



The Law Society of  
Upper Canada | Barreau  
du Haut-Canada

**April 28, 2016**  
**9:00 a.m.**

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# CONVOCATION MATERIAL

*PUBLIC COPY*

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**CONVOCATION AGENDA**  
**April 28, 2016**

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**Convocation Room – 9:00 a.m.**

**Treasurer's Remarks**

- [Treasurer's Engagement Report](#) [Tab 1]

**Consent Agenda - [Motion](#)** [Tab 2]

- **Confirmation of Draft Minutes of Convocation – [February 25, 2016](#)**
- **Motion - [Appointment](#)**
- **Report of the Director of Professional Development and Competence - [Deemed Call Candidates](#)**
- **[Treasurer's Reports](#)** – LAWPRO Annual Shareholder's Resolutions and LibraryCo Inc. Proxy

**Address by Jeff Hirsch, President of the Federation of Law Societies of Canada**

**[Audit & Finance Committee Report](#)** (*C. Bredt, P. Wardle*) [Tab 3]

- Law Society Audited Financial Statements for the Year Ended December 31, 2015
- For Information*
- In Camera Item
  - LAWPRO Annual Financial Statements for the year ended December 31, 2015
  - LibraryCo Annual Financial Statements for the year ended December 31, 2015
  - Investment Compliance Reporting for the year ended December 31, 2015
  - Other Committee Work
  - [LAWPRO Report](#) (*S. McGrath*)

**[Mental Health Strategy Task Force Report](#)** (*W. McDowell*) [Tab 4]

- Proposed Mental Health Strategy

**[Paralegal Standing Committee Report](#)** (*M. Haigh*) [Tab 5]

- Proposed Rule on Incriminating Physical Evidence
- For Information*
- Election of the Chair of the Paralegal Standing Committee

**[Professional Regulation Committee Report](#)** (*M. Mercer*) [Tab 6]

- By-Law Amendments Respecting Administrative Surrender of Licence in the Face of Regulatory Proceedings
- For Information*
- National Discipline Standards
  - Executive Director's Report – Analysis of Complaints Received by the Professional Regulation Division in 2014

**[Tribunal Committee Report](#)** (*B. Murchie*) [Tab 7]

- Proposed Amendments to the Law Society Tribunal Rules of Practice and Procedure
- For Information*
- Tribunal 2015 Third and Fourth Quarter Statistics

**[Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones Report](#)** (*P. Schabas*) [Tab 8]

- Human Rights Monitoring Group Interventions
- For Information*
- Public Education Equality and Rule of Law Series Calendar 2016

**[Professional Development and Competence Committee Report](#)** (*H. Goldblatt*) [Tab 9]

- Proposed Enhancements to Licensing Process

**LibraryCo Inc. Update** (*D. Millar*)

**Federation of Law Societies of Canada Update** (*L. Pawlitza*) [Tab 10]

**Address by Janet M. Fuhrer, President of the Canadian Bar Association**  
**Address by Ed Upenieks, President of the Ontario Bar Association**

