1	9.9	15.2	0.8	6.0	100.0	3,363
35-44	12.5	11.0	18.8	2.9	1.8	19.0	24.9	2.2	6.9	100.0	4,761
45-54	20.6	15.0	6.7	2.7	1.5	17.2	25.2	2.4	8.7	100.0	3,687
55-64	26.0	16.9	3.9	2.2	2.1	11.7	23.3	4.2	9.7	100.0	2,050
65 or older	48.8	17.2	3.8	3.0	1.5	2.4	13.0	3.6	6.8	100.0	338
Total	16.4	11.0	20.6	3.4	1.8	14.9	22.2	2.2	7.5	100.0	14,199
Men											
under 35	11.7	3.8	55.8	4.5	1.1	9.8	9.3	0.3	3.6	100.0	3,063
35-44	17.1	20.9	20.3	2.9	0.5	16.7	14.6	1.0	6.0	100.0	4,920
45-54	25.8	30.8	5.4	2.3	0.5	13.4	13.1	1.4	7.4	100.0	5,034
55-64	34.3	33.9	4.4	1.4	0.7	7.4	10.1	1.2	6.6	100.0	5,049
65 or older	50.3	29.6	5.7	1.9	0.2	2.9	3.6	0.7	5.0	100.0	3,287
Total	27.6	25.2	15.9	2.5	0.6	10.6	10.7	1.0	6.0	100.0	21,353

Men are more likely to be in sole practice and law firm partners, while there is a higher proportion of women in all the other statuses, especially in-house, in clinics, in government and in education.

Size of Firms for those in Private Practice and Gender — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Women	20.9	15.9	16.0	11.8	7.4	11.8	16.2	100.0	4,951
Men	20.4	16.0	16.0	11.5	6.8	12.6	16.9	100.0	9,296
Total	20.6	16.0	16.0	11.6	7.0	12.3	16.6	100.0	14,247

Region and Gender — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Women	6.0	6.9	54.3	13.7	3.6	2.7	10.4	2.4	100.0	15,951
Men	5.1	4.8	56.6	12.6	3.2	1.8	13.6	2.3	100.0	22,221
Total	5.6	6.0	55.2	13.2	3.4	2.3	11.7	2.4	100.0	38,172

FRANCOPHONE

Five point two percent of the profession self-identifies as Francophone while 4.8 percent of the Ontario population is Francophone¹. Almost 14 percent of the profession indicate being able provide legal services in French.

Identifies as Francophone and Age

	Total Francophones	Under 35	35-44	45-54	55-64	65 or more
Francophone in percentages	5.2	6.6	6.5	5.6	3.0	2.1
Total numbers	1,810	441	630	460	209	70

A comparison of the three oldest age groups, 45-54, 55-64 and 65 or more shows a remarkable increase in the proportion of lawyers who identify as Francophone.

Type of Employment for those who Identify as Francophone — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
Francophone	16.5	12.9	14.8	3.2	1.6	10.8	30.5	2.6	7.1	100	1,665
Not Francophone	23.0	19.4	18.3	2.8	1.1	12.5	14.7	1.4	6.7	100	30,508
Total	22.7	19.1	18.1	2.8	1.1	12.4	15.5	1.5	6.7	100	32,173

Size of Firms for those in Private Practice who Identify as Francophone — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Francophone	24.9	19.8	17.9	7.2	5.6	11.7	12.8	100.0	514
Not Francophone	19.7	16.0	15.5	11.6	7.1	12.8	17.2	100.0	12,348
Total	19.9	16.1	15.6	11.4	7.1	12.8	17.1	100.0	12,862

Region and Francophone — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Francophone	2.2	1.7	28.9	6.1	1.0	7.7	45.8	6.7	100.0	1,749
Not Francophone	5.6	6.2	57.1	13.6	3.5	2.0	9.9	2.1	100.0	32,783
Total	5.4	5.9	55.7	13.2	3.4	2.3	11.7	2.3	100.0	34,532

Francophone lawyers are about twice as likely to be employed by government and they are more than five times as likely to work in Ottawa. They are also more likely to work in Eastern Ontario.

¹ Based on 2011 Statistics Canada census results.

DISABILITY

The number of lawyers self-reporting disability is inexplicably low and further sampling over time may have to be conducted.

Disability and Age — in Percentages

	Total	Under 35	35-44	45-54	55-64	65 or more
Disability	3.0	2.3	2.5	3.5	4.2	2.7
No Disability	97.0	97.7	97.5	96.5	95.8	97.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	32,953	6,289	9,219	7,768	6,433	3,244

Type of Employment and Disability — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
Has a Disability	28.8	12.0	10.0	2.4	3.6	8.0	25.7	3.5	6.0	100.0	851
No Disability	22.4	19.3	18.6	2.8	1.0	12.6	15.0	1.4	6.8	100.0	29,598
Total	22.6	19.1	18.4	2.8	1.1	12.5	15.3	1.5	6.8	100.0	30,449

Disability is significantly related to sector of employment. Most notably, 25.7 percent of lawyers with a disability work for government, compared to 15.0 percent of those without a disability. While total employment is much smaller, 3.3 percent of lawyers with a disability work for government, compared to 1.4 percent for those without and the corresponding figures for legal clinics are 3.6 and 1.0 percent. They are less likely to be associates when they are young and less likely to be law firm partners when they are older.

Size of Firms for those in Private Practice and Disability — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Has a Disability	29.5	16.4	10.6	11.6	7.7	10.1	14.0	100.0	207
No Disability	19.5	16.2	15.7	11.4	7.1	12.7	17.3	100.0	12,019
Total	19.7	16.2	15.6	11.5	7.2	12.7	17.2	100.0	12,226

Region and Disability — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Has a Disability	5.6	6.6	51.0	10.9	3.1	2.6	16.6	3.6	100.0	990
No Disability	5.3	5.8	56.0	13.4	3.3	2.3	11.6	2.3	100.0	31,600
Total	5.3	5.8	55.8	13.3	3.3	2.3	11.7	2.4	100.0	32,590

LESBIAN, GAY, BISEXUAL, TRANSGENDER AND QUEER (LGBTQ)**LGBTQ and Age — in Percentages**

	Total	Under 35	35-44	45-54	55-64	65 or more
LGBTQ	2.8	3.4	2.9	3.6	1.9	1.1
Not LGBTQ	97.2	96.6	97.1	96.4	98.1	98.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	31,241	6,096	8,827	7,331	6,027	2,960

Type of Employment for LGBTQ — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
LGBTQ	16.2	12.3	16.2	2.5	3.1	13.8	25.2	4.2	6.5	100	804
Not LGBTQ	22.4	19.2	18.6	2.8	1.1	12.6	15.0	1.4	6.8	100	27,992
Total	22.2	19.0	18.5	2.8	1.2	12.7	15.3	1.5	6.8	100	28,796

LGBTQ lawyers are about three times more likely to be in education, to work in a legal clinic and to work for government. They are less likely to be sole practitioners and law firm partners.

Size of Firms for LGBTQ in Private Practice — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
LGBTQ	21.3	18.1	12.9	11.2	7.6	8.8	20.1	100.0	249
Not LGBTQ	19.3	16.0	15.8	11.6	7.1	13.0	17.3	100.0	11,352
Total	19.3	16.0	15.7	11.6	7.1	12.9	17.3	100.0	11,601

Region for LGBTQ — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
LGBTQ	3.0	3.3	66.7	7.1	2.1	1.6	14.4	1.7	100.0	860
Not LGBTQ	5.4	5.9	55.5	13.6	3.3	2.2	11.7	2.4	100.0	30,041
Total	5.4	5.8	55.8	13.4	3.3	2.2	11.7	2.4	100.0	30,901

LGBTQ lawyers are concentrated in Toronto and Ottawa.



Statistical Snapshot of Paralegals in Ontario

from the Paralegal Annual Report (PAR) 2013

RESPONSE RATES

The Law Society of Upper Canada has been collecting self-identification data in the Paralegal Annual Report since 2009. The structure of the survey at the time permitted the paralegal to opt to pass over the question and provide no response. This option has been modified so that, while a paralegal can still decline to self-identify, the person must now so indicate by expressly entering this response.

RESPONSE RATES FOR EACH QUESTION

- Aboriginal 90%
- Able to practice in French 87%
- Racialized 82%
- Disability 90%
- Sexual orientation 86%
- Gender 100%
- Francophone 92%

RACE AND ABORIGINAL

General Data — * means less than 0.1 percent

Categories from LAR	Number of Paralegal Respondents	% of all Paralegals Respondents	Total Ontario Population %	Persons in the Labour Force Age 25 or more %	University Graduates in the Labour Force, Age 25 or more %
First Nations	51	1.1	1.6	1.2	0.5
Inuk	0	0	*	*	*
Métis	25	0.6	0.7	0.6	0.3
Other Aboriginal			0.1	0.1	0.1
Multiple Aboriginal			*	*	*
All Aboriginal communities	76	1.7	2.3	1.9	0.8
Arab	57	1.3	1.1	0.9	1.5
Black (e.g. African-Canadian, African, Caribbean)	303	6.8	4.3	3.8	2.7
Chinese	213	4.8	5.0	5.1	8.5
East-Asian (e.g. Japanese, Korean)	46	1.0	3.0	3.2	4.7
Latin American, Hispanic	160	3.6	1.4	1.5	1.2
South Asian (e.g. Indo-Canadian, Indian Subcontinent)	414	9.3	7.7	7.2	10.8
Southeast Asian	108	2.4	1.1	1.1	0.9
West Asian (e.g. Iranian, Afghan)	108	2.4	1.0	0.8	1.3
Other racialized			0.6	0.6	0.4
More than one racialized group	35	0.8	0.7	0.5	0.7
Racialized and White	37	0.8			
Total racialized	1,481	33.2	25.9	24.8	32.7
White	2,899	65.1	71.8	73.4	66.4
Total		100.0	100.0	100.0	100.0
Total respondents to question about being Aboriginal	5,009				
Total respondents to question about race	4,456				

For more information about the Law Society of Upper Canada please visit our website at www.lsuc.on.ca

The National Household Survey uses the term “Black” only.

The National Household Survey uses the categories of “Korean” and “Japanese” separately

The National Household Survey uses the category “Latin American” only.

The National Household Survey uses the following examples for South Asian: “East Indian, Pakistani, Sri Lankan, etc.”

Just over one-third, 34.9 percent, of Ontario paralegals are Aboriginal or Racialized, compared to 28.2 percent of the Ontario population, 26.7 percent of labour force participants 25 or older and 33.5 percent of university graduates in the labour force and 25 or older. Thus, one cannot argue that paralegals are disproportionately White.

Aboriginal paralegals account for 1.7 percent of the total, compared to 2.3 percent of the Ontario population, 1.9 percent of labour force participants who are 25 or older and 0.8 percent of university graduates of the labour force who are 25 or older. For members of racialized groups the figures are 33.2 percent of paralegals, 25.9 percent of the population, 24.8 percent of labour force participants who are 25 or older and 32.7 percent of university graduates in the labour force who are 25 or older.

Exact comparisons are difficult, but there are quite large differences between racialized groups. The Black, Latino, Southeast Asian and West Asians communities include more paralegals than their representation in the population.

Some of the groups are small numerically: The data indicates that there are just 76 Aboriginal paralegals in Ontario, 57 Arab paralegals, 46 East Asian paralegals, 108 Southeast Asian and 108 West Asian paralegals.

Age, Race and Aboriginal — in Percentages

	20-29	30-39	40-49	50-59	60 or more
Aboriginal					
First Nations and Inuk	1.1	0.7	1.5	1.1	1.4
Métis	0.7	0.3	0.4	0.7	0.8
Aboriginal Total	1.8	1.0	1.9	1.8	2.2
Racialized					
Arab	2.2	1.9	0.8	0.3	0.4
Black	5.3	8.4	7.9	6.0	5.9
Chinese	2.8	6.0	6.4	4.4	3.9
East Asian	0.9	1.5	1.1	0.8	0.4
Latino	4.2	3.9	4.2	3.2	1.2
South Asian	11.0	9.1	8.9	8.9	7.5
Southeast Asian	3.0	2.6	3.1	1.7	0.8
West Asian	3.0	4.2	1.6	1.6	0.6
More than one Racialized Group	1.7	0.7	0.4	0.6	0.2
Racialized and White	1.4	0.8	0.6	0.5	0.8
Racialized Total	35.5	39.1	35.0	28.0	21.7
White	62.7	60.0	62.9	70.1	76.0
Total	100.0	100.0	100.0	100.0	100.0
Total numbers	1,075	1,035	977	877	492

Seventy-six percent of paralegals age 60 and older are White, compared to 70.1 percent of paralegals age 50-59 and about 61 percent of paralegals under 50. There is no consistent trend among the three youngest ten-year groups, suggesting that the shift towards an increased proportion of non-White paralegals was a phenomenon of the 1970s and 1980s.

Aboriginal paralegals are small in number and their age distribution suggests no trend in their share of the profession over the years.

There is continuing growth in the proportion of paralegals who identify as Arab and, not quite so consistently, as West Asian.

There are substantially fewer Black paralegals under 30 than between 30 and 39, down from 8.4 percent to 5.3 percent, and Chinese paralegals, down from 6.0 percent to 2.8 percent.

Region, Race and Aboriginal — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Aboriginal										
First Nations and Inuk	16	4	25	22	14	6	6	8	100	51
Métis	8	4	16	16	16	28	4	8	100	25
Aboriginal Total	13	4	22	20	14	13	5	8	100	76
Racialized										
Arab	11	0	41	34	2	0	13	0	100	56
Black	2	2	51	38	1	0	5	0	100	302
Chinese	1	0	67	29	1	0	2	0	100	213
East Asian	0	2	71	27	0	0	0	0	100	45
Latino	4	3	63	26	1	0	3	0	100	160
South Asian	1	2	40	56	1	0	0	0	100	412
Southeast Asian	3	4	59	31	0	0	2	1	100	108
West Asian	3	2	53	38	0	0	5	0	100	108
More than one Racialized Group	0	6	54	40	0	0	0	0	100	35
Racialized and White	5	3	46	27	3	3	14	0	100	37
Racialized Total	2	2	52	39	1	0	3	0	100	1,476
White	9	10	32	29	9	3	5	4	100	2,896
Total	7	7	39	32	6	2	4	3	100	4,448

There is a significant geographical aspect to the distribution of paralegals. By a wide margin, the largest numbers are in Toronto and in the combination of the Durham, Halton, Peel and York areas surrounding Toronto; respectively, they account for 39 and 32 percent of all paralegals. Seven percent of paralegals are in Ontario's Southwest, 7 percent in the Central South and 6 percent in the Central North. Just 2 percent of paralegals are in the North, 4 percent in Ottawa and 3 percent in the East.

Just over half of racialized paralegals, 52 percent, are in Toronto and 39 percent are in Durham, Halton, Peel and York. This leaves just 9 percent in the entire rest of the province. In contrast, only 44 percent of Aboriginal paralegals are in these two largest areas and they are over-represented everywhere else. The North accounts for 13 percent of Aboriginal paralegals, compared to 3 percent of White paralegals and almost no racialized paralegals.

Type of Employment, Race and Aboriginal — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
First Nations and Inuk	43	2	2	7	5	2	7	0	32	100	44
Métis	37	0	5	16	5	16	5	0	16	100	19
Aboriginal Total	41	2	3	10	5	6	6	0	27	100	63
Arab	40	0	2	8	4	8	8	0	29	100	48
Black	36	1	1	8	0	8	8	1	37	100	226
Chinese	45	5	1	16	1	3	4	1	25	100	166
East Asian	31	11	11	14	0	3	6	0	25	100	36
Latino	30	5	5	15	4	5	8	0	27	100	130
South Asian	42	4	3	10	1	2	4	1	33	100	306
Southeast Asian	37	2	2	14	0	6	2	0	36	100	84
West Asian	39	1	4	18	0	5	3	1	28	100	76
More than One Group	36	0	0	18	4	0	18	4	21	100	28
Racialized and White	31	0	3	7	3	10	17	0	28	100	29
Racialized Total	38	3	3	12	1	5	6	1	31	100	1,129
White	30	3	4	16	2	10	9	1	24	100	2,482
Total	33	3	4	15	2	9	8	1	26	100	3,674

Paralegals are most likely to work as sole practitioners, including 41 percent of Aboriginal paralegals, 38 percent of racialized paralegals and 30 percent of White paralegals.

The moderate difference in the employment profiles of Aboriginal, racialized and White paralegals could in part result from the White paralegals being older.

Disregarding the “others”, the second largest category of paralegal employment is working for a law firm, which accounts for 10, 12 and 16 percent of Aboriginal, racialized and White paralegals, respectively.

Other paralegals are employed “in house” and by government, and a small number are classified as law firm partners and law firm associates.

Because of the small numbers in the various racialized groups and uncertainty due to the large “other” category, we cannot with confidence describe differences in type of employment between the specific racialized groups.

Size of Firms for those in Firms — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Aboriginal									
First Nations and Inuk	60	20	20	0	0	0	0	100	5
Métis	0	25	50	25	0	0	0	100	4
Aboriginal Total	33	22	33	11	0	0	0	100	9
Racialized									
Arab	60	0	20	0	0	0	20	100	5
Black	46	25	8	13	8	0	0	100	24
Chinese	59	19	8	11	0	0	3	100	37
East Asian	46	23	23	0	8	0	0	100	13
Latino	29	21	26	9	12	3	0	100	34
South Asian	67	16	12	6	0	0	0	100	51
Southeast Asian	63	19	13	0	6	0	0	100	16
West Asian	61	17	11	6	6	0	0	100	18
More than one Racialized Group	80	0	0	20	0	0	0	100	5
Racialized and White	67	0	0	33	0	0	0	100	3
Racialized Total	55	18	14	8	4	0	1	100	206
White	53	21	10	13	3	0	1	100	582
Total	53	20	11	11	3	0	1	100	797

GENDER**Age and Gender — in Percentages**

	Total	20-29	30-39	40-49	50-59	60 or more
Women	58.4	77.4	66.9	55.7	48.6	23.0
Men	41.6	22.6	33.1	44.3	51.4	77.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	5,428	1,290	1,264	1,213	1,051	610

In 2013, 58.4 percent of paralegals were women, a figure that will definitely increase in coming years. There is a strong and consistent increase in the representation of women, from just 23.0 percent of paralegals age 60 and older, to 48.6 percent for paralegals age 50 to 59, 55.7 percent for ages 40-49, 66.9 percent for ages 30-39 and 77.4 percent for paralegals under 30.

Type of Employment and Gender — in Percentages

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Other	Total	Total numbers
Women											
Total	21.5	2.0	3.2	17.1	2.7	7.5	9.9	1.2	35.0	100.0	2,502
under 35	7.7	0.9	2.9	17.0	0.8	4.6	8.0	1.0	57.2	100.0	766
35-44	18.2	2.0	4.5	18.2	1.3	7.2	11.9	0.9	35.7	100.0	638
45-54	31.9	1.8	2.5	20.1	3.2	7.9	10.4	1.1	21.2	100.0	567
55-64	34.7	3.8	2.4	12.0	5.9	9.7	11.3	2.1	18.2	100.0	424
65 or older	31.8	4.7	4.7	15.9	9.3	18.7	3.7	0.0	11.2	100.0	107
Men											
Total	48.7	5.0	3.4	12.8	0.8	10.2	4.5	0.5	14.2	100.0	1,939
under 35	28.3	4.4	6.3	16.6	0.5	2.9	2.9	0.5	37.6	100.0	205
35-44	40.2	3.6	3.9	16.8	0.0	8.8	7.2	0.6	19.0	100.0	363
45-54	48.4	7.1	5.1	12.6	0.6	9.6	4.5	0.4	11.6	100.0	467
55-64	52.0	4.8	2.1	10.5	1.1	11.4	5.9	0.8	11.4	100.0	475
65 or older	62.2	4.2	1.2	10.3	1.4	14.0	1.4	0.2	5.1	100.0	429

Men are much more likely to be sole practitioners, partners in a firm and to be employed “in house”, while women paralegals are more likely to be employed as law firm employees – though this different is largely attributable to lower ages of women paralegals, and in legal clinics (though the number is small).

Size of Firms for those in Firms — in Percentages

	Fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more	Total	Total numbers
Women	49.8	25.3	10.9	9.0	3.4	0.7	0.9	100.0	558
Men	56.8	15.6	9.8	15.4	2.2	0.0	0.2	100.0	410
Total	52.8	21.2	10.4	11.7	2.9	0.4	0.6	100.0	968

Region and Gender — in Percentages

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Total numbers
Women	6.5	6.5	39.9	31.4	5.9	2.6	4.2	2.9	100.0	3,164
Men	6.9	6.8	38.3	35.0	5.1	1.8	3.8	2.2	100.0	2,254
Total	6.7	6.6	39.3	32.9	5.6	2.3	4.0	2.6	100.0	5,418

FRANCOPHONE

3.1 percent of the profession self-identifies as Francophone while 4.8 percent of the Ontario population identifies as Francophone.¹ Almost 4.5% of the profession indicate being able to provide legal services in French.

DISABILITY

Age and Disability — in Percentages

	Total	20-29	30-39	40-49	50-59	60 or more
Disability	5.4	2.5	4.2	6.1	7.7	9.1
No Disability	94.6	97.5	95.8	93.9	92.3	90.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	4,883	1,215	1,132	1,079	921	536

The incidence of disability, 5.4 percent overall, climbs steadily with age, from 2.5 percent for paralegals under 30 to 6.2 percent of paralegal 40-49 to 9.1 percent of paralegals over 60. Disability, this suggests, heavily involves the development or worsening of health conditions with age.

LESBIAN, GAY, BISEXUAL, TRANSGENDER AND QUEER (LGBTQ)

Age and LGBTQ — in Percentages

	Total	20-29	30-39	40-49	50-59	60 or more
LGBTQ	1.6	1.7	2.1	1.2	2.0	1.0
Not LGBTQ	98.4	98.3	97.9	98.8	98.0	99.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total numbers	4,675	1,148	1,089	1,035	887	516

¹ Based on 2011 Statistics Canada Census.

TAB 5.2.5

**REPORT OF THE ACTIVITIES OF
THE DISCRIMINATION AND HARASSMENT COUNSEL
FOR THE LAW SOCIETY OF UPPER CANADA**

For the period from July 1, 2014 to December 31, 2014

**Prepared by Cynthia Petersen
Discrimination and Harassment Counsel**

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A. INTRODUCTION

1. The DHC provides a wide range of services to individuals who make discrimination or harassment complaints about lawyers, articling students or paralegals. Complaints are received from both members of the public and members of the legal profession.
2. The complaints arise in a variety of contexts, such as clients who report that they have been subjected to sexual harassment and/or sexual assault by their lawyer or paralegal, lawyers who are experiencing workplace discrimination relating to a maternity leave, law firm employees with disabilities who confront discriminatory barriers to employment or challenges in obtaining appropriate workplace accommodation, and paralegals, articling students and lawyers who are experiencing discriminatory (eg. racist, sexist, homophobic) treatment by opposing counsel in their cases.
3. The DHC provides complainants with safe counsel, coaching, information, referrals to other agencies and resources, informal mentoring, and general (non-legal) advice about options and avenues of recourse – some on an ongoing basis. The DHC also provides mediation services, described below.

B. SERVICES PROVIDED TO COMPLAINANTS

4. Complainants who contact the DHC are advised of various avenues of recourse open to them, including (where applicable):
 - confronting the respondent lawyer or paralegal directly with their concerns;
 - speaking to their union representative (if they are unionized and their complaint relates to their employment by a lawyer or paralegal);

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- filing an internal discrimination or harassment complaint within their workplace;
 - making a complaint to the law firm that employs the respondent lawyer;
 - filing an Application with the Human Rights Tribunal of Ontario;
 - filing a complaint about professional misconduct with the Law Society;
 - reporting to the police (where criminal conduct is alleged); and
 - consulting a lawyer for legal advice regarding possible claims and causes of action.
5. Complainants are provided with information about each of these options, including:
- what (if any) costs might be involved in pursuing an option;
 - whether legal representation is required in order to pursue an option;
 - referral to resources on how to obtain legal representation (actual referrals to lawyers are not made by the DHC);
 - how to file a complaint, Application or report (eg. whether it can be done electronically, whether particular forms are required, etc.)
 - the processes involved in each option (eg. investigation, conciliation, mediation, hearing, etc.)

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- the general types of remedies that may be available in different fora (eg. compensatory remedies in contrast to disciplinary penalties, reinstatement to employment versus monetary damages, public interest remedies); and
 - the existence of time limits for each avenue of redress (complainants are advised to seek legal advice with respect to precise limitation periods).
6. Complainants are told that the options available to them are not mutually exclusive.
 7. In some cases, upon request, strategic tips and/or coaching are provided to complainants about how to handle a situation without resort to a formal complaints process (eg. confronting the offender, documenting incidents, speaking to a mentor).
 8. Student complainants whose articles are terminated or who decide to withdraw from their articles before completion also receive counselling and advice from the DHC about transferring their articles, as well as support in their job search for a new articling position. They are also referred to appropriate resources within the Law Society.
 9. Some complainants are referred to other agencies/organizations (such as the Law Society's Member Assistance Program and the Human Rights Legal Support Centre) or are directed to relevant resource materials available from the Law Society, the Ontario Human Rights Commission, or other organizations.

C. MEDIATION / CONCILIATION

10. In addition to being advised about the above-noted options, where appropriate, complainants are offered the mediation or conciliation/intervention services of the DHC Program.

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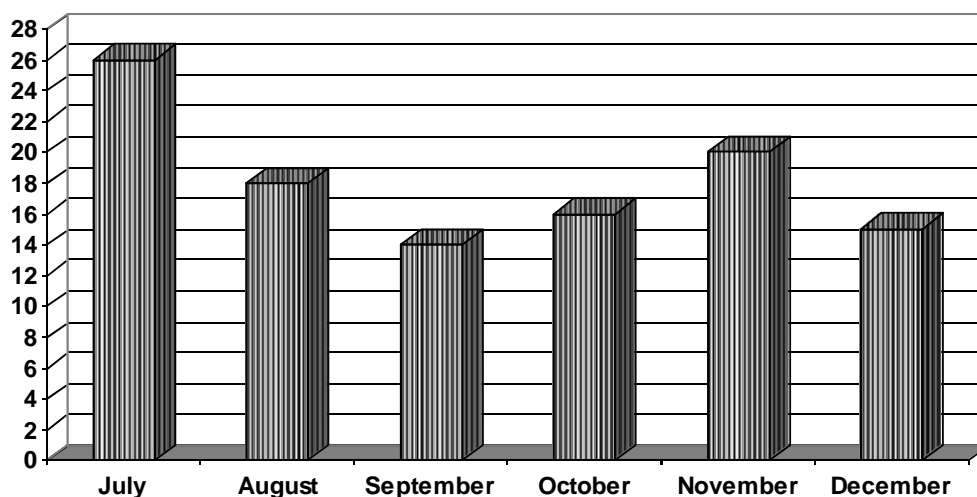
11. Whenever formal mediation is offered, the nature and purpose of mediation is explained, including that it is a confidential and voluntary process, that it does not involve any investigation or fact finding, and that the DHC acts as a neutral facilitator to attempt to assist the parties in negotiating the terms of a mutually satisfactory resolution of the complaint.
12. When a complainant opts for mediation, s/he is given the choice of contacting the respondent to propose the mediation or having the DHC contact the respondent to canvass his/her willingness to participate. If the complainant elects to have the DHC contact the respondent, written instructions must be provided. If both parties are willing to participate, they are required to sign a mediation agreement prior to entering into mediated discussions with the DHC.
13. Where informal conciliation/intervention services are offered, the complainant is advised that the DHC could contact the respondent confidentially and discuss the complainant's concerns, in the hope of achieving a resolution to the complaint. Where such an intervention occurs, both the complainant and respondent are advised that the DHC is not acting as the complainant's counsel or representative, but rather as a go-between to facilitate constructive dialogue between the parties. When a complainant requests such an intervention, written consent must be provided before the DHC contacts the respondent.
14. Some complainants decline the offer of the DHC's mediation and conciliation services, notwithstanding that the services are free, confidential, and in the case of formal mediation, subject to a mutual "without prejudice" undertaking by both parties. The reasons why complainants decline mediation are varied and include: a complainant desiring to have a fact-finding investigation, believing that the respondent will not participate in good faith, wanting to create a formal record of the respondent's misconduct through an adjudicative process, and/or hoping to have professional discipline imposed on the respondent.

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15. During this reporting period, there were no formal in-person mediation sessions conducted by the DHC. Formal mediation was not requested by any complainants.
16. There were, however, a number of informal interventions made at complainants' request. The DHC spoke with the respondents in several cases and, in all but one instance, was thereby able to achieve resolutions to complaints.

D. OVERVIEW OF NEW CONTACTS WITH THE DHC PROGRAM

17. During this six month reporting period, 109 individuals contacted the DHC Program with a new matter.¹ This represents average of 18 new contacts per month.
18. The volume of new contacts with the Program was distributed as follows:



¹ Individuals who had previously contacted the Program and who communicated with the DHC during this reporting period with respect to the same ongoing matter are not counted in this number.

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19. Of the 109 individuals who contacted the DHC, 72 (66%) used the telephone to make their initial contact and 37 (34%) used email.
20. During this reporting period, four (4) individuals were provided services in French. The remaining clients of the Program were provided services in English.

E. SUMMARY OF DISCRIMINATION AND HARASSMENT COMPLAINTS

21. Of the 109 new contacts with the Program, 36 individuals reported specific complaints of discrimination or harassment by a lawyer or paralegal in Ontario.
22. In this reporting period, 2 complaints were made against paralegals. The remaining 34 complaints were made against lawyers. There were no complaints about articling students.
23. The 2 complaints against paralegals were made by members of the public. Of the 34 complaints against lawyers, 18 (53%) were made by members of the public and 16 (47%) were made by members (including student members) of the Law Society.

F. COMPLAINTS AGAINST LAWYERS BY LICENSEES

24. In this reporting period, there were 16 complaints against lawyers by members (or student members) of the Law Society. Nine (9) of these complaints were made by lawyers and 7 were made by articling students. There were no complaints about lawyers made by paralegals.
25. Of the 16 complaints by members of the Law Society, 14 (87%) were made by women and 2 (13%) were made by men. All of the student complainants were female.

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26. Of the 9 complaints made by lawyers, 6 (67%) arose in the context of the complainant's employment. Of the remaining 3 complaints, one complaint was made against a lawyer who was providing a public service to the complainant, one was made about opposing counsel involved in litigation, and one was made about a lawyer with whom the complainant was professionally acquainted.
27. All of the student complaints arose in the context of the complainants' employment.
28. There were 11 complaints against lawyers based (in whole or in part) on sex. Of these,
- Six (6) involved allegations of sexual harassment:
 - Three (3) female students reported sexual harassment by their male principal or by a male partner in their firm. (In one case, the allegations included unwanted sexual touching and the withholding of wages for refusal to submit to sexual advances.)
 - A female junior associate in private practice reported sexual harassment by a male partner in her firm.
 - A female lawyer employed in a government legal office reported suffering employment reprisals for having made a sexual harassment complaint against her male manager.²
 - A female lawyer reported stalking by a male lawyer with whom she was professionally acquainted.

² This same complainant also reported racial harassment by a different supervising lawyer.

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- Four (4) involved complaints about gender-based harassment and discriminatory behaviour by male lawyers, including inappropriate comments about women's bodies and misogynist name calling ("bitch"). Two female lawyers and one female articling student reported such behaviour by male lawyers in their workplace and one female lawyer reported such behaviour by an opposing counsel in one of her cases.
 - One involved allegations by an articling student of discrimination in employment based on her pregnancy.
29. All of the complainants who reported sex-based discrimination or harassment were female and all of the respondent lawyers were male.
30. There were 3 complaints against lawyers based (in whole or in part) on disability:
- A male law student reported that an offer of articles was rescinded after the employing sole practitioner learned that he had a disability.
 - A female articling student reported that her principal was not providing appropriate workplace accommodation relating to her disability.
 - A male lawyer claimed that he was being subjected to discrimination based on his disability in the provision of services by another lawyer.
31. There were 2 complaints based (in whole or in part) on race. Both involved Black female lawyers who reported racial discrimination in their employment. One of these complaints was against a supervising female lawyer to whom the complainant reported (in a government legal office) and the other was against a male co-worker of the complainant in private practice.

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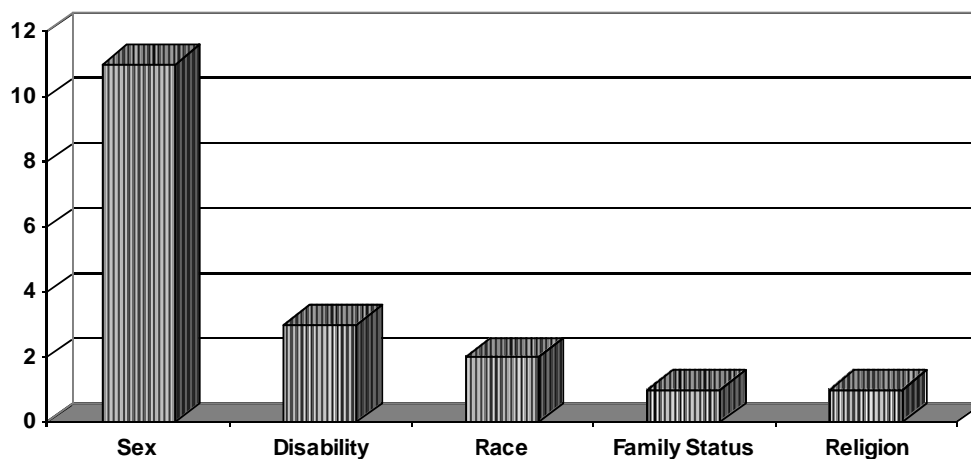
32. There was one complaint of discrimination in employment based on family status, involving the denial of a female lawyer's request for flexible work hours to enable her to meet her parenting/childcare needs.

33. There was one complaint based on religion. A female lawyer reported that her employer made derogatory statements about her religion.³

34. In summary, the number of complaints⁴ by lawyers and articling students in which each of the following prohibited grounds of discrimination was raised are:

- sex 11 (6 sexual harassment; 1 pregnancy)
- disability 3
- race 2
- family status 1
- religion 1

Grounds Raised in Complaints against Lawyers by Members of the Bar



³ This complainant also reported the use of inappropriate sexist language by a male coworker.

⁴ The total number exceeds 16 because a number of complaints involved multiple grounds of discrimination.

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G. COMPLAINTS AGAINST LAWYERS BY THE PUBLIC

35. During this reporting period, there were 18 complaints against lawyers made by members of the public.
36. Thirteen (72%) of the public complaints were made by women and 5 (28%) were made by men.
37. Of the 18 public complaints:
- Twelve (12) involved clients complaining about the conduct of their own lawyer;
 - Four (4) involved litigants complaining about the conduct of opposing counsel in their cases; and
 - Two (2) involved employment-related complaints by individuals working in law firms.
38. There were 9 complaints from members of the public based (in whole or in part) on sex:
- Seven (7) of these complaints involved allegations of sexual harassment:
 - Five (5) of these consisted of complaints by clients about sexual harassment by their own lawyer.
 - One complaint was by a litigant who alleged that she was being sexually harassed by the opposing counsel in her case.

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- One complaint was by a legal assistant employed in a law firm who reported sexual harassment by her boss.

Six of the sexual harassment complainants were female and all of the respondent lawyers were male. One of the sexual harassment complainants was male, but he was calling on behalf of his female partner who he claimed had been subjected to sexual harassment by her male lawyer.

- One client complained about sexist remarks and discriminatory treatment by her male lawyer based on her pregnancy.
- One man complained about the anti-male (and ageist) discriminatory recruitment and hiring practices of a lawyer who advertised a job posting for a “young female” legal assistant.

39. There were 8 complaints from members of the public based on disability:

- Three (3) litigants with disabilities complained about the discriminatory conduct and/or derogatory comments of opposing counsel in their cases.
- Five (5) clients complained about their lawyers' failure to accommodate their disability-related needs by providing accessible legal services.

40. There was one complaint from the public based on race. A client complained about derogatory racist language used by his lawyers.

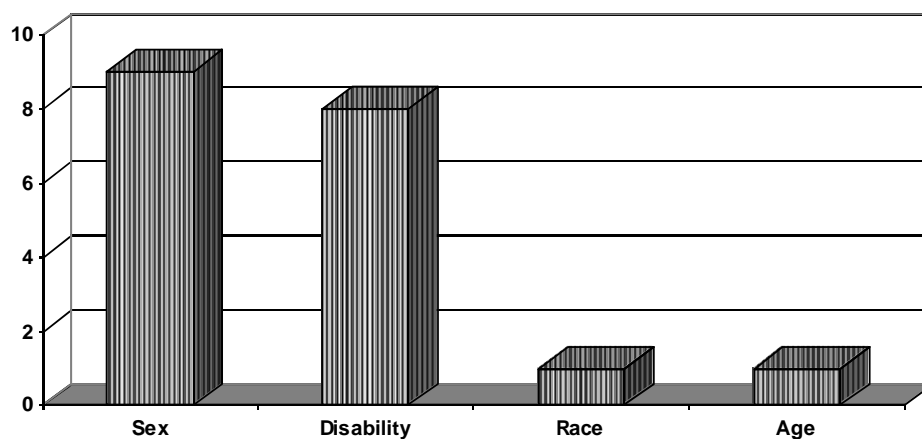
41. There was one complaint from the public based in part on age. As previously mentioned, a man complained about a lawyer who advertised a job posting for a “young female” legal assistant.

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42. In summary, the number of public complaints⁵ in which each of the following grounds of discrimination was raised are as follows:

- sex 9
- disability 8
- race 1
- age 1

Grounds Raised in Complaints by Members of the Public



H. COMPLAINTS AGAINST LAWYERS BY PARALEGALS

43. During this reporting period, there were no complaints about lawyers by paralegals.

⁵ The total of these numbers exceeds 18 because one of the complaints involved multiple intersecting grounds of discrimination.

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I. COMPLAINTS AGAINST PARALEGALS

44. During this reporting period, there were 2 complaints against paralegals.⁶ Both were made by members of the public and both were based on the prohibited ground of sex:

- A female client complained about gender based discriminatory language used by a male paralegal who was representing her; and
- A woman complained about sexual harassment by a male paralegal with whom she was acquainted.

G. GENERAL INQUIRIES

45. Of the 109 new contacts with the DHC during this reporting period, 20 involved general inquiries about matters within the mandate of the DHC program and did not involve reports of misconduct by licensees.

H. MATTERS OUTSIDE THE DHC MANDATE

46. During this reporting period, the DHC received 45 calls and emails relating to matters outside the Program's mandate.

47. These contacts included complaints about paralegals and lawyers that did not involve allegations of discrimination or harassment based on human rights grounds (such as allegations of unethical behaviour, confidentiality breaches, bullying, or incivility). They also included complaints about discriminatory and/or

⁶ There were three additional complaints about the conduct of paralegals, but they did not raise issues of discrimination or harassment based on human rights grounds. They involved allegations of bullying and intimidation. The data regarding these complaints are captured later in this report, in the section about contacts "outside the mandate" of the DHC program because harassment complaints only fall within the mandate of the program if they include allegations of harassment based on prohibited grounds enumerated in the Ontario *Human Rights Code* and the Law Society's Rules.

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harassing conduct by non-licensees, such as judges, landlords and non-legal employers.

48. Several individuals contacted the DHC to obtain a referral to a lawyer to deal with a harassment or discrimination case. They were referred to the Law Society's Lawyer Referral Service.
49. An explanation of the DHC's mandate, role and duties was provided to each person who called with a matter outside the Program's mandate. Some of these individuals were referred to other agencies for assistance.
50. Although there are a number of these "outside mandate" contacts during every reporting period, they typically do not consume much of the DHC's time or resources, since we do not assist these individuals beyond their first contact with the Program.

J. PROMOTIONAL ACTIVITIES

51. The LSUC maintains a bilingual website for the DHC Program. During this reporting period, the website content was reviewed and updated. The new revised website should be on-line shortly. It will be fully compliant with the requirements of the *Accessibility for Ontarians with Disabilities Act*.
52. Throughout this reporting period, periodic advertisements were placed (in English and French) in the *Ontario Reports* to promote the DHC Program. In addition, French and English brochures (updated in 2013) continued to be placed in circulation in legal clinics, law firms, community centres, libraries, government agencies, faculties of law, etc.
53. The DHC works closely with the Law Society's Director of Equity (Josée Bouchard) to design and deliver *Discrimination and Harassment Prevention* and

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Violence Prevention workshops to law firms across Ontario and also within the Law Society (for Law Society managers and staff). In addition to delivering important educational content, these workshops also serve as a useful opportunity to promote awareness of the DHC Program's services.

Tab 5.2.6

EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES CALENDAR 2015

MENTAL HEALTH WEEK EVENT

Description: In honour of Mental Health Week, join the Law Society for a panel discussion about mental health and fostering wellness in the legal profession.

A reception will follow

Date: May 6, 2015
Location: Donald Lamont Learning Centre and Convocation Hall
Time: Panel Discussion: 4:00-5:30 p.m.
Reception: 5:30 p.m. – 6:30 p.m.

Moderator:
Bencher Janet Leiper

Speakers:

- Cynthia Petersen, Lawyer, Sack Goldblatt Mitchell LLP and Law Society Discrimination and Harassment Counsel
- Ryan Fritsch, Policy Counsel, Legal Aid Ontario
- Doron Gold, Staff Clinician and Presenter, Homewood Human Solutions

DIVERSE CAREERS FOR WOMEN IN LAW

Description: The Women's Law Association of Ontario and the Law Society of Upper Canada are pleased to present a panel discussion to promote diverse careers for women in the legal profession.

A reception will follow

Date: May 7, 2015
Location: Convocation Hall
Time: Panel Discussion: 5:30 p.m. – 7:00 p.m.
Reception: 7:00 – 8:00

Moderator: Ronda Bessner, Chair, Women's Law Association of Ontario

Speakers:

- Mara Clarke, Director of Strategic Initiatives, OJEN
- Keya Dasgupta, Learning and Development Director, Norton Rose Fullbright
- Freya Kristianjson, Counsel, Wardle, Daley, Bernstein, Beiber LLP
- Michelle Moldofsky, General Counsel St. Michael's Hospital (former)
- Maud Murray, Deputy Minister, Government and Consumer Services

ASIAN AND SOUTH ASIAN HERITAGE MONTH

Date: May 12, 2015
Location: Donald Lamont Learning Centre followed by Convocation Hall for reception.
Time: 4:30 p.m. – 7:30 p.m.

ACCESS AWARENESS FORUM

Date: June 4, 2015
Location: Donald Lamont Learning Centre
Time: 4:30 p.m. – 7:30 p.m.

NATIONAL ABORIGINAL HISTORY MONTH

Date: June 19, 2015
Location: Donald Lamont Learning Centre and Upper and Lower Barristers Lounges
Time: 4:00 p.m. – 8:00 p.m.

PRIDE WEEK

Date: June 23, 2015
Location: Donald Lamont Learning Centre for panel discussion followed by Convocation Hall for reception.
Time: 4:30 p.m. – 7:30 p.m.



TAB 6

Report to Convocation April 23, 2015

Heritage Committee

Committee Members

Constance Backhouse (Chair)
Patrick Furlong
Virginia MacLean
Nicholas Pustina
Jan Richardson

Purposes of Report: Decision

**Prepared by the Policy Secretariat
(Sophia Sperdakos 416-947-5209)**

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COMMITTEE PROCESS

1. The Committee met on February 11, 2015. Committee members Constance Backhouse (Chair), Virginia MacLean and Jan Richardson participated. Professor Philip Girard also attended. Staff members Paul Leatherdale and Sophia Spurdakos also attended.
2. The Committee met with the Access to Justice Committee on April 8, 2015. Committee members Constance Backhouse (Chair), Jan Richardson and Pat Furlong attended. Staff member Sophia Spurdakos also attended.

DECISION

PROPOSAL FOR ESTABLISHMENT OF THE J. SHIRLEY DENISON AWARD

Motion

3. That Convocation approve the establishment of the J. Shirley Denison Award as set out in paragraph 13 of this Report, with the first award to be made in 2016.

Proposal for Consideration

4. The Heritage Committee, with the support of the Access to Justice Committee, is recommending the establishment of a *J. Shirley Denison Award* to be awarded annually for significant contribution to access to justice and/or poverty issues. The award would be named in Mr. Denison's honour to recognize his commitment to helping others.

Rationale for the Project

5. John Shirley Denison K.C. was born in 1870, was called to the bar in 1892 and practised in Toronto. He was a bencher from 1931-1944, a life bencher from 1946-1951 and Treasurer from 1944-1947. He died in 1951. Mr. Denison's Treasurer's portrait hangs in the public area of the Law Society with a plaque describing his bequest, which became the J. Shirley Denison Fund.
6. He was particularly well known for his great interest and contribution to the work of the Law Society. In 1968 Mr. Denison made a significant contribution to the Law Society and the legal profession by leaving the residue of his estate to the Law Society to be used to assist impoverished or indigent members and their families.
7. His will contained the following provision: "my Trustee shall ... pay to or deliver to the Law Society of Upper Canada the residue of my estate the same to be applied from time to time by the Treasurer and Benchers and both as to capital and income as they may see fit for the relief of impoverished or indigent members of the Law Society and of their wives widows and children including among such wives widows and children those of any member of the Law Society who may have been disbarred or suspended."
8. The capital receipt in 1968 was \$190,005. There were times when payments from the Fund did not exceed the interest earned on the capital sum. More recently, payments increased due to factors such as increased publicity for the Fund. Since 2000, the Fund has paid a total of \$432,000 to 134 applicants. The final payment from the fund was made in November 2014.

9. The J. Shirley Denison bequest to the Law Society was noteworthy for a number of reasons, but in the context of the proposed award, is particularly noteworthy because it sought to assist the vulnerable within the profession and their families. Moreover, unlike many bequests of its day it contained no restrictions by race, gender or otherwise. It passed no judgment on those members or former members of the profession who had been suspended or disbarred.
10. Given J. Shirley Denison's significant contribution to the profession, the amount of money paid out of his estate to assist people and the number of years over which the bequest lasted it is important that Mr. Denison not be forgotten.
11. By naming an award in his honour the importance of his legacy will be recognized and celebrated each year as will the activities of recipients in making a significant contribution in the area of access to justice and/or poverty issues.

Key Considerations

12. In considering the nature of the proposed award the following considerations have been taken into account:
 - a. The award's purpose should be simply stated to ensure that nominees can be drawn from a broad spectrum of those working in the area sought to be recognized.
 - b. To reflect J. Shirley Denison's inclusive attitudes, the award should be open to both lawyer and paralegal nominees.
 - c. In recognition of the need to manage Law Society costs and use of resources, the award process and ceremony should make use of infrastructure already in place to determine recipients and present the award. As such there will be no significant additional costs to introducing the award or managing the process.

The Proposal

13. In keeping with these considerations the Heritage Committee, with the support of the Access to Justice Committee, proposes the following:

The award's name: The J. Shirley Denison Award.

The award's purpose: To recognize outstanding contributions to access to justice and/or poverty issues.

The criteria for the award: The recipient must have demonstrated an outstanding contribution (either a single outstanding contribution or over a long term) to efforts to promote access to justice and/or address poverty issues. The recipient must not have received the award previously. (The award, in consultation with the proposed recipient's family/next of kin, may be granted posthumously.)

Eligibility for the Award:	Lawyer and paralegal licensees of the Law Society of Upper Canada.
Frequency of the Award:	Annually
Process and Ceremony:	<p>The process should be similar to that followed for the Law Society Medal, Lincoln Alexander Award and Laura Legge Award, using the Law Society Awards Committee. To reflect that a recipient may be a paralegal the Committee's membership for consideration of this award should be expanded to include paralegal representation from the Paralegal Standing Committee.</p> <p>The award should be presented at the same event as the Law Society Medals.</p>
Award Commemoration:	The details of this will be finalized once the award is approved, but would likely include an engraved award and a certificate.



TAB 7

Report to Convocation April 23, 2015

Professional Development & Competence Committee

Committee Members

Howard Goldblatt (Chair)
Barbara Murchie (Vice-Chair)
Alan Silverstein (Vice-Chair)
Raj Anand
Constance Backhouse
Jack Braithwaite
Robert Burd
Mary Louise Dickson
Ross Earnshaw
Larry Eustace
Peter Festeryga
Susan Hare
Vern Krishna
Michael Lerner
Marion Lippa
Virginia MacLean
Judith Potter
Nicholas Pustina
Jack Rabinovitch
Joe Sullivan
Gerald Swaye
Peter Wardle

Purpose of Report: Decision

**Prepared by the Policy Secretariat
(Sophia Sperdakos 416-947-5209)**

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Continuing Professional Development Compliance Audits	TAB 7.1
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COMMITTEE PROCESS

1. The Committee met on April 9, 2015. Committee members Howard Goldblatt (Chair), Barbara Murchie (Vice-Chair), Alan Silverstein (Vice-Chair), Constance Backhouse, Jack Braithwaite, Robert Burd, Mary Louise Dickson, Ross Earnshaw, Larry Eustace, Michael Lerner, Marian Lippa, Virginia MacLean, Judith Potter, Jack Rabinovitch, Joe Sullivan and Gerry Swaye attended. Staff members Diana Miles and Sophia Sperdakos also attended.

DECISION

CPD COMPLIANCE AUDITS

Motion

2. **That Convocation approve the elimination of Continuing Professional Development (“CPD”) desk audits.**

Matter for Consideration

3. The mandatory CPD program, originally approved in 2010, includes provision for annual CPD audits to monitor compliance. The audits were to be done in two circumstances:
 - a. As part of a lawyer practice management reviews and paralegal practice audits.
 - b. By random selection chosen from among all paralegals and lawyers subject to the requirement. These are referred to as desk audits as no site visit is required.
4. Based on the results of audits conducted since the inception of the program, it appears that CPD compliance desk audits are no longer necessary. The audits conducted as part of lawyer practice management reviews and paralegal practice audits would continue.