**Report of the LL.D. Advisory Committee** (*S. Nishikawa*) (in camera) [Tab 11]

*REPORTS FOR INFORMATION ONLY*

**Report from The Action Group on Access to Justice (TAG)** [Tab 12]

**Law Society Operational Heritage Plan** [Tab 13]

Lunch – Benchers’ Dining Room



The Law Society  
of Upper Canada

Barreau du  
Haut-Canada

**Treasurer's Engagements**  
**March - April 2016**

<b>Date</b>	<b>Engagement</b>
March 3	Toronto Lawyer Association Awards Dinner <a href="http://www.tlaonline.ca/?page=AwardsReceptions">http://www.tlaonline.ca/?page=AwardsReceptions</a>
March 7	Mundell Medal Committee Meeting
March 8	International Women's Day Event <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <a href="http://www.lawsocietygazette.ca/treasurers-blog/">http://www.lawsocietygazette.ca/treasurers-blog/</a>
March 8	Premier's Reception International Women's Day <a href="http://www.premier.gov.on.ca/en/galleries/662">http://www.premier.gov.on.ca/en/galleries/662</a>
March 9 – 12	Federation of Law Societies Semi-Annual Meeting <ul style="list-style-type: none"> <li>• Meetings focussed on governance</li> </ul>
March 15	Flip Your Wig CPD Event <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <a href="https://www.eventbrite.ca/e/moving-to-action-on-access-to-justice-cpd-2016-tickets-20948071245">https://www.eventbrite.ca/e/moving-to-action-on-access-to-justice-cpd-2016-tickets-20948071245</a>
March 17	Barreau du Québec <ul style="list-style-type: none"> <li>• The Treasurer and Robert Lapper attended their Council Meeting. Both addressed Council.</li> </ul> <a href="http://www.barreau.qc.ca/en/">http://www.barreau.qc.ca/en/</a>
March 18	Student Leadership Luncheon, Osgoode Hall Law School <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <p>A meeting with Faculty and Student reps to discuss legal education and the relationship between the law school and the profession followed the luncheon.</p>

Date	Engagement
March 22	Luncheon with Dean Angelique EagleWoman, Bora Laskin Faculty of Law, Lakehead University <ul style="list-style-type: none"> <li>• Hosted by the Treasurer</li> </ul> <a href="https://www.lakeheadu.ca/about/news-and-events/news/archive/2016/node/29125">https://www.lakeheadu.ca/about/news-and-events/news/archive/2016/node/29125</a>
March 22	Journée internationale de la Francophonie <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <a href="http://www.lawsocietygazette.ca/event/jif2016/">http://www.lawsocietygazette.ca/event/jif2016/</a>
March 23	OJEN Network Meeting – Discussions with Justice and Education Communities <a href="http://ojen.ca/">http://ojen.ca/</a>
April 1	Law Society CPD Program – The Oatley McLeish Guide to Motor Vehicle Litigation – The Boundaries of Marketing <ul style="list-style-type: none"> <li>• Panel Participant</li> </ul>
April 1	OBA Council Meeting <ul style="list-style-type: none"> <li>• Speaker</li> </ul>
April 4	North East Regional Meeting <ul style="list-style-type: none"> <li>• Law Society sponsored a meeting hosted by the Treasurer for law associations and other stakeholders in North East Region (Algoma, Cochrane, Manitoulin, Nippissing, Parry Sound, Sudbury and Timiskaming). The meeting was held in North Bay.</li> </ul>
April 5	Meeting with Janet Fuhrer, President, Canadian Bar Association
April 6	Meeting with The Honourable Jody Wilson-Raybould, Minister of Justice and Attorney General of Canada.

April 6	<p>Osgoode Society Patrons Dinner</p> <ul style="list-style-type: none"> <li>• Hosted by the Treasurer</li> </ul> <p><a href="http://www.osgoodesociety.ca/">http://www.osgoodesociety.ca/</a></p>
April 13	<p>Portrait Unveiling for Emeritus Treasurer, Thomas G. Conway</p>
April 14	<p>The Advocates' Society Awards Dinner for Jim Simmons, Sudbury</p>
April 19	<p>Diverse Careers for Women in Law</p> <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <p><a href="http://www.lawsocietygazette.ca/event/diverse-careers-for-women-2016/">http://www.lawsocietygazette.ca/event/diverse-careers-for-women-2016/</a></p>
April 20	<p>Ontario Bar Association Awards Gala</p> <p><a href="http://www.oba.org/awardgala2016">http://www.oba.org/awardgala2016</a></p>
April 26	<p>Brant Law Association Annual General Meeting &amp; Dinner</p> <p><a href="http://www.brantlaw.ca/">http://www.brantlaw.ca/</a></p>
April 27	<p>Annual Welcome Reception for Newly Licensed Paralegals</p> <ul style="list-style-type: none"> <li>• Hosted by the Treasurer</li> </ul>
April 28	<p>Earth Day Legal Education Event – <i>The Right to be Cold</i> with special guest, Sheila Watt Cloutier</p> <ul style="list-style-type: none"> <li>• Speaker</li> </ul> <p><a href="http://www.lawsocietygazette.ca/event/right-to-be-cold/">http://www.lawsocietygazette.ca/event/right-to-be-cold/</a></p>

**Tab 2**

**THE LAW SOCIETY OF UPPER CANADA**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 28, 2016

MOVED BY:

SECONDED BY:

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

DRAFT

MINUTES OF CONVOCATION

Thursday, 25<sup>th</sup> February, 2016  
9:00 a.m.