Rationale

5. The effectiveness and impact of the CPD compliance and monitoring approach was to be analyzed after a period of time as part of the evaluation of various components of the CPD recommendations.
6. Much has been done over the last number of years to streamline the program to make it as user-friendly as possible while maintaining its integrity. This is an ongoing process. Consideration of the audit process is important to the program evaluation as well as relevant for resource allocation.

Key Issues and Considerations

7. The report at **TAB 7.1.1: CPD Audit Results Report** sets out the compliance process that has been followed, its results and reasons for considering a change to the compliance process.
8. Adoption of the proposal to eliminate the desk audits would lead to a reduction of a full-time equivalent staff for the 2016 budget year.
9. Licensees, particularly those in sole and small practices, have indicated that they prefer a reduction in unnecessary regulatory administrative requirements. TAB 7.1.1 confirms such a reduction is viable without negatively affecting the program.



Report on CPD Audit Activities: Proposed Change in Audit Process

Diana C. Miles, BA LLB CDir
Executive Director of Organizational Strategy/
Professional Development and Competence
The Law Society of Upper Canada
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April 2015

Report on CPD Audit Activities: Proposed Change in Audit Process

In 2010 Convocation approved a continuing professional development requirement. At the same time it approved a compliance process in which the Professional Development and Competence Division's practice audit team would conduct annual compliance reviews of lawyer and paralegal CPD completion.

The terms of the CPD audit policy were set out in the joint report of the PD&C Committee and the PSC Committee to Convocation on February 25, 2010. In that report, the following recommendations relating to CPD audits were made and approved:

Recommendation 16

That there be provision for random annual CPD audits to monitor compliance with the CPD requirement, to be undertaken as part of a practice management review or paralegal practice audit; and by random selection chosen from among all paralegals and lawyers subject to the requirement.

Recommendation 17

That the randomly selected CPD audits take the form of a written request for proof of completion.

Recommendation 18

That there be a total of 500 audits of lawyers and 25 audits of paralegals annually respecting CPD compliance.

The program's annual objective, as approved by Convocation, is to conduct 1,000 CPD audits (lawyers: 900 and paralegals: 100) through a combination of practice management review engagements (recommendation 16 above) and desk audits (recommendation 17 and 18 above), with both audit streams assessing a licensee's compliance with the CPD documentation requirements set out in section 4 of By-law 6.1.

The records that must be maintained by licensees in support of the reporting of CPD hours filed with the Law Society include a range of information as proof of completion depending on the type of eligible activity. In a CPD audit, the compliance review will confirm of program/course/seminar registration, receipts for payment of activities, date and times and locations of attendances, sponsoring organization, copies of CPD materials, documentation supporting publications or oral presentations or groups work with colleagues.

No immediate action is taken when a licensee is found not to be in compliance. Following the CPD audits, detailed and specific information is provided to licensees to assist them to support full compliance with their CPD record keeping requirements for future activities. The licensee receives a warning, is provided with information to correct reporting in the following year, and then revisited with an audit in the following year.

No licensee has in fact been the subject of additional regulatory review or procedures for failing to meet the requirements during the initial audit or in any follow up audit. This outcome is distinct from those licensees who may have failed to report their CPD completion at year end and were administratively suspended.

Set out below are the compliance statistics for both CPD Desk Audits and Practice Management Review/Practice Audits CPD activities since 2012.

The Practice Audits department has conducted 3,161 CPD compliance audits, comprised of 1,854 CPD compliance desk audits of lawyers and paralegals and 1,307 Practice Management (lawyer) and Practice Audit (paralegal) reviews.

Of the 1,854 CPD compliance desk audits, less than 0.3% (5 licensees) were not in compliance with the record keeping requirements. A slightly higher incidence of non-compliance has been found through the in-person CPD audits conducted during reviews at the licensees' places of business.

Compliance Statistics

	Desk Lawyers	%	Desk Paralegals	%	Review Lawyers	%	Review Paralegals	%
2012								
Compliant	590	95.0%	22	84.6%	277	92.0%	89	83.2%
Non-Compliant	1	0.2%	0	0.00%	3	1.0%	2	1.8%
Partial Compliance	30	4.8%	4	15.4%	21	7.0%	16	15.0%
	621		26		301		107	
2013								
Compliant	553	97.7%	24	96.0%	339	96.0%	91	87.5%
Non-Compliant	2	0.3%	0	0.0%	2	0.6%	1	1.0%
Partial Compliance	11	2.0%	1	4.0%	12	3.4%	12	11.5%
	566		25		353		104	
2014								
Compliant	563	97.2%	35	94.6%	344	94.8%	69	87.3%
Non-Compliant	2	0.4%	0	0.00%	3	0.8%	2	2.5%
Partial Compliance	14	2.4%	2	5.4%	16	4.4%	8	10.2%
	579		37		363		79	

Evaluation of Process

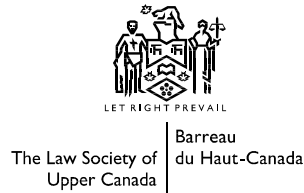
The PD&C Division employs two full-time equivalent staff to support the CPD compliance audit program. In addition to conducting the desk audits, CPD compliance staff facilitate the CPD audit reviews conducted by the reviewers at the licensee's place of business by pre-reviewing the CPD audit reports, verifying all internal courses and identifying specific sections for the reviewer to assess in more detail.

Of the 1,307 practice management review files conducted during the 2012-2014 period, almost 50% of the CPD compliance component of the engagement was conducted by the desk audit staff. This alleviated the need for Reviewers to conduct the preparatory work for the compliance review component, allowing them more time to focus on other more critical practice management components of the review engagement. CPD continues to be an important component of practice management and development for licensees, and part of an appropriately holistic practice review and audit process that should be conducted by the regulator, providing an opportunity for the Reviewer to discuss ongoing learning and competence development strategies with licensees, as necessary.

However, to date the outcomes of the CPD compliance audit programs suggest that there is no further need to continue with the CPD Compliance Desk Audit Program. The number of licensees with CPD record keeping deficiencies is extremely low. In addition, the Law Society now has very robust reminder processes and sanctions, including the application of late fees, to ensure that licensees maintain their CPD requirements.

Recommendation

It is recommended that the PD&C Committee consider a change in the mandatory CPD requirements that would eliminate CPD compliance Desk Audits, while maintaining CPD audits conducted in formal Practice Management Review (lawyer) and Practice Audit (paralegal) visits. This in turn will lead to a reduction of one full time equivalent staff for the 2016 budget year.



TAB 8

Report to Convocation April 23, 2015

Tribunal Committee

Committee Members

Raj Anand (Chair)
Janet Leiper (Vice-Chair)
Larry Banack
Jack Braithwaite
Christopher Bredt
Robert Burd
Lee Ferrier
Alan Gold
Barbara Murchie
Linda Rothstein
Mark Sandler
Baljit Sikand
Peter Wardle

**Purpose of Report: Decision
Information**

**Prepared by the Policy Secretariat
(Sophia Sperdakos 416-947-5209)**

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Housekeeping Amendments to Hearing Division Forms **TAB 8.1**

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Tribunal Annual Report **TAB 8.2**

COMMITTEE PROCESS

1. The Committee met on April 9, 2015. Committee members Raj Anand (Chair), Janet Leiper (Vice-Chair), Larry Banack, Jack Braithwaite, Robert Burd, Alan Gold, Barbara Murchie, Linda Rothstein, Mark Sandler, Baljit Sikand and Peter Wardle participated. Tribunal Chair David Wright and staff members David Draper, Grace Knakowski, Lisa Mallia and Sophia Sperdakos also participated. CEO Robert Lapper and Facilities Manager, Mona Elali, attended part of the meeting.

TAB 8.1

FOR DECISION

HOUSEKEEPING AMENDMENTS – HEARING DIVISION FORMS

Motion

2. That Convocation revoke Hearing Division Forms 9A, 9B, 13A and 24A (English and French) and replace them with revised Hearing Division Forms 9A, 9B, 13A and 24A (English and French) as set out in the motion at [TAB 8.1.1](#).

Proposal for Consideration

3. The Tribunal will be moving during the week of August 10, 2015 to its new premises at 375 University, 4th Floor.
4. Hearing Division Forms 9A, 9B, 13A and 24A make specific reference to the Tribunal address at 130 Queen Street West and must be amended.

Rationale

5. It is necessary to replace the specific address on the forms templates to remove the current address for the Tribunal. It is most efficient to replace a specific address with a generic reference in which the relevant address can be inserted.

TAB 8.1.1

THE LAW SOCIETY OF UPPER CANADA

**LAW SOCIETY TRIBUNAL
RULES OF PRACTICE AND PROCEDURE**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 23, 2015

MOVED BY

SECONDED BY

THAT the Forms under the Rules of Practice and Procedure (“the Rules”) applicable to proceedings before the Hearing Division, made by Convocation on March 12, 2014 be amended as follows:

1. Form 9A, in English and French, be revoked and replaced with the forms attached.
2. Form 9B, in English and French, be revoked and replaced with the forms attached.
3. Form 13A, in English and French, be revoked and replaced with the forms attached.
4. Form 24A, in English and French, be revoked and replaced with the forms attached.

FORM 9A - NOTICE OF APPLICATION

(General heading)

NOTICE OF APPLICATION

TO THE RESPONDENT:

A *(CONDUCT OR CAPACITY OR COMPETENCE OR NON-COMPLIANCE OR REINSTATEMENT OR TERMS DISPUTE)* PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

YOU ARE REQUIRED TO ATTEND at a proceeding management conference on *(day)*, *(date)* at *(time)* at the Law Society Tribunal, *(address)*, Toronto, Ontario. You may elect to attend by your representative.

IF YOU OR YOUR REPRESENTATIVE FAIL TO ATTEND AT THE PROCEEDING MANAGEMENT CONFERENCE, THE PANELIST CONDUCTING THE CONFERENCE MAY PROCEED IN YOUR ABSENCE.

(OR

THIS APPLICATION will come on for a hearing on (day), (date) at (time) at the Law Society Tribunal, (address), Toronto, Ontario.)

Date of issue:

TO: *(Name and address of respondent)*

APPLICATION

1. The applicant makes application for:
2. The grounds for the application are:
3. The particulars of the application are:

(Name, address for service, telephone number, fax number and e-mail address of applicant or applicant's representative)

FORMULAIRE 9A – AVIS DE REQUÊTE

(titre)

AVIS DE REQUÊTE

À L'INTIMÉ(E)

UNE INSTANCE PORTANT SUR (LA CONDUITE, LA CAPACITÉ, LA COMPÉTENCE PROFESSIONNELLE, L'INOBSERVATION, LE RÉTABLISSEMENT VISÉ À L'ARTICLE 49.42 DE LA LOI OU UN DIFFÉREND CONCERNANT DES CONDITIONS) A ÉTÉ INTRODUITE par le(la) requérant(e). La demande présentée par le(la) requérant(e) est exposée dans la page suivante.

VOUS ÊTES REQUIS(E) DE VOUS PRÉSENTER à une conférence de gestion de l'instance le (jour) (date), à (heure), au Tribunal du Barreau, (adresse), Toronto (Ontario). Vous pouvez choisir de comparaître par ministère de représentant.

SI VOUS OU VOTRE REPRÉSENTANT(E) NE VOUS PRÉSENTEZ PAS À LA CONFÉRENCE DE GESTION DE L'AUDIENCE, LE MEMBRE DE LA FORMATION QUI LA PRÉSIDE POURRA PROCÉDER EN VOTRE ABSENCE.

(OU

LA PRÉSENTE REQUÊTE sera entendue le (jour) (date), à (heure), au Tribunal du Barreau, (adresse), Toronto (Ontario).)

Date :

DESTINATAIRE : (nom et adresse de l'intimé)

REQUÊTE

1. L'objet de la requête est le suivant :
2. Les motifs de la requête sont les suivants :
3. Les allégations de la requête sont les suivantes :

(nom, adresse aux fins de signification,
numéro de téléphone, numéro de télécopieur
et adresse électronique du requérant ou
du représentant du requérant)

FORM 9B - NOTICE OF REFERRAL FOR HEARING

(General heading)

NOTICE OF REFERRAL FOR HEARING

TO THE APPLICANT:

YOUR APPLICATION (*FOR A LICENCE OR TO HAVE YOUR LICENCE RESTORED*) HAS BEEN REFERRED FOR HEARING TO THE LAW SOCIETY TRIBUNAL HEARING DIVISION, thereby resulting in the commencement of a (*licensing OR restoration*) proceeding.

YOU ARE REQUIRED TO ATTEND at a proceeding management conference on (*day*), (*date*) at (*time*) at the Law Society Tribunal, (*address*), Toronto, Ontario. You may elect to attend by your representative.

IF YOU OR YOUR REPRESENTATIVE FAIL TO ATTEND AT THE PROCEEDING MANAGEMENT CONFERENCE, THE PANELIST CONDUCTING THE CONFERENCE MAY PROCEED IN YOUR ABSENCE.

Date of issue:

TO: (*Name and address of applicant*)

*(Name, address for service, telephone number,
fax number and e-mail address of the representative for
The Law Society of Upper Canada)*

FORMULAIRE 9B – AVIS DE RENVOI À L'AUDIENCE

(titre)

AVIS DE RENVOI À L'AUDIENCE

AU(À LA) REQUÉRANT(E) :

VOTRE DEMANDE DE (*PERMIS OU RÉTABLISSEMENT DE VOTRE PERMIS EN APPLICATION DE L'ARTICLE 31 DE LA LOI*) A ÉTÉ RENVOYÉE À L'AUDIENCE DEVANT LA SECTION DE PREMIÈRE INSTANCE DU TRIBUNAL DU BARREAU, ce qui entraîne l'introduction d'une instance (*portant sur la délivrance d'un permis OU le rétablissement visé à l'article 31 de la Loi*).

VOUS ÊTES REQUIS(E) DE VOUS PRÉSENTER à une conférence de gestion de l'instance le (*jour*) (*date*), à (*heure*), au Tribunal du Barreau, (*adresse*), Toronto (Ontario). Vous pouvez choisir de comparaître par ministère de représentant.

SI VOUS OU VOTRE REPRÉSENTANT(E) NE VOUS PRÉSENTEZ PAS À LA CONFÉRENCE DE GESTION DE L'AUDIENCE, LE MEMBRE DE LA FORMATION QUI LA PRÉSIDE POURRA PROCÉDER EN VOTRE ABSENCE.

Date :

DESTINATAIRE : (*nom et adresse du requérant*)

(*nom, adresse aux fins de signification, numéro de téléphone, numéro de télécopieur et adresse électronique du représentant du Barreau du Haut-Canada*)

FORM 13A - NOTICE OF MOTION

(General heading)

NOTICE OF MOTION

The *(identify moving party)* will make a motion to the Law Society Tribunal Hearing Division on *(day)*, *(date)* at *(time)*, or as soon after that time as the motion can be heard, at the Law Society Tribunal, *(address)*, Toronto, Ontario *(or name place)*.

PROPOSED METHOD OF HEARING: The motion is to be heard *(choose appropriate option)*:

- ☐ Electronically under subrule 16.02 (1) because it is *(on consent OR for an adjournment)*.
- ☐ In writing under subrule 16.03 (1) because it is for an order that a hearing be held as an electronic hearing.
- ☐ In writing under subrule 16.03 (2) because it is *(on consent OR for an adjournment)*.
- ☐ Orally.

THE MOTION IS FOR: *(Set out precise relief sought)*.

THE GROUNDS FOR THE MOTION ARE: *(Set out the grounds to be argued)*.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(List the affidavits or other documentary evidence to be relied on).

(Date)

*(Name, address, telephone number, fax number
and e-mail address of moving party's
representative or moving party)*

TO: *(Name and address of responding
party's representative or responding party)*

FORMULAIRE 13A – AVIS DE MOTION

(titre)

AVIS DE MOTION

Le/La/L' *(désigner l'auteur de la motion)* présentera auprès de la Section de première instance du Tribunal du Barreau une motion le *(jour) (date)*, à *(heure)*, ou dès que possible par la suite, au Tribunal du Barreau, *(adresse)*, Toronto (Ontario) *(ou préciser l'endroit)*.

TYPE D'AUDIENCE PROPOSÉ : Je propose que la motion soit entendue *(cocher la case appropriée)* :

- ☐ par voie d'audience électronique en vertu du paragraphe 16.02 (1) parce *(qu'elle est présentée sur consentement OU qu'il s'agit d'une motion d'ajournement)*.
- ☐ sur pièces en vertu du paragraphe 16.03 (1) parce qu'il s'agit d'une motion présentée en vue d'obtenir une ordonnance disposant qu'une audience se tienne électroniquement.
- ☐ sur pièces en vertu du paragraphe 16.03 (2) parce *(qu'elle est présentée sur consentement OU qu'il s'agit d'une motion d'ajournement)*.
- ☐ oralement.

L'OBJET DE LA MOTION EST LE SUIVANT : *(indiquer ici la mesure de redressement précise demandée)*.

LES MOYENS À L'APPUI DE LA MOTION SONT LES SUIVANTS : *(préciser les moyens qui seront plaidés)*.

LA PREUVE DOCUMENTAIRE SUIVANTE sera utilisée lors de l'audition de la motion : *(indiquer les affidavits ou les autres preuves documentaires à l'appui de la motion)*.
(date)

*(nom, adresse, numéro de téléphone,
numéro de télécopieur et adresse
électronique du représentant de l'auteur de
la motion ou de l'auteur de la motion)*

DESTINATAIRE : *(nom et adresse du représentant de l'intimé ou de l'intimé)*

FORM 24A – SUMMONS

(General heading)

SUMMONS TO A WITNESS BEFORE THE LAW SOCIETY TRIBUNAL HEARING DIVISION

TO: *(Name and address of witness)*

(For oral hearing)

YOU ARE REQUIRED TO ATTEND TO GIVE EVIDENCE at the hearing of this proceeding on *(day)* , *(date)* at *(time)* at the Law Society Tribunal, *(address)*, Toronto, Ontario *(or name place)* and to remain until your attendance is no longer required.

YOU ARE REQUIRED TO BRING WITH YOU and produce at the hearing the following documents and things: *(Set out the nature and date of each document and give particulars sufficient to identify each document and thing.)*

IF YOU FAIL TO ATTEND OR TO REMAIN IN ATTENDANCE AS THIS SUMMONS REQUIRES, THE SUPERIOR COURT OF JUSTICE MAY ORDER THAT A WARRANT FOR YOUR ARREST BE ISSUED, OR THAT YOU BE PUNISHED IN THE SAME WAY AS FOR CONTEMPT OF THAT COURT

(For electronic hearing)

YOU ARE REQUIRED TO PARTICIPATE IN AN ELECTRONIC HEARING on *(day)*, *(date)* at *(time)* in the following manner: *(Give sufficient particulars to enable witness to participate.)*

IF YOU FAIL TO PARTICIPATE IN THE HEARING IN ACCORDANCE WITH THE SUMMONS, THE SUPERIOR COURT OF JUSTICE MAY ORDER THAT A WARRANT FOR YOUR ARREST BE ISSUED, OR THAT YOU BE PUNISHED IN THE SAME WAY AS FOR CONTEMPT OF THAT COURT.

(Date)

Law Society Tribunal

Registrar

NOTE: You are entitled to be paid the same fees or allowances for attending at or otherwise participating in the hearing as are paid to a person summoned to attend before the Superior Court of Justice.

FORMULAIRE 24A – ASSIGNATION

(titre)

ASSIGNATION À TÉMOIGNER DEVANT DE LA SECTION DE PREMIÈRE INSTANCE DU TRIBUNAL DU BARREAU

À (nom et adresse du témoin)

(audience orale)

VOUS ÊTES REQUIS(E) DE VOUS PRÉSENTER DEVANT LA SECTION DE PREMIÈRE INSTANCE AFIN D'Y TÉMOIGNER lors de l'instruction de la présente instance le (jour), (date), à (heure), au Tribunal du Barreau, (adresse), Toronto (Ontario) (ou indiquer l'endroit) et d'y demeurer jusqu'à ce que votre présence ne soit plus requise.

VOUS ÊTES REQUIS(E) D'APPORTER AVEC VOUS et de produire, lors de l'instruction, les documents et objets suivants : (indiquer la nature et la date de chaque document et donner suffisamment de précisions pour permettre d'identifier chaque document et objet)

SI VOUS NE VOUS PRÉSENTEZ PAS OU NE DEMEUREZ PAS PRÉSENT(E) COMME LE REQUIERT LA PRÉSENTE ASSIGNATION, LA COUR SUPÉRIEURE DE JUSTICE PEUT ORDONNER QU'UN MANDAT D'ARRÊT SOIT DÉCERNÉ CONTRE VOUS OU QUE VOUS SOYEZ SANCTIONNÉ(E) DE LA MÊME FAÇON QUE POUR OUTRAGE AU TRIBUNAL.

(audience électronique)

VOUS ÊTES REQUIS(E) DE PARTICIPER À UNE AUDIENCE ÉLECTRONIQUE le (jour) (date), à (heure), de la manière suivante : (donner suffisamment de précisions pour permettre au témoin de participer)

SI VOUS NE PARTICIPEZ PAS À L'AUDIENCE COMME LE REQUIERT LA PRÉSENTE ASSIGNATION, LA COUR SUPÉRIEURE DE JUSTICE PEUT ORDONNER QU'UN MANDAT D'ARRÊT SOIT DÉCERNÉ CONTRE VOUS OU QUE VOUS SOYEZ SANCTIONNÉ(E) DE LA MÊME FAÇON QUE POUR OUTRAGE AU TRIBUNAL.

(date)

Tribunal du Barreau

Greffier/Greffière

REMARQUE : Vous avez le droit de toucher la même indemnité pour votre présence ou votre participation à l'audience que celle que toucherait une personne assignée à comparaître devant la Cour supérieure de justice.

TAB 8.2

INFORMATION

TRIBUNAL ANNUAL REPORT

6. Pursuant to the June 2012 Tribunal Reform Report (the “2012 Report”) the Tribunal Chair is to provide an Annual Report to Convocation on Tribunal operations.
7. The Chair’s Annual Report, in French and English, is set out at **TABS 8.2.1: Annual Report (English)** and **8.2.2: Annual Report (French)** for Convocation’s information.
8. The annual report requirement provides for an annual snapshot of the Tribunal’s operations and developments. The 2014 Tribunal Annual Report also provides an overview to the progress of the 2012 reforms implementation. As an electronic document the Annual Report enables readers to access additional, more specific information in many of the areas touched on. As a public document it also reflects the Tribunal’s and the Law Society’s commitment to transparent processes.



Law Society Tribunal
Tribunal du Barreau

MESSAGE FROM THE CHAIR >

TRIBUNAL EVOLUTION >

TRIBUNAL OPERATIONS >

TRIBUNAL METRICS >

ANNUAL REPORT

2014

Message from the Chair

I am pleased to present the first Annual Report of the Law Society Tribunal, which was formally established in March 2014. This report describes the many initiatives we undertook throughout 2014 in support of the establishment of an independent administrative tribunal within The Law Society of Upper Canada. These initiatives are designed to enhance the quality of the Tribunal's work in fairly and impartially processing, hearing and deciding the cases that come before us.

Tribunal members include benchers, who also have a role in governance of the Law Society, and other appointees to the Tribunal who are lawyers, paralegals and members of the public. Each panel is assigned by the Chair; important considerations in composing panels include ensuring bencher and lay representation and diversity in expertise and experience.



David A. Wright
Chair, Law Society Tribunal

Several types of cases are worth highlighting. Decisions on allegations of professional misconduct connected to mortgage fraud were prominent. Also significant were issues relating to mental health. Decisions addressed incapacity, health as a mitigating factor in penalty and requests to order an independent medical examination. Finally, the Tribunal's single-adjudicator summary hearing process dealt with many cases alleging failure to respond to the Law Society or violations of rules relating to financial records.

We continue to develop our jurisprudence. Significant 2014 Appeal Division decisions provided guidance on transparency of hearings (*Law Society of Upper Canada v. Xynnis, 2014 ONLSAP 9*); ungovernability and the application of progressive discipline (*Law Society of Upper Canada v. Shifman, 2014 ONLSTA 21*); and standards in criminal law practice (*Law Society of Upper Canada v. Besant, 2014 ONLSTA 50*).

We are committed to enhancing case management and alternative dispute resolution in the pre-hearing process, thereby reducing hearing time and adjournments. A small group of Tribunal members presides at pre-hearing conferences, and meets regularly to discuss common issues and promote consistency in approach.

This year, our staff's reporting relationships changed: the Registrar and Senior Counsel, who manages the Tribunal Office, now reports to the Chair. Staff have embraced the Tribunal's identity and put in extra effort in a year filled with changes to their work and a busy caseload.

I have learned a great deal from the Tribunal's stakeholders, members and staff in my first full year as Chair. I look forward to continued input and feedback from them, the Tribunal Committee, Convocation and the public as we continue the process of building an independent tribunal within self-governance of the legal and paralegal professions.

Tribunal Evolution

A Distinct Identity

MISSION STATEMENT AND CORE VALUES

The Law Society Tribunal is an independent adjudicative tribunal within The Law Society of Upper Canada. The Tribunal was formally established on March 12, 2014, through implementation of the *Modernizing Regulation of the Legal Profession Act, 2013*.

In recognition of the Tribunal's distinct identity and commitment to an enhanced tribunal process, a *mission statement and core values* were created and implemented through a process of consultation with stakeholders and members.

The Law Society Tribunal processes, hears and decides regulatory cases about Ontario lawyers and paralegals in a manner that is fair, just and in the public interest. The work of Tribunal members and staff is informed and governed by this mission statement and the core values of fairness, quality, transparency and timeliness.

TRIBUNAL TEAM

The Tribunal is made up of members and staff. Tribunal members are the adjudicators who hear and decide cases. All are part-time, with the exception of the Chair. There are 13 full-time staff, including the Chair, and one part-time staff member.

Members

The Tribunal consists of a Hearing and Appeal Division. The Chair of the Tribunal is Chair of both the Hearing and Appeal Divisions, and each Division has a Vice-Chair. Pursuant to the *Law Society Act*, the Chair must be a lawyer who is not a bencher and the Vice-Chairs must be elected benchers.

Other tribunal members include elected and other lawyer and paralegal benchers, lay (public) benchers appointed by the Lieutenant Governor in Council and lawyers, paralegals and lay (public) Tribunal members appointed by Convocation on recommendation of the Chair. Public members must also be approved by the Attorney General for Ontario. Currently, there are 81 members of the Tribunal in addition to the Chair and Vice-Chairs. All Tribunal members are members of the Hearing Division. Twenty Tribunal members are also members of the Appeal Division. The Chair is appointed for a four-year term, and Vice-Chairs and members are appointed for terms of up to two years.

Members sit in panels of one, three or five to hear and decide cases. Panels are composed by the Chair in accordance with the requirements set out in *Ontario Regulation 167/07*.

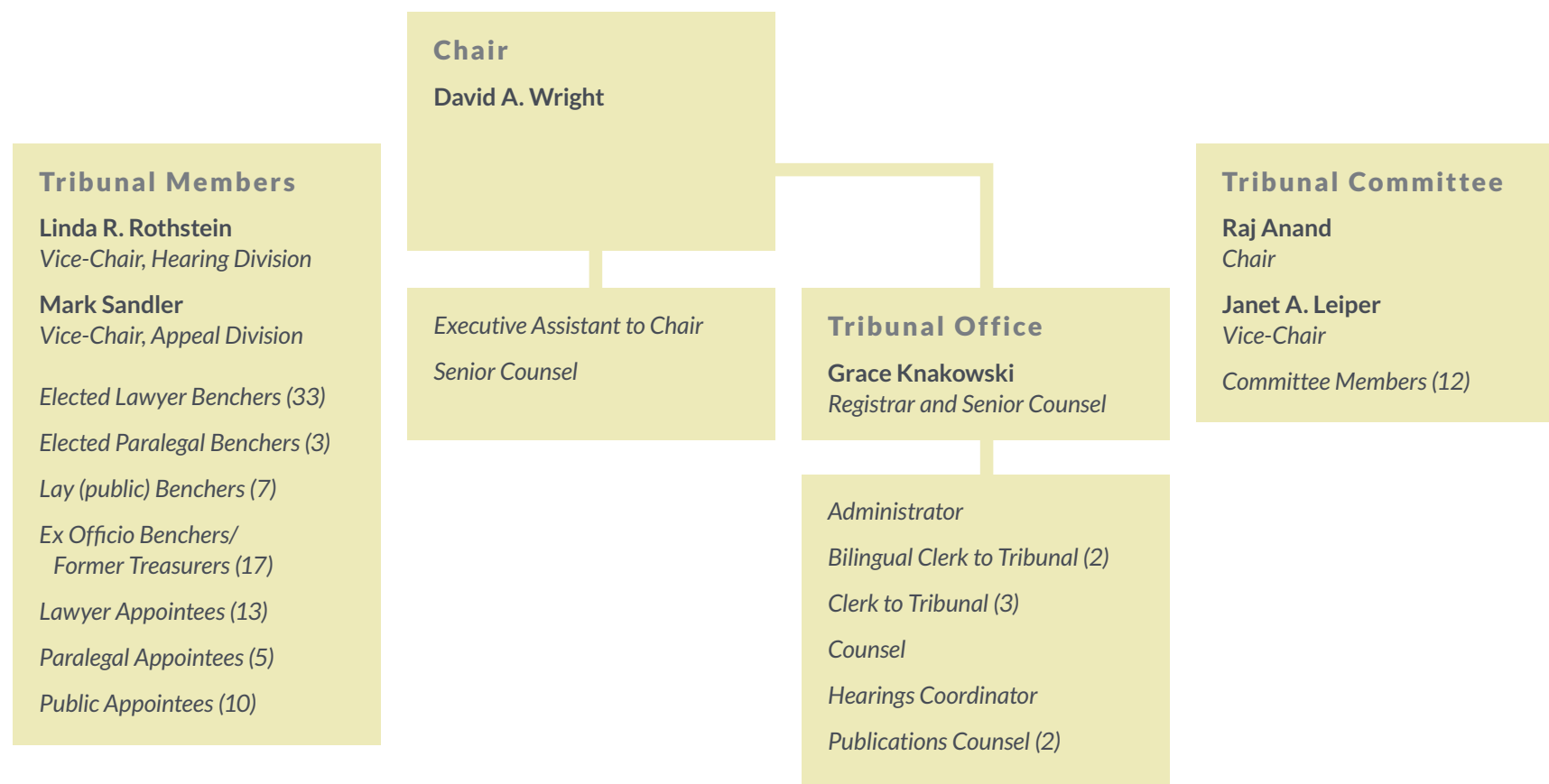
Tribunal Office

The Tribunal Office is led by the Registrar and Senior Counsel, who reports to the Chair. Tribunal Office staff support the adjudicative work of the Tribunal by coordinating file management, scheduling hearings, releasing orders and reasons and providing support at hearings.

Tribunal Committee

The Tribunal Committee is a standing committee of Convocation. Its mandate is to develop for Convocation's approval, in conjunction with the Chair, policy options on all matters relating to the Tribunal, including practice directions, the Adjudicator Code of Conduct, publication protocols for tribunal decisions, Tribunal member professional development and rules of practice and procedure.

TRIBUNAL STRUCTURE



Tribunal Advancement

The Law Society Tribunal is committed to continuous improvement and advancement. As part of this commitment, a detailed Tribunal [member position description](#) and formal performance development process for members have been approved by Convocation and implemented.

APPOINTMENT AND REAPPOINTMENT PROCESS

Members are appointed and reappointed to the Tribunal by Convocation on recommendation of the Chair. Benchers are eligible to be appointed to an initial term by virtue of their position. Other members are appointed following a competitive process and must have adjudicative experience. Tribunal members must adhere to the Law Society Tribunal Adjudicator Code of Conduct and demonstrate many aptitudes, including:

- Knowledge of administrative law, legislation and rules
- Commitment to procedurally fair and transparent hearings
- Production of quality jurisprudence
- Collegiality and self-reflection
- Continuous development through education of adjudicative skills and knowledge of issues before the Tribunal

RECRUITMENT

In 2014, the Law Society Tribunal initiated two separate competitive processes to recruit public and lawyer appointee members. As a result of these competitions, five public and four lawyer appointees were added to the Tribunal. The addition of these members strengthens the Tribunal's ability to conduct French language hearings and increases the diversity of expertise and experience among Tribunal members.

ORIENTATION AND EDUCATION

All new Tribunal members attend a multi-day orientation. Continuing education is offered to members and staff throughout the year, and attendance at two half-day sessions is mandatory for all members. This year's sessions focused on evidence, the role of the adjudicator and reason writing.

Outreach

STAKEHOLDER INPUT

The new [Chair's Practice Roundtable](#) has given Tribunal stakeholders a collegial forum in which to comment on the work of the Tribunal. The Chair's Practice Roundtable is comprised of duty counsel who regularly assist lawyers and paralegals at the Tribunal and individuals who regularly represent lawyers and paralegals or The Law Society of Upper Canada before the Tribunal.

The Chair's Practice Roundtable also provides an effective channel for the Tribunal to share and receive comment on developments and proposals about its processes.

Lawyers, paralegals and members of the public can receive email updates and consultation documents from the Tribunal by asking to be included on the Tribunal's [Stakeholder's List](#).

REGULATORY AND ADMINISTRATIVE JUSTICE COMMUNITY

The Law Society Tribunal continues to establish its new identity within the regulatory and administrative justice community through the Chair's speaking engagements at conferences and events, including:

- Canadian Institute for the Administration of Justice Conference – Advanced Judicial Seminar on Administrative Law
- Federation of Law Societies of Canada – The Law Society of Upper Canada's Independent Tribunal Model
- The Society of Ontario Adjudicators and Regulators and Osgoode Professional Development – Ethics of Alternative Dispute Resolution in Administrative Justice

Tribunal Operations


Core Values

FAIRNESS

Fairness – Legislative Amendments

To create the Law Society Tribunal, the *Law Society Act*, *By-Law 3*, *Ontario Regulation 167/07* and the *Rules of Practice and Procedure* were amended.

More recently, the *Rules of Practice and Procedure* were amended to require a lawyer, paralegal or lawyer or paralegal applicant involved in a Tribunal proceeding to prepare a pre-hearing conference (PHC) memorandum. Previously, only the Law Society was required to do so. Requiring both parties to prepare a PHC memorandum gives equal opportunity to state a position and promotes more detailed discussions at the PHC.



We will be fair and impartial in our processes and proceedings, treating all with respect, courtesy and dignity.

QUALITY

Quality – Case Management System

Work is underway, together with the Law Society's Project Management Office, to create a new electronic case management system to facilitate the filing of documents and the work of Tribunal members and staff, and to easily generate statistics about the Tribunal's work. The Tribunal's new case management system is being built within SharePoint to capitalize on The Law Society of Upper Canada's decision to move to this platform across the organization.

We strive for excellence, acting with dedication and professionalism. We aim for continuous improvement, valuing diverse perspectives. We commit to an atmosphere that enables all to perform at their best.

TRANSPARENCY

Transparency – Website and Law Society Tribunal Identity

The [Law Society Tribunal website](#) was created and launched on March 12, 2014. Internet presence through an independent website has dramatically increased the profile and transparency of the Tribunal. It allows for ease of access to Tribunal information by the public, media and parties. The website contains a wealth of information about the Tribunal and its activities.

A unique Law Society Tribunal identity was enhanced with the design of a logo and stationery allowing lawyers, paralegals, the public and the media to visualize the Tribunal's independence within The Law Society of Upper Canada. This has assisted in educating parties and stakeholders about the distinction between the Law Society Tribunal and The Law Society of Upper Canada's Professional Regulation Division while emphasizing the Tribunal's independence and neutrality.

We will act in a manner that bears the closest scrutiny. Our decisions, rules, processes and policies will be available to licensees and the public, accessible and easily understandable.

TIMELINESS

Timeliness – New Scheduling Process

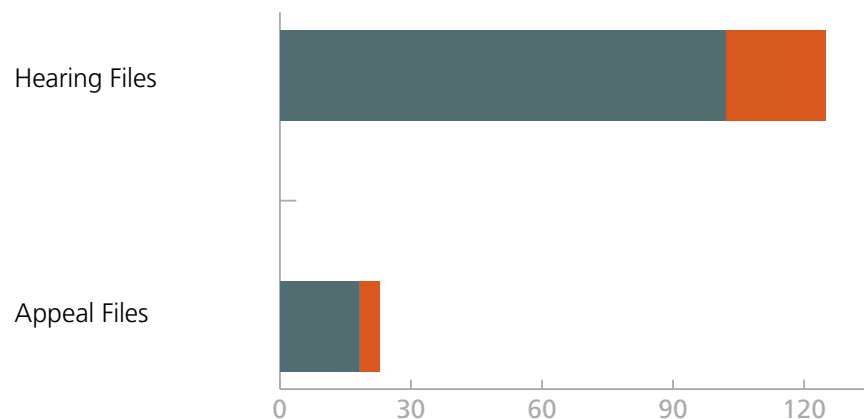
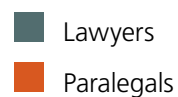
On May 2, 2014, the Law Society Tribunal initiated a new *scheduling process*. The new scheduling process maximizes hearing date options and provides parties with exact hearing dates, as opposed to a range of dates as was the former practice. Certainty of hearing dates promotes timely scheduling and translates into cost savings for parties as representatives are only required to attend on actual hearing dates.

We are guided by the importance of timely resolution of all matters. We will schedule hearing and continuation dates expeditiously and complete written reasons promptly.

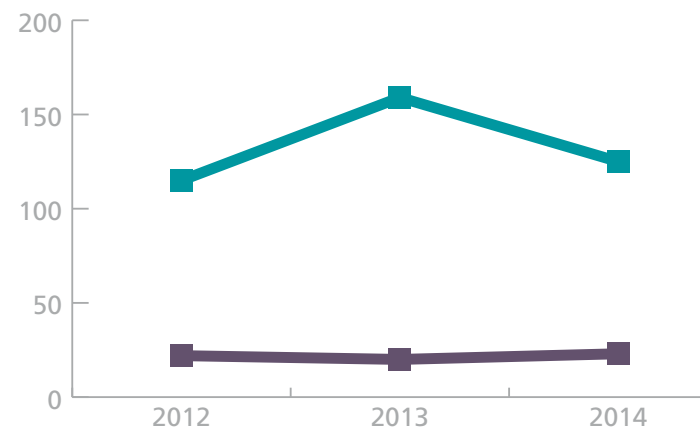
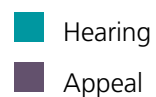
Tribunal Metrics

The Law Society Tribunal's 2014 statistics may be [found here](#).

HEARING AND APPEAL FILES OPENED IN 2014



HEARING AND APPEAL FILES OPENED BY YEAR



Statistical Highlights and Trends

FILES OPENED

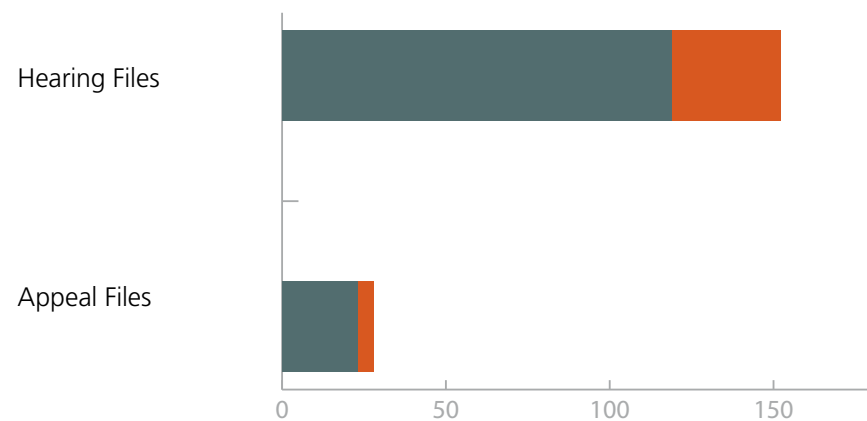
The Law Society Tribunal continued to administer a very busy caseload in 2014. While fewer originating processes were filed with the Tribunal than the year before, the overall work of the Tribunal remained steady as more files were closed by the Tribunal than in 2013. The Tribunal Office received 125 notices of application or referral for hearing and motions for interlocutory suspension or practice restriction to be considered by the Hearing Division, compared to 159 filings in 2013, a 21% decrease. The Tribunal Office also received 23 notices of appeal to be considered by the Appeal Division compared to 20 filings in 2013, a 15% increase. The total number of filings in 2014 is similar to that of 2012 filings.

Tribunal Metrics

The Law Society Tribunal's 2014 statistics may be [found here](#).

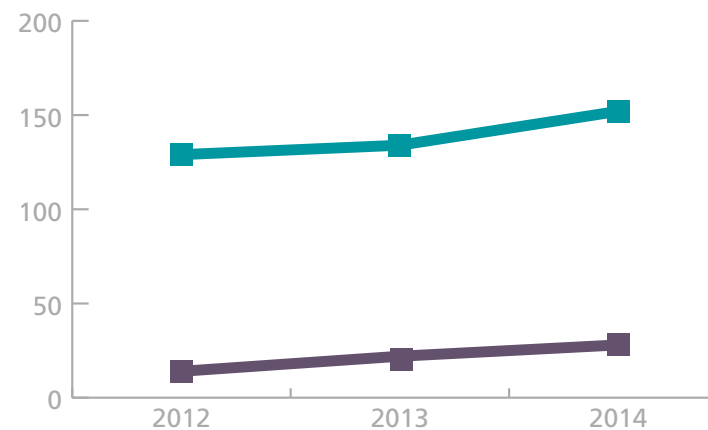
HEARING AND APPEAL FILES CLOSED IN 2014

Lawyers
Paralegals



HEARING AND APPEAL FILES CLOSED BY YEAR

Hearing
Appeal



FILES CLOSED

In 2014, the Tribunal closed 152 files that were before the Hearing Division compared to 134 closed files in 2013, a 13% increase. The Tribunal also closed 28 files that were before the Appeal Division compared to 22 closed files in 2013, a 27% increase.

OPEN FILES BY AGE

At year-end 2014, the Tribunal's open or active file inventory of 152 files may be sorted by age as:

0 to 6 months - 64 files (42%), 7 to 18 months - 60 files (40%), 19 to 24 months - 17 files (11%) and over 24 months - 11 files (7%).

Almost half of the Tribunal's open or active inventory at 2014 year-end is less than six months old and 82% of the Tribunal's open or active inventory is less than 18 months old. These figures are identical to year-end 2013 figures and improve on 2012 percentages of 33% and 76%, respectively. At 2014 year-end, only 7% of open or active files were over 24 months old, compared to 13% in 2013 and 16% in 2012.

NUMBER OF FILES AND FREQUENCY BEFORE THE TRIBUNAL

Case management and adjudication activity before the Tribunal remained high in 2014. The proceeding management conference considered 144 files and the Hearing Division considered 190 files in 2014. The appeal management conference considered 15 files and the Appeal Division considered 26 files.

TOTAL HEARINGS SCHEDULED AND VACATED

In 2014, hearings were scheduled on 96% of all available calendar days. A total of 450 single-day or multiple day hearing blocks were scheduled before the Hearing and Appeal Divisions. Of these, 407 were for Hearing Division hearings and 43 were for Appeal Division hearings. Of the 407 Hearing Division blocks scheduled, 17% were vacated which is an improvement from the 23% and 22% of vacated hearings in 2013 and 2012, respectively. The Appeal Division experienced the same improvement as only 12% of blocks scheduled were vacated, compared to 16% in 2013 and 13% in 2012. The decrease in adjournments is likely due to an emphasis on more active pre-hearing case management and more consistent application and awareness of the Tribunal's practice direction for adjournment requests.

TRIBUNAL REASONS PRODUCED AND PUBLISHED

In 2014, 183 written reasons were produced, an increase of 29% from 2013 and 27% from 2012. Tribunal written and oral reasons continue to be published on The Canadian Legal Information Institute website to ensure that Law Society Tribunal jurisprudence is available to licensees and the public in an accessible format that may be researched.





Law Society Tribunal
Tribunal du Barreau

MESSAGE DU PRÉSIDENT >

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OPÉRATIONS DU TRIBUNAL >

MÉTRIQUES DU TRIBUNAL >

RAPPORT ANNUEL

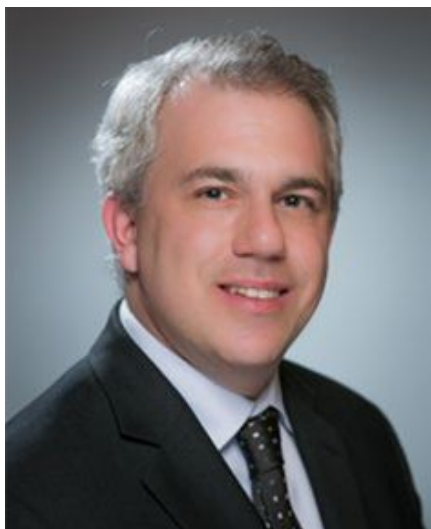
2014

Message du président

Je suis heureux de présenter le premier rapport annuel du Tribunal du Barreau, officiellement créé en mars 2014. Le présent rapport décrit les nombreuses initiatives entreprises en 2014 pour soutenir la création d'un tribunal administratif indépendant au sein du Barreau du Haut-Canada. Le but de ces initiatives est d'améliorer la qualité du travail du Tribunal ainsi que de traiter, d'entendre et de trancher de façon juste et impartiale les causes qui nous sont présentées.

Les membres du Tribunal comprennent des conseillers et des conseillères, qui jouent un rôle dans la gouvernance du Barreau, et d'autres membres avocats, parajuristes et membres du public nommés au Tribunal. Chaque formation est affectée par le président; la composition des formations tient compte du besoin de représenter les conseillers et les non-juristes, ainsi que de la diversité de l'expertise et de l'expérience.

Plusieurs types de causes valent la peine d'être soulignés. Les décisions portant sur les allégations de manquement professionnel liées à la fraude



David A. Wright, président,
Tribunal du Barreau

hypothécaire sont d'une importance considérable, tout comme les questions liées à la santé mentale. Les décisions ont porté sur la capacité, la santé comme facteur atténuant pour déterminer la sanction et les demandes d'ordonner un examen médical indépendant. Enfin, le processus d'audience sommaire du Tribunal devant un seul arbitre traite de nombreuses causes alléguant un manquement à répondre au Barreau ou des violations des règles du *Code de déontologie* portant sur les registres financiers.

Nous continuons à développer notre jurisprudence. Des décisions majeures de la Section d'appel en 2014 ont orienté la transparence des audiences (*Barreau du Haut-Canada c. Xynnis, 2014 ONLSAP 9*); l'ingouvernabilité et l'application de la discipline progressive (*Barreau du Haut-Canada c. Shifman, 2014 ONLSTA 21*); et les normes de la pratique de droit criminel (*Barreau du Haut-Canada c. Besant, 2014 ONLSTA 50*).

Nous sommes engagés à améliorer la gestion des cas et la résolution extra judiciaire de différends dans le processus préalable aux audiences, réduisant ainsi la durée des audiences et les ajournements. Un petit groupe de membres du tribunal préside les conférences préalables à l'audience et se réunit régulièrement pour discuter des problèmes communs et promouvoir une approche uniforme.

Cette année, nos liens hiérarchiques ont changé : la greffière et avocate principale, qui gère le greffe du Tribunal, se rapporte maintenant au président. Le personnel a accepté l'identité du Tribunal et fourni un effort additionnel pendant cette année de changements et de volume de travail considérable.

J'ai beaucoup appris des intervenants du Tribunal, des membres et du personnel en cette première année entière comme président. Je compte sur leurs commentaires continus, ainsi que sur ceux du comité du Tribunal, du Conseil et du public pour développer un tribunal indépendant au sein de professions juridique et parajuridique autogouvernées.

Évolution du Tribunal

Identité distincte

MISSION ET VALEURS

Le Tribunal du Barreau est un tribunal d'arbitrage indépendant au sein du Barreau du Haut-Canada. Le Tribunal du Barreau a été constitué officiellement le 12 mars 2014 en vertu de la *Loi de 2013 sur la modernisation de la réglementation de la profession juridique*.

En reconnaissance de l'identité du Tribunal et de son engagement envers l'amélioration de sa procédure, un *énoncé de mission et de valeurs* a été créé et mis en œuvre après une consultation avec les intervenants et les membres.

Le Tribunal du Barreau traite, entend et tranche des cas de réglementation concernant les avocates, les avocats et les parajuristes de l'Ontario de manière équitable, juste et dans l'intérêt public. Ces valeurs essentielles guident et gouvernent le travail des membres et du personnel du Tribunal : équité, qualité, transparence et délais.

ÉQUIPE DU TRIBUNAL

Le Tribunal est formé de membres du tribunal et de personnel. Les membres du Tribunal sont les arbitres qui entendent et tranchent les causes. Tous les arbitres agissent à temps partiel, à l'exception du président. Le Tribunal compte 13 employés à temps plein, dont le président, et un employé à temps partiel.

Membres

Le Tribunal est constitué d'une section de première instance et d'une section d'appel. Le président du Tribunal préside ces deux sections, chacune ayant un vice-président. Conformément à la *Loi sur le Barreau*, le président doit être avocat non conseiller et les vice-présidents doivent être des conseillers élus.

Les autres membres du Tribunal comprennent des conseillers avocats ou parajuristes élus ou non élus; des conseillers non juristes (public) nommés par le Lieutenant-gouverneur en conseil, et des membres du Tribunal avocats, parajuristes et non-juristes (public) nommés par le Conseil sur recommandation du président. Les membres publics doivent aussi être approuvés par la procureure générale de l'Ontario. En ce moment, le Tribunal compte 81 membres, en plus du président et des vice-présidents. Tous les membres du Tribunal sont membres de la Section de première instance. Vingt membres du Tribunal sont également membres de la Section d'appel. Le président est nommé pour un mandat de quatre ans, et les vice-présidents et membres sont nommés pour des mandats de deux ans maximum.