PRESENT:

The Treasurer (Janet E. Minor), Anand, Armstrong (by telephone), Banack, Beach (by telephone), Bickford, Boyd, Braithwaite, Bredt, Burd, Callaghan, Chrétien, Clément, Cooper, Corbiere, Corsetti, Criger, Donnelly, Earnshaw, Epstein, Evans, Falconer, Ferrier, Furlong, Galati, Goldblatt, Groia, Haigh, Hartman, Horvat, Krishna (by telephone), Leiper (by telephone), Lem (by telephone), Lerner, Lippa, MacKenzie, MacLean (by telephone), Manes (by telephone), McDowell, McGrath, Merali, Mercer, Murchie, Murray, Nishikawa, Papageorgiou, Pawlitza, Porter, Potter, Richardson, Richer, Rosenthal, Ruby (by telephone), Schabas, Sharda, Sikand, Spurgeon, St. Lewis, C. Strosberg (by telephone), H. Strosberg (by telephone), Swaye (by telephone), Troister (by telephone), Vespry, Wardle and Wright.

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Secretary: James Varro

The Reporter was sworn.

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The Treasurer welcomed those joining Convocation by webcast.

TREASURER'S REMARKS

The Treasurer noted the February 8, 2016 webcast on Compliance-Based Entity Regulation, for which over 840 people registered.

The Treasurer noted that the Ministry of the Attorney General and the Law Society will receive a report on the delivery of family legal services from The Honourable Justice Annemarie E. Bonkalo, further to the announcement of the Attorney General on February 9, 2016.

The Treasurer noted that the Law Society and the Canadian Association of Black Lawyers (CABL) had their annual event for Black History month, hosting novelist Lawrence Hill, on February 9, 2016.

The Treasurer attended the Black Law Students Association Conference Gala event on February 13, 2016.

The Treasurer advised on her various activities since last Convocation, including the student moot.

The Treasurer advised that the Flip Your Wig event Fundraiser will be launched later today at a reception and encouraged benchers to attend.

The Treasurer highlighted upcoming events including International Women's Day on March 8, 2016, the Federation of Law Societies of Canada meetings from March 9 to 12, 2016 in Banff, March 17, 2016 Barreau du Québec meeting of council, Peterborough Law Association annual general meeting on March 18, 2016, March 22, 2016 International Francophone event, April 13, 2016 former Treasurer Thomas Conway Portrait Unveiling, April 27, 2016 new paralegal licensees reception.

MOTION – CONSENT AGENDA

It was moved by Ms. Murchie, seconded by Mr. Anand, that Convocation approve the consent agenda set out at Tab 2 of the Convocation Materials.

Carried

Tab 2.1 – DRAFT MINUTES OF CONVOCATION

The draft minutes of Convocation of January 28, 2016 were confirmed.

Tab 2.2 – MOTION

Re: Law Society Tribunal Reappointments

THAT Convocation approve the reappointments to the Law Society Tribunal Hearing Division and Appeal Division as set out in the motion.

Carried

Tab 2.3 – REPORT OF THE EXECUTIVE DIRECTOR OF PROFESSIONAL DEVELOPMENT AND COMPETENCE

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

Carried

PROFESSIONAL REGULATION COMMITTEE REPORT

Mr. Mercer presented the Report.

Re: Amendments to the Rules of Professional Conduct Regarding Conflict of Interest

It was moved by Mr. Mercer, seconded by Mr. Schabas, that Convocation approve amendments to Rules 3.4-1 and 3.4-2 of the Rules of Professional Conduct (Conflicts of Interest and Consent) as set out at Tab 3.1.1 of the Report.