Les membres siègent à des formations de un, trois ou cinq pour entendre et trancher les causes. Les formations sont composées par le président conformément aux exigences énoncées dans le *Règlement de l'Ontario 167/07*.

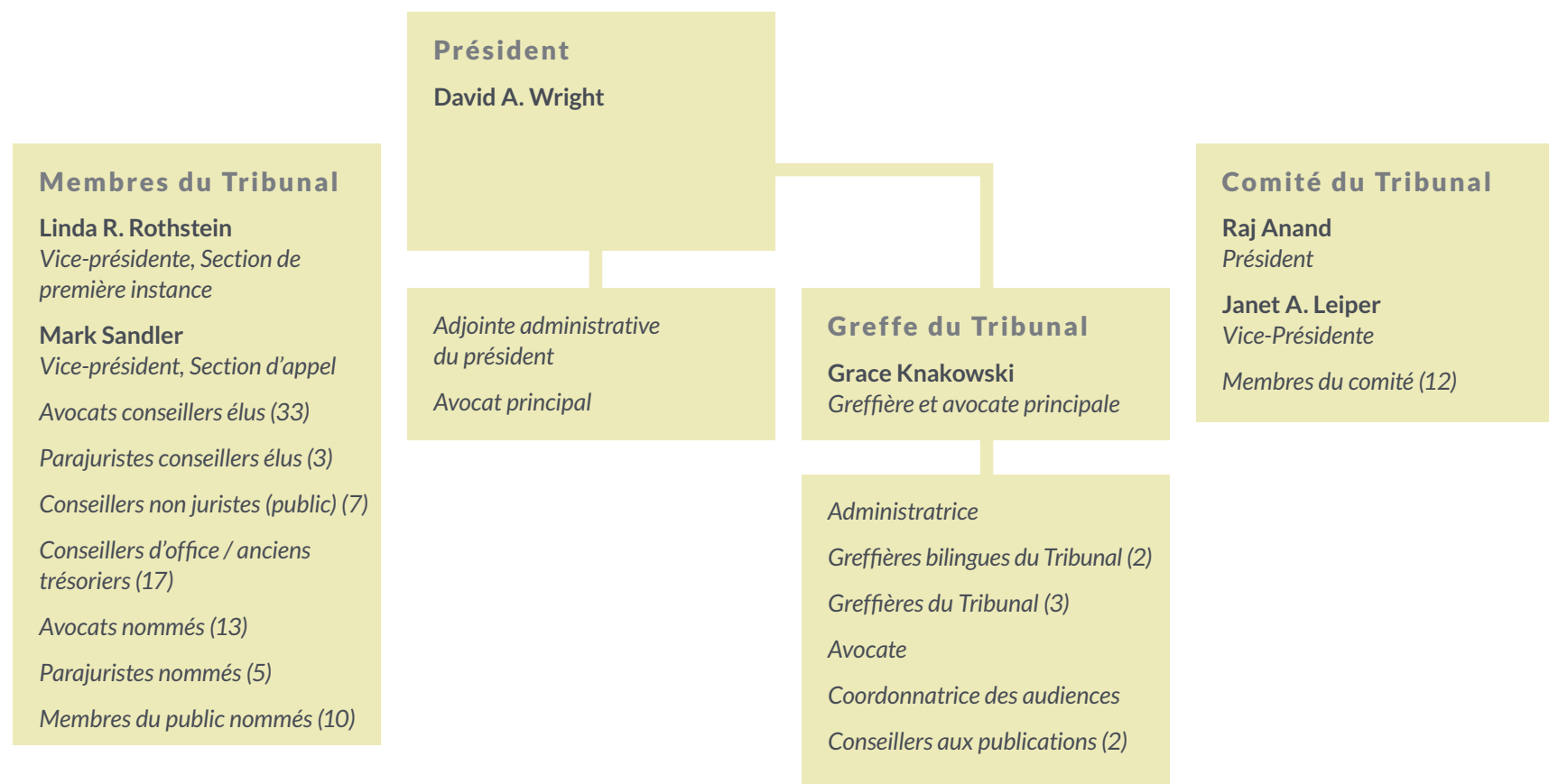
Greffe du Tribunal

Le greffe du Tribunal est mené par la greffière et avocate principale, qui se rapporte au président. Le personnel du greffe du Tribunal soutient le travail d'arbitrage du Tribunal en coordonnant la gestion des dossiers, l'établissement d'horaires, la publication des ordonnances et des motifs, et en fournissant un appui aux audiences.

Comité du Tribunal

Le Comité du Tribunal est un comité permanent du Conseil. Son mandat est d'élaborer, de concert avec le président du Tribunal du Barreau, pour approbation du Conseil, différentes politiques sur toutes les questions portant sur le Tribunal, y compris l'élaboration ou la préparation des directives de cabinet, le *Code de déontologie des arbitres*, un protocole de publication pour rendre les décisions du tribunal, le perfectionnement professionnel des arbitres et des règles de pratique et de procédure.

STRUCTURE DU TRIBUNAL



Avancement du Tribunal

Le Tribunal du Barreau s'engage à continuer de s'améliorer. Dans le cadre de cet engagement, *une description de postes* pour les membres du Tribunal et un processus de perfectionnement professionnel officiel pour les membres ont été approuvés par le Conseil et mis en œuvre.

PROCESSUS DE NOMINATION ET DE RENOUVELLEMENT DES NOMINATIONS

Les membres sont nommés et renommés au Tribunal par le Conseil, sur recommandation du président. Les conseillers peuvent être nommés pour un mandat initial du fait de leur charge. D'autres membres sont nommés après un processus concurrentiel et doivent avoir une expérience d'arbitrage. Les membres du Tribunal doivent respecter le *Code de déontologie des arbitres* du Tribunal du Barreau et faire preuve de diverses aptitudes, comme :

- La connaissance du droit administratif, de la loi et des règles
- Un engagement envers des audiences équitables et transparentes
- La production de jurisprudence de qualité
- La collégialité et la réflexion personnelle
- Le perfectionnement continu par l'éducation des habiletés d'arbitrage et des connaissances des questions présentées au Tribunal

RECRUTEMENT

En 2014, le Tribunal du Barreau a amorcé deux processus concurrentiels séparés pour recruter des membres du public et des avocats. À l'issue de ces compétitions, cinq membres du public et quatre avocats additionnels ont été nommés au Tribunal. L'ajout de ces membres renforce la capacité du Tribunal de mener des audiences en français et augmente la diversité de l'expertise et de l'expérience parmi les membres du Tribunal.

ORIENTATION ET ÉDUCATION

Tous les nouveaux membres du Tribunal participent à une orientation sur plusieurs jours. La formation continue est offerte aux membres et au personnel durant l'année, et la participation aux séances de deux demi-journées est obligatoire pour tous les membres. Les séances de cette année portaient sur la preuve, le rôle de l'arbitre et la rédaction de motifs.

Rayonnement

OPINIONS DES INTERVENANTS

La nouvelle *Table ronde du président concernant les pratiques* a fourni aux intervenants du Tribunal un forum collégial pour exprimer leurs opinions sur le travail du Tribunal. La Table ronde du président est constituée d'avocats de service qui aident régulièrement les avocats et les parajuristes au Tribunal, et de personnes qui représentent régulièrement les avocats et les parajuristes ou le Barreau du Haut-Canada devant le Tribunal.

La Table ronde du président fournit également un canal efficace au Tribunal pour partager et recevoir des commentaires sur les développements et les propositions concernant ses processus.

Les avocates, avocats, parajuristes et membres du public peuvent recevoir les mises à jour et les documents de consultation du Tribunal en demandant d'être ajoutés à la *liste des intervenants*.

COMMUNAUTÉ DE JUSTICE ADMINISTRATIVE ET RÉGLEMENTAIRE

Le Tribunal du Barreau continue d'établir sa nouvelle identité dans la communauté de justice administrative et réglementaire grâce aux engagements oratoires du président à des conférences et événements, y compris :

- Conférence de l'Institut canadien d'administration de la justice – séminaire sur le droit administratif pour la magistrature
- Fédération des ordres professionnels de juristes du Canada – le modèle de tribunal indépendant du Barreau du Haut-Canada
- La *Society of Ontario Adjudicators and Regulators* et perfectionnement professionnel d'Osgoode – éthique et règlement extra judiciaire des différends en justice administrative

Opérations du Tribunal


Valeurs

ÉQUITÉ

ÉQUITÉ – Modifications législatives

La *Loi sur le Barreau*, le Règlement administratif n° 3, le Règlement de l'Ontario 167/07 et les *Règles de pratique et de procédure* ont été modifiés pour créer le Tribunal du Barreau.

Plus récemment, les *Règles de pratique et de procédure* ont également été modifiées pour exiger que les avocats, parajuristes ou demandeurs avocats ou parajuristes engagés dans une instance du Tribunal préparent un mémoire de conférence préparatoire à l'audience (CPA), ce qui auparavant incombait seulement au Barreau. En préparant un tel mémoire, les deux parties ont ainsi la même chance de se positionner et de favoriser des discussions plus approfondies au stade de la CPA.



Nous serons équitables et impartiaux dans nos procédures et nos instances, et traiterons toutes les parties avec respect, courtoisie et dignité.

QUALITÉ

QUALITÉ – Système de gestion des cas

Le travail est en cours avec le Bureau de gestion de projets du Barreau pour créer un nouveau système électronique de gestion des cas visant à faciliter le dépôt de documents au Tribunal et le travail des membres et du personnel du Tribunal, ainsi qu'à facilement produire des statistiques sur le travail du Tribunal. Le nouveau système de gestion des cas du Tribunal est développé dans SharePoint pour mettre à profit la décision du Barreau du Haut-Canada de passer à cette plate-forme dans toute l'organisation.

Nous visons l'excellence, agissons avec dévouement et professionnalisme. Nous cherchons à nous améliorer constamment et nous valorisons les perspectives diverses. Nous nous engageons à créer une atmosphère permettant à toutes et à tous d'accomplir leurs tâches au mieux de leur habileté.

TRANSPARENCE

Transparence – Site Web et identité du Tribunal du Barreau

Le [site Web du Tribunal du Barreau](#) a été créé et lancé le 12 mars 2014. La présence sur Internet d'un site Web indépendant a considérablement augmenté le profil et la transparence du Tribunal. Il permet une facilité d'accès aux renseignements sur le Tribunal par le public, les médias et les parties. Le site Web contient une mine de renseignements sur le Tribunal et sur ses activités.

L'identité unique du Tribunal du Barreau a été améliorée par la conception d'un logo et de papier à entête permettant aux avocats, parajuristes, membres du public et aux médias de visualiser l'indépendance du Tribunal au Barreau du Haut-Canada. Cela a aidé à instruire les parties sur la distinction entre le Tribunal du Barreau et la Direction de la réglementation professionnelle du Barreau du Haut-Canada tout en mettant l'accent sur l'indépendance et la neutralité du Tribunal.

Nous agissons d'une manière qui résiste à l'examen le plus minutieux. Nos décisions, règles, procédures et politiques seront à la disposition de tous les titulaires de permis et du public, en format accessible et facile à comprendre.

DÉLAIS

Délais – nouveau processus d'établissement des horaires

Le 2 mai 2014, le Tribunal du Barreau amorçait un *nouveau processus d'établissement des horaires*. Ce nouveau processus optimise les choix de dates d'audience et offre aux parties des dates exactes, au lieu d'une gamme de dates comme avant. La certitude des dates d'audience favorise des délais rapides et se traduit par un gain de temps pour les parties puisque les représentants n'ont besoin de comparaître qu'aux dates réelles de leur audience.

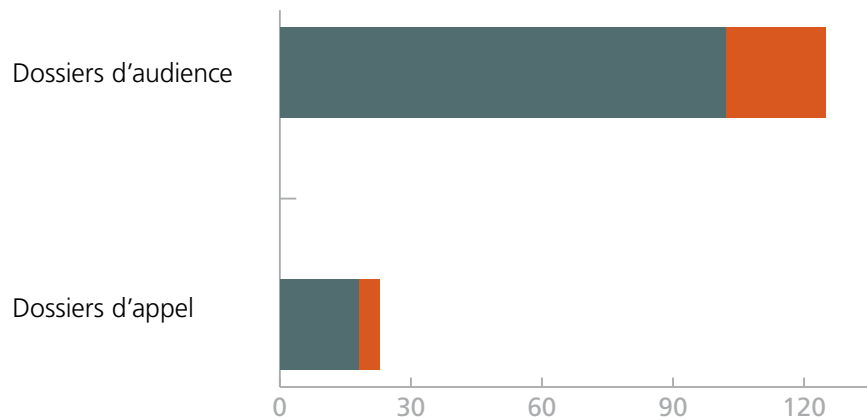
Nous sommes guidés par l'importance d'une résolution de toutes les affaires en temps utile. Nous fixerons rapidement des dates d'audition et de reprise et rendrons promptement des motifs écrits.

Métriques du Tribunal

Les statistiques du Tribunal du Barreau pour 2014 [se trouvent ici](#).

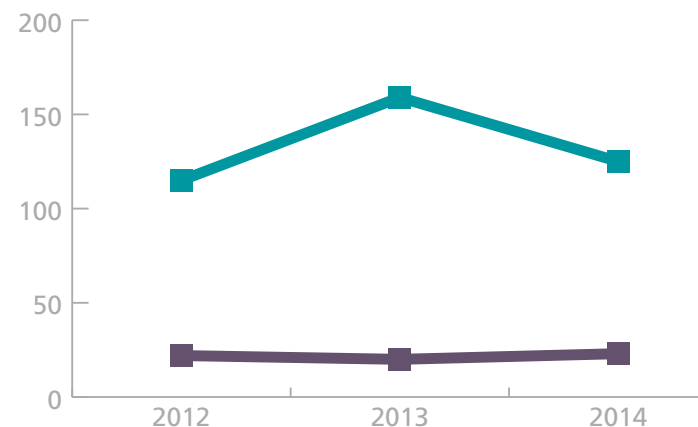
DOSSIERS D'AUDIENCE ET D'APPEL OUVERTS EN 2014

■ Avocats
■ Parajuristes



DOSSIERS D'AUDIENCE ET D'APPEL OUVERTS PAR ANNÉE

■ Audiences
■ Appels



Sommaire et tendances statistiques

DOSSIERS OUVERTS

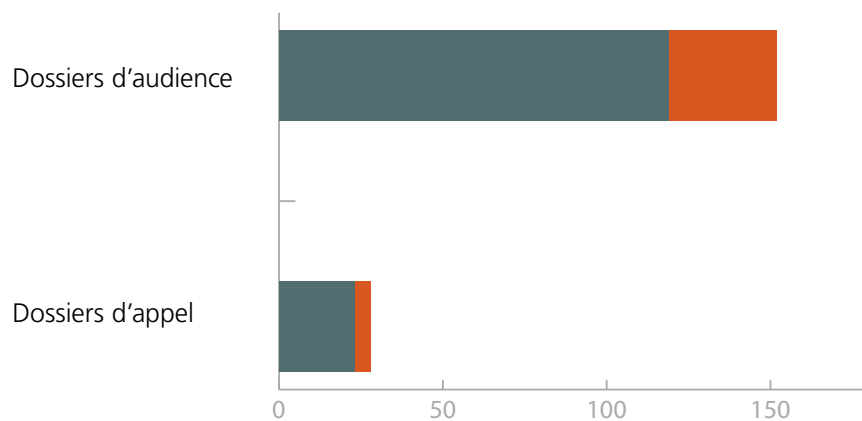
Le Tribunal du Barreau a continué de gérer une forte charge de travail en 2014. Si les actes introductifs d'instance déposés auprès du Tribunal ont été moins nombreux que l'année précédente, le travail global du Tribunal, lui, est demeuré constant et le nombre de dossiers clos a été plus élevé qu'en 2013. Le greffe du Tribunal a reçu 125 avis de requête ou de renvoi pour des audiences et des motions de suspension interlocutoire ou de restriction de la pratique à présenter à la Section de première instance, comparativement à 159 dépôts en 2013, soit une diminution de 21 %. Le greffe du Tribunal a également reçu 23 avis d'appel à présenter devant la Section d'appel, comparativement à 20 dépôts en 2013, soit une augmentation de 15 %. Le nombre total de dépôts en 2014 est le même qu'en 2012.

Métriques du Tribunal

Les statistiques du Tribunal du Barreau pour 2014 [se trouvent ici](#).

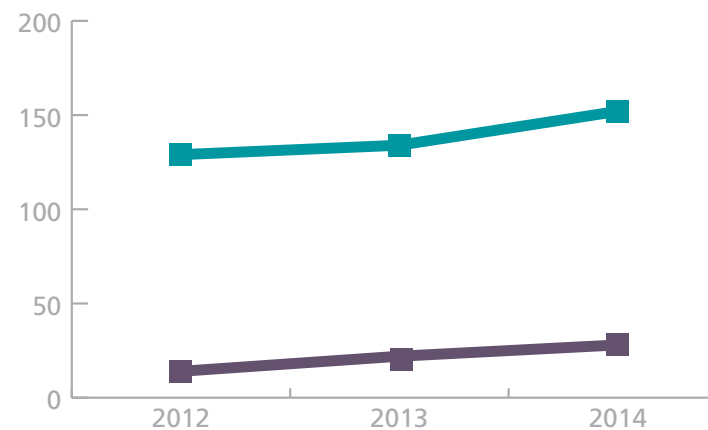
DOSSIERS D'AUDIENCE ET D'APPEL CLOS EN 2014

■ Avocats
■ Parajuristes



DOSSIERS D'AUDIENCE ET D'APPEL CLOS PAR ANNÉE

■ Audiences
■ Appels



DOSSIERS CLOS

En 2014, le Tribunal a clos 152 dossiers dont la Section de première instance était saisie, comparativement à 134 dossiers clos en 2013, soit une augmentation de 13 %. Le Tribunal a également clos 28 dossiers introduits à la Section d'appel, comparativement à 22 dossiers clos en 2013, soit une augmentation de 27 %.

DOSSIERS OUVERTS SELON L'ANCIENNETÉ

À la fin de 2014, l'inventaire de 152 dossiers ouverts ou actifs du Tribunal peut être classé selon l'ancienneté de la façon suivante : 0 à 6 mois – 64 dossiers (42 %), 7 à 18 mois – 60 dossiers (40 %), 19 à 24 mois – 17 dossiers (11 %) et plus de 24 mois – 11 dossiers (7 %).

Près de la moitié de l'inventaire de dossiers actifs ou ouverts du Tribunal à la fin de 2014 sont de moins de six mois et 82 % de l'inventaire de dossiers actifs ou ouverts du Tribunal sont de moins de 18 mois. Ces chiffres sont identiques à ceux de la fin de 2013 et marquent une amélioration par rapport aux pourcentages de 2012, soit 33 % et 76 %, respectivement. À la fin de 2014, seulement 7 % de dossiers ouverts ou actifs étaient de plus de 24 mois, par rapport à 13 % en 2013 et 16 % en 2012.

NOMBRE DE DOSSIERS ET FRÉQUENCE DE COMPARUTION DEVANT LE TRIBUNAL

La gestion des cas et l'arbitrage devant le Tribunal sont demeurés élevés en 2014. La conférence de gestion de l'instance a examiné 144 dossiers et la Section de première instance en a examiné 190 en 2014. La gestion des appels a examiné 15 dossiers et la Section d'appel en a examiné 26.

NOMBRE TOTAL D'AUDIENCES PRÉVUES ET ANNULÉES

En 2014, les audiences se sont réparties sur 96 % de tous les jours civils disponibles. Un total de 450 groupes de dates d'audience sur un jour ou sur plusieurs jours ont été fixés devant les sections de première instance ou d'appel. De ce nombre, 407 visaient la Section de première instance et 43 la Section d'appel. Sur les 407 groupes prévus devant la Section de première instance, 17 % ont été annulés, une amélioration par rapport aux 23 % et 22 % des audiences annulées en 2013 et en 2012. La Section d'appel a connu la même amélioration puisque seulement 12 % des groupes prévus ont été annulés, par rapport à 16 % en 2013 et à 13 % en 2012. La réduction du nombre d'ajournements est vraisemblablement due à une gestion préalable des cas plus active et à une application et une sensibilité plus constante de la direction sur la pratique du Tribunal relative aux demandes d'ajournement.

PRODUCTION ET PUBLICATION DES MOTIFS DU TRIBUNAL

En 2014, 183 motifs ont été écrits, une augmentation de 29 % par rapport à 2013 et de 27 % par rapport à 2012. Les motifs écrits et oraux du Tribunal continuent d'être publiés sur le site Web de l'Institut canadien d'information juridique pour veiller à ce que les décisions du Tribunal du Barreau soient à la portée des titulaires de permis et du public dans un format accessible et consultable.





Tab 9

Report to Convocation April 23, 2015

Access to Justice Committee

Committee Members

Cathy Corsetti, Co-Chair
Paul Schabas, Co-Chair
Susan Hare, Vice-Chair and
Special Liaison with the Equity and Aboriginal Issues Committee
Beth Symes, Vice-Chair
Raj Anand
Marion Boyd
Mary Louise Dickson
Robert Evans
Avvy Go
George Hunter
Brian Lawrie
Michael Lerner
Virginia MacLean
Malcolm Mercer
Barbara Murchie
Susan Richer
Baljit Sikand
Bradley Wright

Purpose of Report: Decision and Information

**Prepared by the Equity Initiatives Department
(Marisha Roman, Aboriginal Initiatives and Policy Counsel – 416-947-3989)**

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COMMITTEE PROCESS

1. The Access to Justice Committee (the “Committee”) met on April 8, 2015. Committee members Cathy Corsetti (Co-chair), Paul Schabas (Co-chair), Susan Hare (Vice-chair), Beth Symes (Vice-chair), Raj Anand (telephone), Marion Boyd, Mary Louis Dickson, Bob Evans, Avvy Go, Brian Lawrie, Michael Lerner, Virginia MacLean (telephone), Malcolm Mercer, Barbara Murchie, Baljit Sikand, and Bradley Wright (telephone) attended. Constance Backhouse, Robert Burd, Michelle Haigh, Ross Earnshaw, Marian Lippa, Susan McGrath and Jan Richardson also attended. Aneurin Thomas, Marcus Pratt, Heather Morgan, Emma Barz and Ashley Arrobas attended for a presentation on Legal Aid Ontario.
2. Staff in attendance were Julia Bass, Sabreena Delhon, Denise McCourtie, Marisha Roman, Grant Wedge and Sheena Weir.

*THIS SECTION CONTAINS
IN CAMERA MATERIAL*

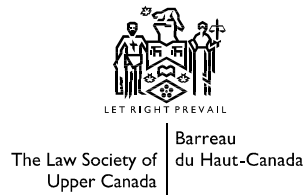
TAB 9.2

FOR INFORMATION

PROPOSAL FOR ESTABLISHMENT OF

THE J. SHIRLEY DENISON AWARD

31. The Access to Justice Committee considered a proposal submitted by the Heritage Committee for the establishment of the J. Shirley Denison Award and voted unanimously to support the proposal as submitted to Convocation.



TAB 10

**Report to Convocation
April 23, 2015**

Paralegal Standing Committee

Committee Members
Michelle Haigh, Chair
Susan McGrath, Vice-Chair
Marion Boyd
Robert Burd
Cathy Corsetti
Ross Earnshaw
Robert Evans
Brian Lawrie
Marian Lippa
Malcolm M. Mercer
Barbara Murchie
Baljit Sikand
Catherine Strosberg

Purpose of Report: Decision and Information

**Prepared by the Policy Secretariat
Julia Bass 416 947 5228**

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Election of Committee Chair..... TAB 10.2

COMMITTEE PROCESS

1. The Committee met on April 8th, 2015. Committee members present were: Michelle Haigh (Chair), Susan McGrath (Vice-Chair), Marion Boyd, Robert Burd, Cathy Corsetti, Ross Earnshaw, Robert Evans, Brian Lawrie, Marian Lippa (by telephone), Malcolm M. Mercer, Barbara Murchie, Baljit Sikand and Catherine Strosberg (by telephone).
2. Staff in attendance were: Zeynep Onen, Diana Miles, Jim Varro and Julia Bass.

*THIS SECTION CONTAINS
IN CAMERA MATERIAL*

FOR INFORMATION

ELECTION OF THE PARALEGAL STANDING COMMITTEE CHAIR

13. Sections 130.1 to 130.13 of By-law 3 provide for the annual election of the Chair of the Paralegal Standing Committee. The By-Law requires the election of the Chair to be the first item of business at the meeting one year from the last Committee Chair election, or, in a year in which the paralegal members of the Committee are elected, the first meeting of the Committee following that election.
14. Since the last election of the Committee Chair was in April 2014, election of the Chair was required to be the first item of business at the meeting in April 2015.
15. In accordance with section 130.4 of the by-law, the Director of Policy, Jim Varro, was appointed Elections Officer by the CEO, Robert Lapper. Mr Varro attended the meeting and administered the election.
16. The By-law further requires that the person elected be appointed Chair.
17. Since there was only one nomination for the position, Ms Michelle Haigh, Ms Haigh was declared elected and was therefore appointed Chair of the Committee for a one year term.



Tab 11

Report to Convocation April 23, 2015

Report on the Federation of Law Societies of Canada Council and Related Meetings, Ottawa, Ontario March 25-28, 2015

Purpose of Report: Information

**Prepared by Jim Varro and Juda Strawczynski
Policy Secretariat**

**COUNCIL MEETING AND RELATED MEETINGS OF THE
FEDERATION OF LAW SOCIETIES OF CANADA**

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INTRODUCTION

1. The Federation of Law Societies of Canada (the “Federation”) is the national coordinating body for Canada’s 14 law societies. It operates the National Committee on Accreditation (“NCA”), a Standing Committee at the Federation whose primary mandate is to assess the legal education and professional experience of persons whose legal education and professional experience were obtained outside of Canadian common law jurisdictions and who wish to be admitted to a common law bar in Canada. It provides administrative support to the National Criminal Law Program and the National Family Law Program. The Federation additionally engages in a number of national initiatives on which reports are received at its annual and semi-annual meetings.
2. Former Treasurer Thomas Conway is the Federation’s President for 2014-2015. Former Treasurer Laurie Pawlitza serves as the Federation Council member representing the Law Society of Upper Canada.
3. More information about the Federation can be found on its website at www.flsc.ca/.
4. The Federation typically organizes two conferences a year, at the times of its business meetings, for Council members, benchers and law society staff addressing regulatory themes of national importance.¹ At its most recent meetings, held March 25-28, 2015 in Ottawa, Ontario, in addition to a Council Meeting (March 26), the Federation held governance meetings in the context of its governance review with Federation Council members, Law Society CEOs and Law Society Presidents and Vice-Presidents on March 25 and 26, and a governance workshop for all participants on March 27 and 28.
5. Treasurer Janet Minor, Federation Council member Laurie Pawlitza, and staff Robert Lapper and Jim Varro attended the meetings on behalf of the Law Society of Upper Canada. Staff members Mary Shena and Marisha Roman were also present to assist with the organization of the dinner for delegates hosted by the Law Society on Friday, March 27.

GOVERNANCE MEETINGS

6. In June 2014, Federation Council approved the creation of a Governance Review Committee to conduct a governance review of the Federation. The review was prompted by, among other things, the growing demands on the Federation to lead national

¹All of the Federation’s national initiatives are funded by a levy assessed to each member law society. The levy is based on the number of “full-time equivalent” (“FTE”) members in the jurisdiction. In 2013-2014, the levy was \$25 per FTE in common law jurisdictions. The amount was raised to \$28.50 for 2014-2015, in part in order to develop appropriate resources for the Federation to meet its mandate.

regulatory initiatives and the expectation that the Federation will perform at high standards.

7. In July 2014, Council approved the composition of the Committee, which includes the Law Society of Upper Canada's Robert Lapper, as well as Marie-Claude Bélanger-Richard, Past Federation President (Chair); Jeff Hirsch, Federation Vice President; Sheila Greene, Council member for the Law Society of Newfoundland & Labrador; Sheila MacPherson, Council member for the Law Society of the Northwest Territories; Steve Raby, Council member for the Law Society of Alberta; Johanne Brodeur, former Bâtonnière of the Barreau du Québec, and Tim McGee, CEO, Law Society of British Columbia.
8. The Ottawa meeting provided all Federation member law societies with an opportunity to continue to work on the important governance issues.
9. The Governance Review Committee will endeavor to bring proposals for change to Council and law societies later in 2015.

COUNCIL MEETING

10. The Council met on March 26, 2015. It received reports from the Federation's President, Thomas Conway, and its CEO, Jonathan Herman. The Council Meeting agenda addressed a range of Federation matters, including the following.

National Mobility

11. Council received an update regarding the status of national mobility. The National Mobility Agreement 2013 and Territorial Mobility Agreement 2013 have been approved by all jurisdictions, but have not yet been implemented.
12. Implementation is awaiting approval by the government of Quebec of the required changes to the Barreau's regulations. Pursuant to the statutory regime governing all professions in Quebec, amendments to regulations require government approval.

National Committee on Accreditation (NCA)

13. The NCA reports that in the first eight months of 2014/2015 it:
 - a. received 847 applications for assessment (consistent with the number of applications received last year);
 - b. issued 662 Certificates of Qualification;
 - c. considered 11 appeals of NCA assessments (8 dismissed, 2 successful in whole or in part, and 1 requiring further materials to be provided); and

- d. delivered 3,724 examinations, which were written both in Canada and in locations around the world.
14. The NCA also approved a new [Assessment Policy](#), effective January 1, 2015 that brings it into compliance with the National Requirement.

Standing Committee on Access to Legal Services

15. The Standing Committee on Access to Legal Services (“SCALS”) facilitates the Federation’s strategic objective of collaborating with other participants in the legal system to foster greater public satisfaction with access to legal services. Law Society CEO Robert Lapper is a member of this Standing Committee. The Standing Committee has recently:
- a. Established a working group to facilitate exchange of information between law societies about access to justice;
 - b. Assisted in planning and attended an in-person meeting of representatives of provincial and territorial access to justice committees held in Toronto on March 13, 2015; and
 - c. Prepared a submission to the Federal Court’s Rules Committee in response to a public consultation, describing the Federation and law society approaches taken with respect to limited scope retainers.

Standing Committee on the Model Code of Professional Conduct

16. The mandate of the Standing Committee is to monitor changes in the law of professional responsibility and legal ethics, to receive and consider feedback from the law societies and other interested parties regarding the Model Code, and to make recommendations to Council with respect to any changes to the Model Code. The Law Society’s Jim Varro, Director of Policy, serves on the Standing Committee.
17. In the first quarter of 2015, the Standing Committee has engaged in numerous discussions with its law society liaisons, in an effort to more deeply integrate law society and Standing Committee work on the Model Code. Several of its members participated in a CBA-Federation Annual Ethics Forum, held in Toronto on March 6, 2015.
18. The Standing Committee also continues to consider potential amendments to the Model Code. It is studying submissions it received in response to public consultations held between July and November 2014 on a number of draft amendments to the Model Code, including, for example, proposed rule changes to eliminate language that stigmatizes those suffering from mental health problems or that might discriminate against equity seeking groups, and proposed new guidance for communicating with expert witnesses. The Standing Committee is also drafting amendments related to lawyers departing from law firms, having consulted with several law society liaisons regarding this area. It is also

preparing draft amendments related to dishonesty/fraud by lawyers, which will be included in its next round of consultations with all law societies.

National Requirement Review Committee

19. The National Requirement for entry to law society admission or licensing programs was approved in 2010, and takes effect in 2015. In June 2014, the Federation Council approved the establishment of a National Requirement Review Committee (the “Review Committee”), and at its October meeting Council approved this Committee’s Terms of Reference for it to:
 - a. Conduct an initial evaluation of the National Requirement focusing on identifying immediate issues that have become evident as part of early implementation; and
 - b. Consider and make recommendations on whether to include a non-discrimination provision in the National Requirement.
20. Following extensive consultations by the Federation Executive with respect to the composition of the Review Committee, at its Ottawa meeting Council approved the appointment of the following individuals to the Review Committee:
 - (a) Thomas G. Conway, Federation President, Chair
 - (b) Herman Van Ommen, Q.C. (Law Society of British Columbia)
 - (c) Kevin Feth, Q.C. (Law Society of Alberta)
 - (d) Peter Wardle (Law Society of Upper Canada)
 - (e) Tilly Pillay, Q.C. (Nova Scotia Barristers’ Society)
 - (f) Shauna Van Praagh (Faculty of Law, McGill University)
 - (g) Trevor Farrow (Osgoode Hall Law School)
 - (h) Diana Miles (Executive Director, Organizational Strategy /Professional Development & Competence, Law Society of Upper Canada)
21. In addition, the Chairs of the Canadian Common Law Program Approval Committee and the National Committee on Accreditation or their respective designates will be appointed as *ex officio* members without voting rights so as to ensure effective dialogue between the Canadian Common Law Program Approval Committee, the National Committee on Accreditation and the Review Committee.
22. Council approved amended terms of reference which require the Review Committee to report to Council by May 2015 with its proposed work plan.

Canadian Common Law Program Approval Committee

23. Laurie Pawlitza, Treasurer Emeritus of the Law Society and Chair of the Canadian Common Law Program Approval Committee (the “Approval Committee”), presented a report on the Approval Committee’s recent activities. Approval Committee members include Morgan Cooper (Newfoundland & Labrador), Steve Raby (Alberta), Alan

Treleaven (British Columbia), Dean Lorne Sossin (Osgoode Hall Law School), Dean Mary Anne Bobinski (University of British Columbia) and Dean Sébastien Lebel-Grenier (Université de Sherbrooke). Law Society of Upper Canada policy counsel Sophia Sperdakos and Juda Strawczynski are providing policy and operational support to the Approval Committee.

24. Council reappointed Laurie Pawlitza and Steve Raby to the Approval Committee for three year terms. Ms. Pawlitza was re-appointed as Chair.
25. Dean Bobinski is stepping down as Dean of the University of British Columbia Faculty of Law, and her replacement will be determined later this year based on a nomination by the Canadian Council of Law Deans ("CCLD").
26. The Approval Committee is engaged in the iterative process of determining law school program compliance with the Federation's national requirement for entry to law society admission programs in Canadian common law jurisdictions ([the "National Requirement"](#)), which took effect January 2015.
27. Over the past several months, the Approval Committee's work has included:
 - a. Evaluating and making decisions on all Canadian JD programs, approving 19 programs, and providing preliminary approval for 2 programs, pending graduation of their first classes;
 - b. Finalizing the 2015 law school report form;
 - c. Developing criteria to evaluate joint programs (as joint and dual programs will be subject to the National Requirement in 2017);
 - d. Liaising with the CCLD; and
 - e. Developing a list of issues which should be considered by the National Requirement Review Committee.
28. As described above, the Approval Committee will work closely with the Review Committee, in addition to continuing with its regular mandate. It will be meeting in June 2015 to, *inter alia*, consider the 2015 law school reports.

National Admission Standards Project (NASP)

29. The National Admission Standards Project ("NASP") was established in 2009. At that time, the CEOs of the law societies and the Council of the Federation identified the need to develop national standards for admission to practice. The project reflects an important strategic priority identified by the Council of the Federation: the development and implementation of high, consistent and transparent national standards for the regulation of the legal profession.
30. The driving force behind national admission standards is mobility. Through the Federation's mobility agreements, members of the legal profession in Canada today

enjoy unprecedented mobility between jurisdictions. Changes to the federal provincial-territorial Agreement on Internal Trade have also resulted in mobility rights for all licensed professionals and certified workers being enshrined in legislation.

31. Mobility has generated increased reflection about what the law societies do and why. With admission as a lawyer in one jurisdiction effectively opening the door to admission in all jurisdictions in Canada, mobility may make different regulatory practices difficult to justify as being in the public interest. The NASP seeks to address this concern through common and consistent standards.
32. General oversight of the project is provided by a Steering Committee comprised of:
 - (a) Don Thompson, Q.C., Executive Director, Law Society of Alberta, Chair;
 - (b) Tim McGee, Q.C., CEO, Law Society of British Columbia;
 - (c) Alan Treleaven, Director, Education and Practice, Law Society of British Columbia;
 - (d) Jeff Hirsch, Council Vice-President and President-elect and past president, Law Society of Manitoba;
 - (e) Allan Fineblit, Q.C., former CEO, Law Society of Manitoba;
 - (f) Laurie Pawlitza, Council member and past Treasurer, Law Society of Upper Canada;
 - (g) Robert Lapper, CEO, Law Society of Upper Canada;
 - (h) Diana Miles, Executive Director, Organizational Strategy / Professional Development and Competence, Law Society of Upper Canada;
 - (i) Lise Tremblay, CEO, Barreau du Quebec;
 - (j) Bâtonnier Bernard Synnott, Barreau du Quebec;
 - (k) Darrel Pink, Executive Director, Nova Scotia Barristers' Society;
 - (l) Bâtonnière Marie-Claude Bélanger-Richard, Q.C., Federation past president and former Bâtonnière, Law Society of New Brunswick; and
 - (m) Jonathan Herman, Federation CEO.
33. The Steering Committee is supported by Frederica Wilson, Senior Director, Regulatory and Public Affairs, Stephanie Spiers, Director, Regulatory Affairs and project manager, and Daphne Keevil-Harrod, Policy Counsel.
34. The NASP's work relates to the development of a profile of the competencies required upon entry to the profession and their assessment, and developing a standard for ensuring that applicants meet the requirement to be of good character.
35. The NASP developed the National Competency Profile, a profile competency required upon entry to the profession. It has been adopted by 13 law societies subject to the development and approval of a plan for implementation, including developing an appropriate assessment mechanism.
36. The NASP continues to focus on how the National Competency Profile will be assessed. In 2014, the NASP met with ten law societies to consider a range of possible methods for assessing the competencies. It is now developing a Business Plan to provide the

vision and structure for moving forward with developing a national qualifying assessment regime. It will be based on developing a defensible assessment program that will be developed and implemented in phases, with each phase building on the last. The Business Plan will also outline costs and timelines for the initiative.

37. The NASP intends to circulate the Business Plan together with a proposal for consideration, and to begin meeting with law societies in the spring of 2015.
38. It will be up to each law society to decide whether they are ready to commit to the proposed plan, and it may be that not all law societies will be ready to move forward at the same time. Law societies that commit at the outset will have the opportunity to be involved in the development process. Some law societies may decide to take a wait and watch approach, and join in at a later stage of implementation. Once a critical mass of law societies have decided to participate in the assessment plan, the technical work required to develop the assessment will begin. Development will involve law society staff from the participating jurisdictions with the relevant expertise. Law societies involved in the new assessment regime will be consulted and have opportunities to provide their input as the project progresses.
39. In addition to its work related to assessing competencies, the NASP continues to consider the development of a national Suitability to Practice / Good Character Standard through its Suitability to Practice Working Group comprised of staff from several law societies. The Law Society of Upper Canada's Sophia Sperdakos and Naomi Bussin serve on this Working Group.
40. The Suitability to Practice Working Group has considered feedback received in response to a fall 2013 consultation report on the Suitability to Practice / Good Character standard, and, based on the feedback received to date, will be circulating a further consultation report to law societies shortly.

National Discipline Standards Project (NDSP)

41. The National Discipline Standards Project ("NDSP") was launched in 2010 to develop national standards for the handling of complaints and discipline matters. After piloting 23 standards, 21 standards were included in the final National Discipline Standards. These final standards were approved on April 3, 2014 by Council for referral to the law societies for adoption and implementation by January 1, 2015. The Law Society of Upper Canada and all other law societies have now approved the standards and have agreed to participate in the implementation phase of the National Discipline Standards project.
42. On April 3, 2014 Council also approved terms of reference for a standing committee of the Federation to monitor implementation of the standards and to recommend such refinements to them as might be advisable in the future. Zeynep Onen, the Law Society's Director of Professional Responsibility, has been appointed to the standing

committee.

43. The standing committee has begun considering a variety of issues related to the implementation of the standards. Most law societies provided a first progress report in early 2015, and a further report will be provided later this year. Reporting data will assist the standing committee in identifying problems with the standards and areas for fine tuning.
44. Finally, as Standard 20 requires mandatory, annual training for adjudicators and references an optional national curriculum, the Standing Committee has established an Adjudicator Training Working Group whose mandate is to make a recommendation on a national curriculum for adjudicator training and effective delivery methods. The Law Society Tribunal's David Wright has been appointed to this Working Group which first met in March 2015.

Government Relations – Submission on Bill C-44

45. The Federation monitors federal legislative initiatives to determine whether they raise any issues of concern falling within the mandate of the Federation and its members. When proposed legislation raises issues relating to such matters as protection of solicitor-client privilege, the rule of law, or the independence of the legal profession, or where there might be an impact on the regulatory functions of law societies, the Federation's Executive assesses whether it would be appropriate to make submissions to the government and perhaps seek the opportunity to appear in person before parliamentary committees reviewing the legislation.
46. Where the position that might be taken by the Federation is consistent with those it has previously taken publicly, the Executive authorizes the submissions. In the event that a legislative initiative raises novel concerns, the Executive seeks the approval of Council and the views of the law societies before taking any position.
47. In November 2014 the Executive approved submissions regarding Bill C-44, *An Act to Amend the Canadian Security Intelligence Service Act and other Acts*. The Federation's submissions related to concerns that the proposed amendments could lead to situations in which a person who has been detained on the basis of confidential human source information may not know the basis for detention and may be denied the right to effective counsel. The Federation's submissions were sent to the Standing Committee on Public Safety and National Security. As the proposed legislation was approved by the House of Commons without change, referred to the Senate earlier this year, and subsequently referred to the Senate Standing Committee on National Security and Defense, the Executive has renewed the Federation's submission before this Senate committee.

CanLII REPORT

48. The Federation is the sole member of the Canadian Legal Information Institute (CanLII), which is financed by a separate membership levy paid through the Federation. CanLII President and CEO Colin Lachance reported on CanLII's activities and plans to Federation Council.
49. As announced in February, Mr. Lachance will be stepping down as President and CEO of CanLII effective April 30, 2015. A national search to find the next CanLII leader is ongoing.



TAB 12

MENTORING AND ADVISORY SERVICES PROPOSAL TASK FORCE

April 23, 2015

Interim Report to Convocation

Task Force Members

Linda Rothstein (Co-chair)
Peter Wardle (Co-Chair)
Howard Goldblatt (Vice-Chair)
Larry Eustace
Julian Falconer
Michelle Haigh
Susan Hare
Jacqueline Horvat
Virginia MacLean
Derry Millar
Paul Schabas

Purpose of Report: **Information**

**Prepared by the Policy Secretariat
(Sophia Sperdakos 416-947-5209)**

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Interim Report

TAB 12.1

TASK FORCE PROCESS

1. Since its establishment in November 2013, the Task Force has met on the following dates:
 - March 13, 2014
 - April 25, 2014
 - May 8, 2014
 - August 27, 2014
 - November 26, 2014
 - March 30, 2015

INFORMATION

INTERIM REPORT

MENTORING AND ADVISORY SERVICES PROPOSAL TASK FORCE

Issue under Consideration

2. The Task Force is mandated to consider the nature of current mentoring and advisory services programs and possible initiatives for enhancing services, while addressing a number of factors, including the financial consequences of various approaches.

Rationale

3. The components of the 2011-2015 strategic plan relating to post-licensing competence included as one element of its work plan “developing initiatives to institutionalize mentoring, advisor and other support services for lawyers and paralegals.”
4. The Task Force was established in November 2013 to consider issues that could guide the realization of this component of the strategic plan. Other key elements of the post-licensing competence priority put in place over the last four years have enabled the discussion of advisory initiatives to be more coherently situated within the Law Society’s competence mandate.

Key Issues and Considerations

5. There are currently numerous mentoring programs offered by legal organizations and the Law Society to address a variety of licensee needs. In general, however, they do not reflect a coherent developmental framework.
6. In considering the development of enhanced mentoring and advisory initiatives the Task Force has determined that it is essential to consider,
 - a. specific goals and objectives;
 - b. the fundamental components of any initiative, including measurements of success;
 - c. whether the initiative should be directed at mentoring for career networking, advisory services for addressing substantive file issues, coaching with a view to longer term professional development or some combination;
 - d. the intended audience/participants and relevant stakeholder input;

- e. the appropriate advisor/mentor/coach profiles, including attention to, and training for, cultural competence;
- f. accessibility of services across Ontario;
- g. the most effective structure for any initiative;
- h. the possible role of the Law Society;
- i. the 2015-2019 strategic planning process; and
- j. cost implications.

DISCUSSION

Background

7. The Task Force's mandate has included considering mentoring initiatives in place in Ontario and in other jurisdictions. The Task Force has examined reports and information on mentoring done over a number of years on this subject. **TAB 12.1.1: Mentoring Programs for Regulated Professionals** looks at international programs for lawyers and other professions. The Task Force has also reviewed preliminary information on mentoring programs for lawyers and paralegals in Ontario. The information does not provide an exhaustive survey of initiatives and the number and nature of programs vary over time, with some ending or becoming inactive and others beginning. The information has been useful to highlight the kinds of programs that exist or have existed. The Task Force continues to update its information.
8. In considering the information, the Task Force has noted that with respect to international programs in law or programs in other professions, their nature and profile must be analyzed with an understanding of their specific context. For example, some are developed in jurisdictions where pre-licensing experiential training requirements are minimal. Programs are not identical, have different goals, occur at different points in professionals' careers and are in some cases mandatory, in others voluntary and in still others a mixture. In the Ontario context, programs offered by legal organizations are diverse and designed in the context of the organizations' needs, budget and mandate.
9. The information has been helpful to enable the Task Force to see a snapshot of the mentoring landscape and to reflect on interesting and often innovative approaches. At the same time, the Task Force has concluded that to frame the development of a broad reaching initiative in Ontario, it will be more useful to consider the specific factors that that should underlie the initiative in the Ontario context. In its view, based on its observations and research to date, the following factors should play a role in the development of the Task Force's ultimate proposal:

- a. Mentoring and advisory services are linked to a post-licensing preventive competence strategy that may enhance practices and assist practitioners to avoid the Law Society's discipline or other conduct streams.
- b. While "mentoring," as used in the traditional sense to mean networking and general career advice is a valuable tool, what is better described as an advisory and coaching program may more effectively address licensee needs.
- c. A well-focused system of advisor and coaching services, designed to support the needs of lawyers and paralegals who might otherwise not have practical guidance from experienced colleagues, may address a gap in the professional development of such legal practitioners.
- d. Access to information on substantive law and practice management to assist legal practitioners has never been more readily available and easier to access. At the same time, however, sole and small firm practitioners may lack the contacts and advisors who can assist them to distill the wealth of information, apply it most effectively and develop advising relationships that can become part of their professional development plan.
- e. The usefulness of a coherent advisory services initiative would be in its ability to support the needs of those lawyers and paralegals to whom services are directed in completion of legal tasks, including daily management of client files, substantive and procedural issues relating to those files and practice management obligations.
- f. Any proposal the Law Society puts forward must have articulated goals and be capable of evaluation and measurement to determine,
 - i. its progress;
 - ii. whether its goals are being met;
 - iii. whether it is focusing on those most likely to benefit from it;
 - iv. the seriousness and commitment of those who are using it;
 - v. the effectiveness of the advisors, including assessing their cultural competence; and
 - vi. whether it has the appropriate scope.
- g. Any discussion of an advisory services initiative with which the Law Society is to be involved must continue to come within its strategic priorities.

- h. Any discussion of an advisory services initiative with which the Law Society is to be involved must reflect a consideration of immediate and long term financial implications.

Next Steps

- 10. The Task Force will continue to consider the factors set out above in the context of the Law Society's strategic priority development, with a view to developing a proposal for Convocation's consideration for an appropriate advisory and coaching service initiative.



Review of Mentoring Programs for Regulated Professionals

FOR INFORMATION ONLY

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This paper examines a variety of mandatory and optional mentoring programs that are provided to lawyers by their regulatory bodies and bar associations outside Canada, including the Hong Kong and Singapore Law Societies, U.S. State Courts, and the bar associations in Australia, New Zealand, and in England and Wales. For comparison purposes, the paper also includes a brief outline of the mandatory and optional mentoring programs developed by provincial and national organizations in Canada that are responsible for regulating the professions of accountancy, architecture, engineering, and medicine.

1. LAW

United States of America

a) Mandatory Programs

In Georgia, Kentucky, Nevada, New Mexico, Oregon, and Utah, new lawyers are required to participate in a prescribed mentoring program. The programs are similar to the Law Society of Upper Canada's articling program, in that they are required as a condition of licensing or registration and the regulator prescribes learning objectives and other rules for the mentoring relationship.

Georgia was the first jurisdiction to make mentoring mandatory. Its "Transition into Practice Program" took effect on January 1, 2006 and it has since become a mentoring model for the other mandatory states. It combines mentoring with CLE in that the CLE component lays the groundwork for and supports the mentoring component.

The program offers three types of mentoring:

1. If a lawyer practises in a firm or organizational setting, s/he will have an "inside mentor" from that practice.
2. If the new lawyer does not practise with other lawyers (for instance, is a sole practitioner) s/he will have an "outside mentor" – someone who works outside of the new lawyer's office.
3. Group mentoring is available when the new lawyer is unemployed or does not work in a legal setting. Some firms, government agencies, and other organizations have developed their own "Master Mentoring Plans" that they use for all newly admitted attorneys subject to the Transition into Law Program. If an employer has such a plan, the mentor and mentee do not need to create and submit a written mentoring plan.

The only mentoring activity that new lawyers must complete is the Advocacy Experience and only if they appear as sole or lead counsel in Georgia's Superior or State Courts in a contested civil case or criminal trial. Mentoring activities and experiences can be created to best suit the needs and circumstances of the mentor and the mentee but must include the following:

1. Regular contact and meetings between the mentor and new lawyer
2. Continuing discussions between the mentor and new lawyer on at least the following topics: a) ethics and professionalism; b) relationships with clients, other lawyers (both in and outside the firm), the judiciary and the public, including unrepresented parties; c) professional work habits, organizational skills and practice management; d) economics

- of practising law in the relevant practice setting; e) responsibility and opportunities for pro bono work, Bar activities, and community service
- 3. Introduction to the local legal community
- 4. Specific planning for professional development and continuing legal education in and outside the firm
- 5. Periodic evaluation of the mentor-new lawyer relationship

If the lawyer fails to complete the mentoring program within one year, s/he must complete an approved Rehabilitation Plan or attend a session of the State Bar's Ethics School.

The results of a telephone survey, conducted by the Schapiro Research Group at one-year intervals during Georgia's two-year Pilot Project, showed that approximately 85% of both the mentors and the new lawyers rated the Pilot Project as satisfactory in varying degrees. The Committee on the Standards of the Profession noted that on professionalism measures, such as dealing with clients, the new lawyer's self-perceptions of their skills matched the perceptions of their mentors. Additionally, "the beginning lawyers' rating of their ability to handle the ethical aspects of law practice increased consistently from the baseline over the course of the Pilot Project. This was also true for dealing with other lawyers, judges, and court personnel." The Schapiro Survey also revealed that new lawyers' self-perceptions were positive and career satisfaction increased over the course of the Pilot Project. At the end of the second year, "60% of the group rated themselves "very satisfied with their legal careers." ("Best Practices for Legal Education: Mentoring Programs in the U.S.", <http://bestpracticeslegaled.albanylawblogs.org/2011/01/31mentoring-programs-in-the-u-s/>)

Utah's New Lawyer Training Program (NLTP) is very similar to the Georgia program and includes the same three kinds of mentoring. However, Utah provides fewer guidelines for mandatory activities, e.g. working with clients is mandatory, while negotiation is elective. For both mandatory and elective subjects, new lawyers have a variety of activities that they either must or may complete. After the mentor and new lawyer develop a plan, they must submit it for approval by the NLTP program administrator and the New Lawyer Training Committee. Once the plan is approved, the new lawyer has 12 months to complete the NLTP.

The **Oregon** State Bar launched the New Lawyer Mentoring Program (NLMP) for incoming bar members in May of 2011. This mandatory program formalizes a process that for many decades took place organically, through connections forged at law firms and other close-knit bar communities. The NLMP offers new bar members one-on-one guidance on the elements of a highly competent practice, while promoting professionalism, civility and collegiality.

The program is loosely modeled on programs in Georgia and Utah, which have received accolades for giving all new bar members meaningful access to experienced lawyers and a well-developed mentoring program in their first year. The Oregon model emphasizes a flexible approach in which mentors and new lawyers take the core curriculum and shape it to best meet the needs of the new lawyer.

Pilot/Proposed Mandatory Mentoring Programs

The **Supreme Court of South Carolina** ordered a pilot mandatory mentoring program for all newly admitted lawyers, which ran through 2012 and is being evaluated. The pilot required one-

on-one mentoring for every new lawyer on nine separate areas important to a successful, ethical practice. Law firms could be certified to mentor their own new associates. The program had to be completed within 12 months and mentees had to certify completion. New lawyers were expected to find their own mentors. Mentors received 2 hours of CLE credit.

The **Wyoming** Bar has proposed a New Lawyer Mentoring Program for all newly admitted lawyers. Mentors who complete the plan with at least one mentored new lawyer will receive an annual maximum of 15 hours of CLE, including one ethics hour.

b) Optional Programs

To date, optional programs for new and/or less experienced lawyers have been established by state bars in 20 U.S. states. For example, in the **Arizona** Bar Association's One-to-One Mentor Program, experienced lawyers answer substantive and procedural questions from mentees either over the telephone or in person.

The **Connecticut** Bar Association provides every newly admitted lawyer with access to an experienced member of the Bar, who has volunteered to provide guidance, direction, and advice for the new lawyer's first year of practice. The **Texas** Bar Association offers a similar program. Every other month, a group meeting of all participants takes place with programming planned around one or more specific mentoring topics. During alternate months, mentors and mentees meet in small groups or one-on-one.

Pilot Optional Mentoring Programs

Colorado is piloting an optional new member program in which the executive director of the Bar reviews applications and facilitates a match. Upon completion of the program, both the mentor and mentee are awarded 15 hours of CLE credit.

The **Maryland** Court of Appeals has adopted a pilot optional mentoring program for newly admitted applicants. The program is administered by the Court through the Executive Director of the Commission on Professionalism. The new law applicants and mentors select activities and topics from a Mentoring Plan, which guides their meetings throughout the course of a one-year mentoring term. Mentors and new applicants meet in-person at least 6 times.

The **Mississippi** Bar's Professionalism Committee is in the initial stages of establishing a pilot mentoring program for new applicants. The committee, in cooperation with both Mississippi law schools, is assigning applicants to participate in the program.

The Young Lawyer's Division (YLD) of the **South Dakota** Bar will choose mentors to participate in the program on an optional basis. Although the goal is that the mentor/mentee relationship will be indefinite, mentors and mentees are entitled to end their relationship at any time. The YLD requires mentors to sign and submit an agreement before they contact their mentees.

The **Alabama** Bar has discontinued its mentoring program. The program had matched 2 volunteer mentors with 8 mentees, each with fewer than 5 years as members of the Alabama Bar.

Note: The **National Legal Mentoring Consortium** consists of administrators and contributors of mentoring programs sponsored by law schools, Bar associations, State supreme courts, law firms, and other organizations. The Consortium is supported by the Nelson Mullins Riley & Scarborough Center on Professionalism at the University of South Carolina School of Law. The purposes of the Consortium are

- to encourage mentoring in the legal profession
- to provide a venue for the exchange of ideas related to mentoring in the legal profession
- to provide resources to aid in the successful creation and operation of mentoring initiatives within law firms, Bar organizations, law schools, courts, and other entities within the legal profession

The Consortium's online list of state-level mentoring programs for mostly new lawyers is set out in Appendix A (p. 10).

Australia

Law Society-sponsored mentoring programs in Australia include the following:

1. The Law Institute Victoria (<http://www.liv.asn.au/For-Lawyers/Careers-Centre/LIV-Mentoring-Program>) offers an optional **Mentoring Program** that links experienced legal practitioners with those seeking professional development, support or guidance. Mentees can view the list of potential mentors on the Law Institute's online Mentor Directory.
2. The Law Society of New South Wales launched an optional **Women's Mentoring Program** in 2012. Female members of the Law Society and 10-15 years post-admission submitted applications to be matched with more senior and experienced members. There were 42 applications from mentees and only 25 mentors. Applications for the 2013/14 program opens in July 2013.
3. The Law Society of Western Australia (<http://www.lawsocietywa.asn.au>) offers an optional mentoring program for Aboriginal or Torres Strait Islander law students. They encourage lawyers who are members of those groups to apply to be mentors. Mentors must participate in a 2-hour training session focussing on the skills necessary to develop a mentoring relationship.
4. The Family Law Committee of the Law Society of Australian Capital Territory (<http://www.lawsocact.asn.au/content/home2/index.asp>) has offered an optional mentoring program for family lawyers since 2005. The program serves a wide range of practitioners in all areas of the territory. Each paired mentor and mentee normally work together for 2 or 3 years. Materials and general guidelines are provided to participants but the mentor and mentee agree at the outset what the role the mentor is to take, the mode and frequency of contact between the mentee and mentor, the goals, and the duration of the mentoring relationship.

England and Wales

The Law Society of England and Wales' Law Society **Diversity Access Scheme**, which has been in operation since 2004, provides full scholarships for the Legal Practice Course (LPC) to entrants to the solicitors' profession who also face exceptional, social, educational, financial or personal obstacles to qualification.

This optional program is aimed at boosting social mobility and making the legal profession more accessible to those from diverse backgrounds who are financially disadvantaged. The students receive insights into working in certain areas of law as well as support and advice on obtaining a training contract, flexible working, paralegal work, and issues for mature/disabled students.

Mentors sign up to a minimum of 12 months (October to September) and complete a detailed application form on the area(s) where they are able to offer assistance; mentees do the same. Both mentors and mentees are issued detailed mentoring guidelines outlining the mentoring process, to ensure that both have a clear understanding and are then matched by areas of experience and specialism, as opposed to by geographical location.

All mentors must attend a free half-day training session in order to be able to participate in the scheme. It is accredited with 3.5 CPD hours and mentors are required to sign the registration form on the day to claim the allocated hours.

The Law Society has also developed an **Advocacy Section** to provide solicitor advocates with optional mentoring, training, and networking opportunities at the circuit and national level. It was developed for the 5,200 solicitors who have qualified as higher court advocates in either criminal or civil jurisdictions. The objective of the new service is to equip solicitors with the necessary skills and confidence to appear in the courts. In the first half of 2012, the section focused on the criminal solicitor advocates, as their needs were considered the most acute. The Law Society also wanted to help them prepare for the introduction of the new Quality Assurance Scheme for Advocates assessment regime. The service will also cater to the needs of advocates at the magistrates' and county court levels, as well as civil, family, and children advocates.

Ireland

The Law Society of Ireland launched a new optional **Mentor Support Programme** in 2012. Its goal is to provide support to newly qualified solicitors by putting them in touch with more senior colleagues who provide guidance based on their own experience. The program was designed to help new solicitors, qualified for fewer than three years, to build their confidence and knowledge about the legal profession and further develop their professional skills. The programme is being provided on a pilot basis initially, with a limited number of mentors. If a suitable match is made, the mentor and new solicitor work together over a 12-month period to confidentially discuss issues by face-to-face meetings, telephone, and/or e-mail. A guide to the new program, and the new solicitor application form and agreement are provided on the members' area of the "support services" section of the Law Society's website.

New Zealand

The New Zealand Bar Association offers an optional **Mentoring Programme** designed to help new members and less experienced practitioners receive support and guidance in their professional development from a senior member of the Association.

The Bar Association states on its website (<http://www.nzBar.org.nz/MainMenu>) that “[T]he Mentoring Programme is an informal arrangement that is made between a mentor and mentee.” The New Zealand Law Society Council, of which the Bar Association is a member, describes the approach as follows: “[T]here are far too many variables to consider a ‘one size fits all’ approach. For that reason the aim of the programme is to be flexible in a way that allows a mentee to develop at a comfortable pace...the program is not a substitute for continuing legal education or intended as a junioring scheme. Nor is it a ‘friends panel.’ Essentially, the mentor is someone who can provide a helpful ‘sounding board’ for the mentee in advancing his/her professional development.”

Singapore

The Law Society of Singapore offers an optional **PracMentor** program under which young lawyers may seek guidance and advice from a senior volunteer lawyer on issues in the following practice areas: administrative and constitutional law; arbitration; banking; bankruptcy; insolvency and judicial management; civil procedure; construction; conveyancing; corporate; criminal; defamation; equity and trusts; evidence; family law; intellectual property; international business transactions; labour and employment; personal injury claims; shipping and admiralty; tax; probate and wills. To seek guidance, lawyers call a staff member whose name and number appears on the Law Society’s website (<http://www.lawsociety.org.sg/>)

The Law Society also runs two optional mentoring programs for lawyers who have started their own practice. Under the **Practice Consult** scheme, practitioners with queries on legal practice management issues such as practice risk management, business development and planning, human resources and personnel management, and client relationships and communication may seek assistance from a legal practice management consultant. The cost of the first hour of consultation is borne by the Society. Under the **Mentoring Scheme for Small Firms**, proprietors of small law practices may seek the mentorship of senior lawyers on practice management issues. Mentorship is provided on an *ex gratia* basis.

2. OTHER PROFESSIONAL ENVIRONMENTS

A. Accounting

CMA Ontario (<http://www.cmaontario.org/Home.aspx>) requires new Consulting Certified Management Accountants who offer Compilation, Financial Statement Preparation, and/or Personal or Corporate Taxation services, to engage a CMA Ontario approved mentor. New CMA’s receive details about the mandatory mentoring program when they receive their Practice Registration Form. The Consulting CMA must engage a mentor for a minimum of 6 months. At the end of that period, the mentor issues a report to the Society indicating any strengths or weaknesses in the management of the member’s practice. If the Society’s practice standards have not been met, the mentoring period is extended. In geographic regions where a CMA

mentor is not available, the Society establishes a list of acceptable non-CMA licensed public accountants. The mentor is required to review all engagements undertaken by the member prior to any release to a client.

The Institute of Chartered Accountants of Alberta (ICAA) offers a **Foreign Trained CAs Mentoring Program** designed to facilitate the exchange of knowledge from more experienced CAs to less experienced CAs and registered CA students. It matches CA mentors with foreign-trained professionals who are either internationally trained and are interested in earning, or in the process of earning, their CA designation, or foreign-trained CAs very early in their careers. The duration of the program is one year and the focus is on soft skills, workplace/employment skills, and cultural norms and expectations. Mentors do not necessarily have to possess a background similar to that of the mentee.

The ICAA intends to expand the mentorship program to the wider CA and CA student community. To assist their mentors and mentees, the ICAA adapted the Association of Professional Engineers and Geoscientists of Alberta's (APEGA) mentorship handbook, which includes worksheets and guidelines. The program's guiding principles are set out on the ICAA website: <https://www.albertacas.ca/ServicesforCAs/MentorshipProgram>

B. Architecture

Canadian architecture graduates are required to secure a mentor during their internship with the **Intern Architect Program (IAP)** as a condition of licensure. The IAP is a national mandatory program that documents and evaluates internship activities, provides structure to the transition between education and registration, and encourages involvement of practitioners in the development of new architects. The IAP was established by the [Committee of Canadian Architectural Councils \(CCAC\)](#), which is composed of representatives from each of the ten provincial associations of architects.

Mentors, who must be Ontario Architects, are required to meet with their interns two or three times a year, review their progress, and offer constructive advice. The OAA notes that every year, interns delay licensure because they have difficulty finding a mentor. Mentors are eligible to claim up to six Continuing Education hours per cycle.

The OAA's Young Architects and Interns Forums are considering the introduction of supplemental and optional forms of mentorship that could be offered in addition to the existing mandatory system. Forms of mentorship could include collaborative design projects for not-for-profits, design charettes (group problem-solving activities) and/or community build projects.

C. Engineering

Professional Engineers Ontario (PEO), the licensing and regulating body for engineers in the province, offers the **PEO Mentorship Program** (<http://www.peop.on.ca/Program/mentorship.html>), which links Engineering Interns with Professional Engineers licensed with PEO to provide guidance and support as the interns progress toward professional licensure status. The program is optional and not all PEO Chapters participate in it.

Women in Engineering Mentoring Initiative (WEMI) is an initiative of the Ministry of the Environment and supported by partner ministries and organizations. Launched in 2011, WEMI provides mentoring and guidance to women engineering students in their final year of study by partnering them with women engineers working across the Ontario Public Service. It is a virtual mentoring program, making it flexible and accessible to mentors and mentees across Ontario. Mentors and mentees connect at least six times during the course of the program, which follows the academic year from September to May. It is designed as an optional learning and development opportunity for women engineering students in their final year of study and women engineers in the Ontario Public Service (OPS). Participants are encouraged to share insights and experiences through formal and informal meetings and dialogue.

D. Medicine

The College of Physicians and Surgeons of Ontario (CPSO) defines “Mentor” as a member of the CPSO who serves to guide the physician through the health care system in Ontario.” The mentor’s role is to provide advice on how to deal with clinical and other practice concerns. Mentors do not have the responsibilities of supervisors, who are required to provide supervision reports to the CPSO, although mentors may sometimes augment supervision arrangements. Some residencies include a mentoring component.

In 2007, an e-Mentorship Program was launched by the Hamilton-based de Souza Institute (http://fhsson.mcmaster.ca/apnment/index.php?option=com_content&view=article&id=51) with funding from the Ontario Ministry of Health and Long-Term Care Inter-professional Coaching and Mentorship Fund. The initial program focused on the mentorship needs of oncology advanced practice nurses in Ontario and was led by the Mentorship Sub-Committee of Cancer Care Ontario's Advanced Practice Nursing Community of Practice in partnership with the School of Nursing at McMaster University. During the first year of the program, a rigorous evaluation demonstrated high participant satisfaction with program services and a positive impact on mentee and mentor job satisfaction and role implementation.

In September 2008, the de Souza Institute collaborated with Cancer Care Ontario and McMaster University to become a formal partner and the primary funder of the Oncology Advanced Practice Nurse Inter-professional e-Mentorship Program.

The program has now expanded to provide career development and mentorship services to all nurses in the province involved in cancer care. In 2009, a Steering Committee involving nurses and healthcare leaders from a variety of sectors led the completion of a comprehensive needs assessment to inform the development of the expanded program. The program is located at the Juravinski Cancer Centre in Hamilton, Ontario.

Participants attend an in-person or online career development workshop to help them determine what their career and professional development needs are. Mentors and mentees use e-mail, Skype, online discussions, videoconferencing, and teleconferencing to communicate across Canada.

APPENDIX A: National Legal Mentoring Consortium List of State-Level Mentoring Programs

<http://www.legalmentoring.org/index.shtml>

Alabama

<http://www.alaBar.org/mentoring/>

Optional

Status: Discontinued

Type: Group new lawyer mentoring program

The program is designed to provide support and networking for professional and client development issues. The program is not intended to provide substantive advice or training in the practice of law. Each mentor group consists of two volunteer mentors and eight mentees, each with less than five years as members of the Alabama Bar.

Arizona

<http://www.azBar.org/sectionsandcommittees/committees/mentorcommittee>

Optional

Status: Ongoing

Type: Formal One on One Mentoring

The program provides experienced attorneys as mentors to answer substantive and procedural questions and offer management ideas for less experienced attorneys. The mentees can receive advice either by asking questions by telephone or in person through the One-to-One Mentor Program.

Arkansas

http://www.arkBar.com/pages/mentor_program.aspx

Note: Log in required for detailed information on this program.

Colorado

<http://www.lawweekonline.com/2011/09/new-mentoring-program-for-new-lawyers-approved/>

Optional

Status: Pilot

Type: Individual New Lawyer Assistance

The program provides experienced attorneys as mentors to newly admitted attorneys. The executive director reviews applications and facilitates a match. Upon completion of the program both the mentor and mentee are awarded 15 hours of CLE credit.

Connecticut

https://www.ctBar.org/userfiles/Sections/YLS/Mentoring_Program_flyer.pdf

Optional

Status: Ongoing

Type: Individual New Lawyer Assistance

The program provides every new lawyer newly admitted to the State Bar of Connecticut with meaningful access to an experienced member of the Bar, who will provide guidance, direction and advice the new attorney will require during their first year of practice; the customs, usages and unwritten rules of practice, and the ethical and professional values that represent the best traditions and highest aspirations of the legal profession.

Delaware

<http://dsba.org/index.php/standing-committees/professional-guidance.html>

Optional

Status: Ongoing

Type: Individual/ Group Mentoring Program

This committee provides peer counseling and support to lawyers overburdened by personal or practice-related problems. It offers help to lawyers who, during difficult times, may need assistance in meeting law practice demands. The members of this committee, individually or as a team, will help with the time and energy needed to keep a law practice operating smoothly and to protect clients. Call a member if you or someone you know needs assistance.

Florida

<http://www.floridaBar.org/tfb/tfbmentor.nsf/welcome?openform>

Optional

Status: Ongoing

Type: Law Students Communicate with Mentors Via Email

Georgia

http://www.gaBar.org/programs/transition_into_law_practice_program/

Mandatory

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The transition into law program assists beginning lawyers with their transition from student to professional. The educational program combines a mentoring component with a CLE component. It is mandatory for any newly admitted active member of the State Bar of Georgia admitted after June 30, 2005.

Idaho

http://isb.idaho.gov/member_services/mentorprogram.html

Optional

Status: Ongoing

Type: Individual New Lawyer Assistance

The program assists new lawyers in the transition from law school to a successful new practice. Mentees are paired with an experienced lawyer in their local community who has agreed to respond to general questions, give suggestions, and offer guidance about the practical aspects of practicing law.

Illinois

<http://www.isba.org/mentorcenter/>

Optional

Status: Ongoing

Type: Individual New Lawyer Assistance

The ISBA offers a Commission-Approved Mentoring Program. In this year-long mentoring program, the ISBA uses the Commission developed structured curriculum which pairs experienced lawyers with new lawyers to provide guidance during the first year of practice. Upon successful completion of the curriculum, both the mentor and mentee will be eligible to receive 6 hours of PMCLE credit.

Indiana

<http://www.inBar.org/ISBALinks/MentorMatch/tabid/382/Default.aspx>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The ISBA will help locate a mentor from their database or new attorneys can find a mentor on their own. Once mentees have a mentor, they schedule their first meeting they submit the "Mentoring Agreement" to the ISBA. Once the individual curriculum is designed for the program to receive your CLE/Ethics/APC Credits, all the features of the program and the curriculum can easily be downloaded from the ISBA website. The ISBA gives some materials to read for the program. Lastly, when the necessary 6 hours of mentoring time are completed and the mentor and mentee have concluded all four quarters of time and discussion, they can submit the Certificate of Completion signed by the mentor and mentee to receive the appropriate accreditation.

Kentucky

<http://www.kyBar.org/>

Mandatory

Status: Pilot

Type: Individual New Lawyer Mentoring Program

The Kentucky New Lawyer Pilot Program assists beginning lawyers in their transition from student to professional. The main goal of the program is to determine whether a mandatory uniform mentoring program is appropriate and practical to all types of legal practice.

Louisiana

<http://www.lsba.org/Mentoring/Mentoring.asp>

Optional

Status: Ongoing

Type: Informal Question/ Answer Assistance Via an Internet Based Program

The program enables Bar members to seek advice and discuss topics including: (1) practice and law office management related issues; (2) issues involving such matters as personnel, escrow or other accounts; (3) substantive areas of law and related procedural issues; (4) appropriate and professional conduct and how to deal with inappropriate conduct; and (5) the importance and means of being involved in Bar and community activities and in developing a support network for a lawyer's practice. The purpose of the mentoring relationship is to provide counseling, guidance and an open atmosphere for learning.

Maryland

<http://mdcourts.gov/professionalism/mentoringprogram.html>

Optional

Status: Pilot

Type: Individual New Lawyer Mentoring Program

The Court of Appeals has adopted a pilot mentoring program for newly admitted Maryland attorneys. The pilot program is administered by the Court through the Executive Director of the Commission on Professionalism. New admittees and mentors select activities and topics from a Mentoring Plan, which guides their meetings throughout the course of a one-year mentoring term. Mentors and new admittees meet in-person at least six times, during which they will engage in various professional activities.

Massachusetts

<http://www.massBar.org/for-attorneys/mentor-program>

Optional

Status: Ongoing

Type: Informal Question/ Answer Assistance Via Telephone

The program offers Massachusetts Bar Association members the opportunity to speak with an experienced attorney for advice. Mentors are MBA members who are knowledgeable practitioners, in good standing, have practiced law for more than seven years and have volunteered to advise other attorneys on selected legal topics.

Mississippi

<http://www.msBar.org/professionalism.php>

Optional

Status: Pilot

Type: Individual New Lawyer Mentoring Program

The Mississippi Bar's Professionalism Committee is in the initial stages of establishing a pilot-mentoring program for new admittees. The committee, in cooperation with both Mississippi law schools, is assigning admittees to participate in the program.

Missouri

<http://members.moBar.org/lpmonline/themissouriBarmentoringprogram.html>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

Practicing law is a very complex profession. Through The Missouri Bar Mentoring Program you can regularly meet and talk with a lawyer who will answer your questions or help you find the answers, guide you, and ultimately help you make decisions that may affect your life for years to come.

Nebraska

<http://www.neBar.com/displaycommon.cfm?an=7>

Nevada

<http://www.nvBar.org/tip/faq#ls%20the%20Transitioning%20into%20Practice%20program%20mandatory?>

Mandatory

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

All newly admitted members of the State Bar of Nevada must participate in "Transitioning into Practice" unless exempt or deferred. New lawyers must enroll in the TIP program by filing the enrollment form within four weeks after admission to the Bar. Unless otherwise arranged, all new lawyers will begin the next available program cycle following their admission to the Bar. There are three ways that mentors will be identified for new lawyers. If a newly admitted lawyer is hired by a firm or organization, their employer may assign a senior associate to serve as their mentor. The second option is for a new lawyer to select a mentor from the published list of Supreme Court-appointed mentors or seek out a respected member of the Bar and ask if they are willing to serve as a mentor (in this latter instance, the Mentor will be provisionally approved pending their appointment by the Supreme Court). In the event that a new lawyer's choice of Mentor is not available, the Bar will match the new attorney with a mentor based principally on geographical and practice area.

New Hampshire

<http://www.nhBar.org/uploads/pdf/MentorProgramBooklet.pdf>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

Principle goals of the program are to promote professional development and provide assistance regarding ethical, practical and professional issues and concerns; helping support lawyers with their transition into the New Hampshire legal community, and promoting positive relationships among members of the Bar Association. Mentors and mentees are matched by the program.

New Jersey

<http://www.njsba.com/about/news-archives/archived-press-releases/345.html>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

Mentors and mentees can obtain applications to be a mentor or a protégé online. Mentors must have at least 15 years of practical experience and 10 years in the New Jersey Bar to serve as a mentor.

New Mexico

<http://www.nmBar.org/Attorneys/Mentorship/mentorship.html>

Mandatory

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The Bridge the Gap Mentorship Program was approved by the New Mexico Supreme Court, through NMRA 24-110. Bridge the Gap joins new attorneys, who have recently been admitted to practice, with experienced attorneys who serve as mentors for a twelve-month period. Mentors and new lawyers meet in person a minimum of seven times a year to discuss the practice of law and work on activities they choose from a mentoring plan.

North Carolina

<http://www.ncBar.org/about/ncba-mentorship-program.aspx>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The goal of the program is to help the entire legal profession by assisting young lawyers develop good character, competence, and a deeper appreciation for the responsibilities of the profession. The program offers two distinct mentoring opportunities. The first is the more traditional approach in which a new lawyer and a more experienced lawyer develop an ongoing relationship, wherein the mentor guides the mentee through the many pitfalls associated with early practice. The second branch of the program is the situational mentoring initiative.

Ohio

<http://www.sconet.state.oh.us/AttySvcs/mentoring/default.asp>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The program links experienced attorneys with new lawyers who have recently been admitted to the practice of law. Mentors and new lawyers meet in person six times during the course of a year to discuss topics and engage in activities they select from a mentoring plan. Upon completion of the program, mentors receive CLE credit and new lawyers receive required new lawyer training credit.

Oklahoma

<http://www.okBar.org/members/committees/mentormatch.htm>

Optional

Status: Ongoing

Type: Group/ Individual/ Transitional Lawyer Mentoring Program

The program attempts to match new attorneys with mentors based on criteria for compatibility. It utilizes group mentoring, individual mentoring and also limited mentoring and is designed not only for new attorneys but also for experienced attorneys who may be venturing into a new area of the law. The program started as a pilot program in 2007 with plans to expand to a full program in 2008.

Oregon

<http://www.osBar.org/programs/mentoring>

Mandatory

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The New Lawyer Mentoring Program (launched for incoming Bar members in May of 2011) formalizes a process that for many decades took place organically, through connections forged at law firms and other close-knit Bar communities. As the Oregon Bar has grown, the process of introducing new lawyers to the legal community, and guiding them through the transition to law practice, has grown more amorphous. The NLMP offers new Bar members one-on-one guidance on elements of a highly competent practice, while promoting the professionalism, civility and collegiality that make Oregon among the best places in the country to practice law. The program is loosely modeled on programs in Georgia and Utah, which have received accolades for giving all new Bar members meaningful access to experienced lawyers and a well-developed mentoring program in their first year. The Oregon model emphasizes a flexible approach in which mentors and new lawyers take the core curriculum and shape it to best meet the needs of the new lawyer.

South Carolina

<http://www.sccourts.org/Bar/PilotMentoringProgram.htm>

Mandatory

Status: Pilot

Type: Individual New Lawyer Mentoring Program

The Supreme Court of South Carolina has ordered a pilot mandatory mentoring program for all newly admitted lawyers. The pilot program will run through 2012 and will be evaluated at that time for permanent adoption. The pilot program requires one on one or group mentoring for every new lawyer on nine separate areas important to successful, ethical practice. Law firms can be certified to mentor their own new associates. The program must be completed within 12 months and mentees must certify completion. New lawyers are expected to find their own mentors. Mentors receive 2 hours of CLE credit. Mentors also must not have a history of grievances.

South Dakota

<http://www.sdBar.org/newsletters/color-nov.pdf>

Optional

Status: Pilot

Type: Individual New Lawyer Mentoring Program

Mentors chosen by the YLD participate in the program on an optional basis. Although the goal is that the mentor/mentee relationship will be indefinite, mentors and mentees are entitled to end their relationship at any time. They YLD must receive the signed mentor agreement before mentors are able to contact their mentees.

Tennessee

<http://www.tba.org/programs/mentoring-program>

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

During the mentoring experience, lawyers would be able to explore issues of professionalism, client and practice management, legal ethics, professional and leadership development, life balance and well-being, and pro bono/charitable work. The mentoring pair is required to complete exercises associated with the proposed eight core topics and any number of elective topics in its plan. Progress reports would be filed with the TBA, with CLE credit to be awarded at the completion of the program.

Texas

http://www.texasBar.com/AM/PrinterTemplate.cfm?Section=Transition_to_Practice

Optional

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The program is targeted to lawyers in their first several years of licensure. Newly-licensed lawyers are matched with more experienced attorneys who volunteer to participate in the project. Mentoring covers many areas, including law practice management, effective client representation, pro bono opportunities, career development, and other aspects of successfully practicing law. Every other month, a group meeting of all participants takes place with programming planned around one or more specific mentoring topics. During alternate months, mentors and mentees meet in small groups or one-on-one.

Utah

<http://www.utahBar.org/nltp/Welcome.html>

Mandatory

Status: Ongoing

Type: Individual New Lawyer Mentoring Program

The program matches new lawyers with more experienced lawyers for training during their first year of practice in professionalism, ethics, and civility; to assist new lawyers in acquiring the practical skills and judgment necessary to practice in a highly competent manner; and to provide a means for all Utah attorneys to learn the importance of organizational mentoring, including the building of developmental networks and long-term, multiple mentoring relationships. Lawyers newly admitted to the Bar with an active license are required to complete the program their first year of practice in Utah. The requirement for judicial law clerks is deferred until completion of the clerkship.

Vermont

<https://www.vtBar.org/FOR%20ATTORNEYS/Mentorship%20Program/What%20is%20the%20Mentor%20Program.aspx>

Optional

Status: Ongoing

Type: Individual Mentor Matching Assistance

The VBA Mentoring Program provides VBA members a way to seek and receive advice on, and to discuss, a wide range of general issues in the practice of law. These issues include, but are not limited to, substantive law questions, attorney-client communications, law office management, and professional ethics. The purpose of the program is to provide counseling, guidance, and an open atmosphere for learning and developing professional skills.

Wyoming

<http://www.wyomingBar.org/>

Mandatory

Status: Proposed

Type: Individual Mentor Matching Assistance

All new lawyers admitted to practice law in Wyoming on active status must timely complete the requirements of the NLMP unless otherwise specified in these Rules. Mentors who successfully complete the NLMP Plan with at least one mentored new lawyer will receive an annual maximum of 15 hours of CLE, which includes one ethics hour.



TAB 13

Report to Convocation April 23, 2015

Professional Regulation Committee

Committee Members

Malcolm Mercer (Chair)
Susan Richer (Vice-Chair)
Paul Schabas (Vice-Chair)
Robert Armstrong
John Callaghan
John Campion
Cathy Corsetti
Seymour Epstein
Robert Evans
Julian Falconer
Patrick Furlong
Carol Hartman
Jacqueline Horvat
Brian Lawrie
Jeffrey Lem
William C. McDowell
Ross Murray
Jan Richardson
Heather Ross

Purpose of Report: Information

**Prepared by the Policy Secretariat
(Margaret Drent (416-947-7613))**

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COMMITTEE PROCESS

1. The Professional Regulation Committee (“the Committee”) met on April 9, 2015. In attendance were Malcolm Mercer (Chair), John Callaghan, Cathy Corsetti, Seymour Epstein, Robert Evans, Julian Falconer, Patrick Furlong (by telephone), Carol Hartman, Jacqueline Horvat, Brian Lawrie, Jeffrey Lem, Ross Murray, Paul Schabas (by telephone), Jan Richardson, and Heather Ross. Staff members attending were Robert Lapper, Q.C., C.E.O., Zeynep Onen, Elliot Spears, Jim Varro, Naomi Bussin, and Margaret Drent.

*THIS SECTION CONTAINS
IN CAMERA MATERIAL*

Tab 13.2

FOR INFORMATION

COMPLIANCE BASED, ENTITY REGULATION

44. Further to its report to January 2015 Convocation, the Committee provides this status report on the development of a framework for compliance based, entity regulation at the Law Society.
45. As reported in January, on February 27, 2014, Convocation approved the development of a framework for the regulation of firms using a compliance based approach but has not yet determined a specific direction on the subject. The framework is being prepared for the consideration of Convocation. The Professional Regulation Committee has directed Law Society staff to develop models for its consideration.
46. A compliance-based, entity approach to professional regulation is characterized by the following:
 - a. acting proactively in addressing issues of public protection and the quality of services provided to the public;
 - b. enhancing public protection and public confidence in the Law Society and licensees by focusing on management principles and systems to improve practise and controlling practise management risks;
 - c. regulating more effectively through firm regulation in addition to regulation of individuals;
 - d. enhancing the autonomy of licensees and firms; and
 - e. designing changes that are efficient and not costly to the extent that is possible.
47. Entity regulation can be defined as the regulation of legal services provided by any entity, including a law firm. Currently law firms are the only type of entity that is permitted by the Law Society. Consequently, only law firms would be regulated unless any other type of entity were permitted by the Law Society.
48. In a compliance based model, the regulator sets out expected outcomes and licensees have flexibility in how they meet those objectives. The Law Society currently engages in some compliance based activities but the regulatory process is generally reactive, rules based, and focussed on the individual licensee.

49. The following advantages of entity-based compliance regulation have been identified:
- a. Entity regulation would permit a more proactive, compliance based approach for firms. In other jurisdictions, compliance based regulation has been found to have a significant positive effect on the number of complaints received about a firm and its licensees. Establishing regulatory objectives for entities may improve practice and therefore better protect clients and the public interest.
 - b. Entity regulation may enhance the Law Society's ability to respond to complaints, through systems that could, for example, provide for a designated person to respond to the Law Society or ensure that a response is obtained; a designated person responsible for trust accounting matters and for ensuring that the firm's record-keeping is current; a process where the Law Society provides notification to the firm that one of its licensees is under investigation; and addressing issues that are firm level, for example, lack of supervision, advertising or conflicts issues.
50. Entity regulation may also be a more effective response for regulation of entities that provide legal services both within and outside of Ontario.
51. Some of the issues being considered by the Committee, which are part of regulatory systems in other jurisdictions, are described in greater detail in this report as follows:
- a. the role of a "Legal Director";
 - b. establishing an "ethical infrastructure" in a firm; and
 - c. the development of rules specific to firms.
52. A Legal Director, or designated person in a law firm or regulated entity, can be a component of a compliance-based entity regulatory scheme. The Legal Director may be designated by the firm to receive notice about complaints. They may also be required to take reasonable steps to address a firm's failure to meet its regulatory responsibilities.
53. An "ethical infrastructure" describes a law firm's organization, policies and operating procedures.¹
54. Jurisdictions that have adopted compliance based regulation have used different tools to build an ethical infrastructure for firms. One area of focus has been to adopt outcomes focused principles applicable to firms – firms are required to comply but the regulator does not prescribe how to achieve compliance.

¹ This term was first used by Professor Ted Schneyer of the University of Arizona; see, for example, "On Further Reflection: How 'Professional Self-Regulation' Should Promote Compliance With Broad Ethical Duties of Law Firm Management", (2011) 53 Arizona Law Review Vol. 577 at 585.

55. For example, a principle for firms would be to avoid conflicts of interest. One way to achieve compliance would be to implement a conflicts checking system. The key principle is that the responsibility is that of the firm to determine how to achieve compliance. The regulator would assist firms to achieve compliance by providing tools and templates and working with firms if they are non-compliant.
56. Other Canadian legal and financial services regulators have adopted requirements regarding firm-wide policies and procedures. One specific area of focus for firms could be trust accounts. Law societies in Nova Scotia and Alberta, for example, have specific compliance oriented rules regarding firm trust accounts:
 - a. The Nova Scotia Barristers Society requires an annual law firm report and a specific trust account report, which must be signed by at least four partners of the firm.
 - b. The Law Society of Alberta requires a number of specific controls on trust accounts.
 - c. The Ontario Securities Commission requires a firm to set up a compliance system which includes internal controls for safeguarding client and firm assets and accuracy of books and records.
57. Some regulators require law firms to make reasonable efforts to ensure that all licensees comply with the Rules. A law firm may demonstrate compliance with this requirement by demonstrating that it has policies and procedures.
58. Some of these regulators also have rules specifically for firms. These can include the duty to report certain breaches, inappropriate advertising, failure to serve a client, sexual harassment, conflict of interest, failure to supervise, failure to maintain financial records and failure to respond to or cooperate with the regulator.

Next Steps

59. The Committee will continue its consideration of these issues and report back to Convocation as appropriate.



Tab 14

April 16, 2015

Update Report TAG – The Action Group on Access to Justice

This report provides a brief overview of TAG's evolving structure and an update of recent TAG activities.

National Action Committee Meeting

The Law Society hosted a meeting of the National Action Committee (NAC) on March 9, 2015. Justice Cromwell, the Treasurer and representatives from across the country engaged in productive dialogue about the ongoing role of NAC in raising the profile of access to justice. Discussions also focused on how best to coordinate communication across jurisdictions about access to justice best practices, initiatives and news.

Improving Access to Justice - Flip Your Wig CPD Event

On April 8, 2015 TAG participated in Improving Access to Justice, a CPD event organized by Flip Your Wig. Panelists included Justice Cromwell (*Supreme Court of Canada*), Ron Franklin (*Franklinlaw*) and Patricia Hughes (*Law Commission of Ontario*) with Lorne Sossin (*Osgoode Hall Law School*) as moderator. The speakers provided insight into the various barriers and potential opportunities that exist within the sphere of access to justice concerns. Additional comments were featured from Michele M. Leering (*Community Advocacy & Legal Centre*), Barbara Grossman (*Dentons*) and Grant Wedge (*Law Society of Upper Canada*).

Reference Group

The Reference Group, which acts as the TAG planning committee, met on March 2, 2015 and is working on developing and implementing a public engagement strategy. The aim is to produce a destination for organizations, individuals and institutions from across the province that are interested in developing or learning more about innovative solutions to Ontario's access to justice crisis. The group's next meeting is scheduled for late May 2015.

Clusters

Online Family Law Shared Steps Resource

This initiative focuses on common legal problems faced by people who have low or moderate incomes or face other disadvantages. The project is aimed at the first-contact community workers whom these people trust and turn to for help. The resource is currently being beta tested with assistance from Ryerson University. We look forward to supporting its official launch this summer.

Targeted Legal Services

“Targeted Legal Services & Access to Justice: We Are All Pieces of the Puzzle” is a series of three symposia organized by TAG, Social Justice Tribunals Ontario and the Law Society of Upper Canada. On May 12, 2015, the second symposium in this series will build on the discussion at the first symposium by focussing on “success stories” in the delivery of targeted legal services. The final symposium in this series will take place in September 16, 2015.

Task Force on Custody and Access Assessors

For the past five years, family justice system participants, including lawyers, judges, psychologists, social workers and psychiatrists have been calling for reforms to address the shortage of qualified custody and access assessors in the family court system. One of the major concerns that has repeatedly been identified as contributing to this problem is the impact of insufficient complaints on the willingness of assessors to do this important and challenging work. On June 8, 2015 TAG will hold a facilitated session about Professional Complaints Against Custody/Access Assessors. This session will convene family justice system participants in order to explore potential solutions and considerations to this significant access to justice problem.

Aboriginal Restorative Justice

In order to develop a strong, collaborative, consultative relationship TAG is focusing on outreach with Aboriginal licensees, organizations and communities. What are the key action items for Aboriginal communities and how can we develop measures that promote Aboriginal justice? At this early stage in outreach we see an emerging role for TAG as a support for restorative justice programs within First Nations, Metis and Inuit communities.

In Development

Additional clusters addressing Mental Health issues related to client service and Public Legal Education are expected to be starting shortly.



**Submission to the Standing Committee on Justice Policy in
Respect of Bill 49, *Ontario Immigration Act, 2015***

Law Society of Upper Canada

Toronto, April 16, 2015

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I. INTRODUCTION

1. Good Morning. My name is Robert Lapper and I'm the CEO of the Law Society of Upper Canada. I'm here today with Ms. Sheena Weir, our Director of Public Affairs, and Ms. Elliot Spears, our General Counsel.
2. The Law Society of Upper Canada is the independent regulator of Ontario's over 47,000 lawyers and 7,000 licensed paralegals. The Law Society appreciates the opportunity to contribute to this Committee's study of Bill 49, the *Ontario Immigration Act, 2015* (the "Bill").

II. SUBMISSION HIGHLIGHTS

3. As you know, the Bill's general purpose is to implement a provincial immigration system that recognizes the important role that immigrants play in Ontario's economic and social fabric. The Bill would establish two classes of persons, recruiters and representatives, to provide services in connection with the programs established by the government to promote the settlement and integration of immigrants and foreign nationals to Ontario.
4. Today, the Law Society wishes to comment on three aspects of the Bill, aspects that relate to the Law Society's mandate to regulate Ontario's lawyers and paralegals in the public interest. These three aspects are as follows:
 - 1) Safeguarding solicitor-client privilege;
 - 2) Ensuring that the Bill's definition of a representative is drafted so as to be consistent with the existing law as to who may act as a representative; and
 - 3) Providing for continued dialogue between the government and the Law Society to ensure that areas of concurrent regulation in the new immigration system are addressed by having our regulatory spheres work in concert.

III. SAFEGUARDING SOLICITOR-CLIENT PRIVILEGE

5. The Law Society's first point relates to safeguarding solicitor-client privilege. The Bill requires representatives and recruiters to disclose information. Applied to lawyers

and paralegals, this requirement is at odds with protections granted to clients through confidentiality and solicitor-client privilege.

6. The Bill as currently drafted grants broad search and investigatory powers to inspectors and investigators. It expressly permits warrantless searches of "representatives" premises in certain circumstances (Bill, s.23.(2)4). As "representatives" includes lawyers and licensed paralegals, this would expressly permit warrantless law and paralegal office searches. Investigators would be permitted to obtain materials which would otherwise be privileged (Bill, s.23.3). These materials could be used in proceedings. It is also possible that they would be shared with other government agencies and the federal government. (Searches may also be conducted with a warrant.) It is an offence under the Bill to obstruct an investigation.
7. There is no exception for lawyers or licensed paralegals with respect to confidential or privileged information. The Bill does not expressly provide any mechanisms to protect privileged information.
8. In 2015, the Supreme Court of Canada stated that it is a "principle of fundamental justice that the state cannot impose duties on lawyers that undermine their duty of commitment to their clients' causes."¹ It has also described solicitor-client privilege as "a principle of fundamental justice and a civil right of supreme importance in Canadian law" and "must remain as close to absolute as possible if it is to retain relevance."²
9. These statements from the Supreme Court reflect the fact that our system of justice relies on full and frank communication between clients and their legal representatives. Without it, legal representatives would be unable to protect or advance the legal rights of their clients. As the Supreme Court has also stated, "[i]t is in the public interest that this free flow of legal advice be encouraged. Without it, access to justice and the quality of justice in this country would be severely compromised."³

¹ *Canada (Attorney General) v. Federation of Law Societies of Canada*, 2015 SCC 7 (CanLII).

² *Lavallee, Rackel & Heintz v. Canada (Attorney General)*; *White, Ottenheimer & Baker v. Canada (Attorney General)*; *R. v. Fink*, 2002 SCC 61 (CanLII) ["*Lavallee*"].

³ *Canada (Privacy Commissioner) v. Blood Tribe Department of Health*, 2008 SCC 44 (CanLII).

10. When applied to lawyers and licensed paralegals, the effect of the investigatory provisions of the Bill is akin to a law office search. The Law Society would expect that these provisions would not require disclosure of privileged information and that the protections set out by the courts to govern such searches would apply.
11. An amendment to the Bill to make the protection of privileged information explicit would be appropriate. Given the importance accorded to solicitor-client privilege, any amendment must be carefully drafted and meet established judicial precedent. For example, in *Lavallee, Rockel & Heintz v. Canada (Attorney General)*, [2002] 3 S.C.R. 209, the Supreme Court of Canada struck down s.488.1 of the *Criminal Code*, which set out a procedure for searching law offices. It held that the section violated s.8 of the Charter of Rights and Freedoms, the right to be secure against unreasonable search and seizure. The Court set out the features that law office searches are required to ensure solicitor-client privilege is safeguarded.
12. The Law Society has provided guidance in this area by issuing Guidelines for Law Office Searches which were developed in response to the Supreme Court's statements about how law office searches may be conducted. The Law Society would appreciate the opportunity to work with the government to develop an appropriate amendment that would expressly protect privileged information in a manner that would be consistent with the Charter of Rights and Freedoms.

IV. DEFINING THE TERM "REPRESENTATIVE" HAVING REGARD TO CURRENT LAW

13. Our second point concerns the definition of the term "representative". The Bill defines a "representative" as a person who, for consideration, represents, assists or advises an applicant in connection to an application. The Bill limits who may act (or offer to act) as a representative. As presently drafted, lawyers and licensed paralegals would be able to act as "representatives" (Bill, s.14(1)).
14. The *Law Society Act* grants the Law Society the authority to regulate the practice of law and the provision of legal services in Ontario. The Law Society is authorized to establish classes of licence to practise law and provide legal services, to determine the scope of activities authorized under each class of licence and to impose any terms, conditions, limitations or restrictions on any class of licence (*Law Society Act*,

s. 27 (1)).

15. In exercising its authority to regulate the practice of law and the provision of legal services, the Law Society is guided by a description of its function and a set of principles that are set out in the *Law Society Act*. The Law Society's function (as set out in the *Law Society Act*) includes ensuring that "all persons who practise law in Ontario or provide legal services in Ontario meet standards of learning, professional competence and professional conduct that are appropriate for the legal services they provide". The principles that guide the Law Society's activities include a duty to maintain and advance the cause of justice and the rule of law, a duty to act so as to facilitate access to justice for the people of Ontario and a duty to protect the public interest.
16. In Ontario, lawyers and paralegals practise law and provide legal services within the scope of activities defined for them by the Law Society. The Law Society seeks to ensure that the Bill reflects this with respect to immigration law.

V. CONCURRENT REGULATION AND THE NEED FOR CONTINUED DIALOGUE

17. The Law Society's third and final point relates to how issues arise in the context of concurrent regulation and the need for continued dialogue. The Law Society highlights three examples of areas of dual or concurrent regulation which could arise if Ontario enacts the proposed new immigration system. These are:
 - 1) Concurrent regulation of lawyer or paralegal licensees governed by the Law Society who act as "representatives";
 - 2) Concurrent regulation of lawyer or paralegals who act as both "representatives and recruiters"; and
 - 3) Concurrent regulatory responsibility to address unauthorized practice.

(1) Regulating Lawyer or Paralegal "Representatives"

18. The Bill does not contain any specific provisions for the regulation of "representatives", although by creating the new field of "representatives", the Bill appears to anticipate their regulation. The Law Society would be interested in receiving more information about any contemplated regulatory oversight of

representatives. The Law Society would appreciate being consulted in advance of any regulations being developed in this regard, so as to ensure that any regulations regarding “representatives” are developed in a way that recognize and work together with the Law Society’s regulatory authority.

(2) Regulating Lawyer or Paralegal “Representatives and Recruiters”

19. The Bill contemplates that an individual may act as both a recruiter and a representative in relation to an applicant (Bill, subsection 1(2)). As noted previously, the Bill contemplates regulation of representatives. Similarly, the Bill contemplates regulation of recruiters.
20. As also noted previously, lawyers and licensed paralegals who act as representatives are already subject to regulation by the Law Society.
21. It is possible that some lawyers and licensed paralegals will act in dual roles, as both representatives and recruiters. This raises questions about regulation. The Law Society believes that further clarification is needed on how the government proposes to regulate persons acting as both recruiters and representatives and, specifically, on how the government proposes to address lawyers and licensed paralegals working as both representatives and recruiters. The Law Society would welcome the opportunity to work with government to ensure any of its licensees who also act as recruiters and representatives are regulated by the appropriate entities in the appropriate circumstances.

(3) Addressing Unauthorized Practice

22. Finally, section 29 of the Bill sets out the offence of acting as a representative without the authority to do so. The Law Society similarly acts in the public interest by prosecuting unauthorized practice of law and provision of legal services. It is possible that both the Bill’s offence of acting as a representative without the authority to do so and the Law Society’s unauthorized practice of law and provision of legal services provisions will target the same activities. In such circumstances, it will be important to have a coordinated, collaborative approach to dealing with the unauthorized activities. In the absence of a coordinated, collaborative approach, it is possible that unauthorized activities will go unchecked, resulting in a risk of harm to the public.

The Law Society urges the development of clear frameworks to govern the handling of instances of unauthorized activities when the activities could constitute unauthorized practice in two or more statutes.

23. The three examples demonstrate that continued collaboration will be necessary in order to regulate areas of concurrent regulation in the public interest. The Law Society looks forward to continuing to work in an open and collaborative manner with government to ensure that areas of concurrent regulation are addressed from the outset in a way that protects the public and the public interest.

VI. CONCLUDING REMARKS

24. We again thank the Committee for the opportunity to appear here today. We would be pleased to discuss the issues raised in this submission with you further, and answer any questions.