Carried

Re: Amendments to the Rules of Professional Conduct Regarding Incriminating Physical Evidence

It was moved by Mr. Mercer, seconded by Ms. Richer, that Convocation approve amendments to the Rules of Professional Conduct set out at Tab 3.2.1 of the Report to add a new Rule 5.1-2A and Commentary to prohibit the concealment, destruction or alteration of incriminating physical evidence.

Carried

Re: Summary Revocation of Licences Suspended by the Law Society Tribunal

It was moved by Mr. Mercer, seconded by Mr. Schabas, that Convocation:

- a. approve, in principle, a process to permit summary revocation of a licensee's licence where the licence has already been indefinitely suspended under section 35 of the *Law Society Act* and has remained suspended for at least two years; and
- b. request that the *Law Society Act* be amended to implement this process.

Carried

Re: Federation of Law Societies of Canada – Amendments to the Model Code of Professional Conduct – Public Consultation

Mr. Mercer presented the report for information.

Re: Advertising and Fee Arrangements Issues Working Group

Mr. Mercer presented the report for information.

Re: Annual Report of the Complaints Resolution Commissioner

Mr. Mercer presented the report for information.

Re: Professional Regulation Division Quarterly Report

Mr. Mercer presented the report for information.

*For Information*

- Federation of Law Societies Standing Committee on the Model Code of Professional Conduct Consultation
- Advertising and Fee Arrangements Issues Working Group
- 2015 Annual Report of the Complaints Resolution Commissioner
- Professional Regulation Division Quarterly Report

AUDIT & FINANCE COMMITTEE REPORT

Mr. Wardle presented the Report.

Re: Use of General Fund Balance (Reserves)

It was moved by Mr. Wardle, seconded by Mr. Brett, that Convocation approve the use of \$500,000 from the General Fund Balance to amend the 2016 Professional Regulation Division (PRD) budget to fund additional resources for investigations and disclosure.

Carried

*For Information*

- Other Committee Work

PARALEGAL STANDING COMMITTEE REPORT

Ms. Haigh presented the Report.

Re: Amendment to *Paralegal Rules of Conduct*. Working with Unauthorized Persons

It was moved by Ms. Haigh, seconded by Ms. McGrath, that Convocation approve the amendment to Rule 6.01(6) of the Paralegal Rules of Conduct regarding Working with Unauthorized Persons, set out in paragraph 6 of the Report.

Carried

*For Information*

- Consultation on Proposed Amendments to the Paralegal Rules of Conduct

TRIBUNAL COMMITTEE REPORT

Ms. Murchie presented the Report.

Re: Consent Resolution Conference Pilot Project

It was moved by Ms. Murchie, seconded by Mr. Wardle, that Convocation discontinue the Consent Resolution Conference pilot project and revoke Rule 29 and amend Rules 1.02 and 25.01 of the Law Society Tribunal Hearing Division Rules of Practice and Procedure, in accordance with the motion set out at Tab 5.1.2 of the Report.

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 Request for Interventions

It was moved by Mr. Schabas, seconded by Mr. Falconer, that Convocation approve the letters and public statements in the cases set out in the Report at Tabs 7.1.1 to 7.1.4.

Carried

*For Information*

- Human Rights Monitoring Group Responses from Human Rights Organizations
- Discrimination and Harassment Counsel Semi-Annual Report for the Period July 1 to December 31, 2015
- Public Education Equality and Rule of Law Series Calendar 2016

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*REPORTS FOR INFORMATION ONLY*

PROFESSIONAL DEVELOPMENT AND COMPETENCE COMMITTEE REPORT

- Annual Resource and Program Report

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

CONVOCATION ROSE AT 12:50 P.M.

**Tab 2.2**

**THE LAW SOCIETY OF UPPER CANADA**

MOTION TO BE MOVED AT CONVOCATION ON APRIL 28, 2016

That Robert Evans be appointed to the Real Estate Issues Working Group.

**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:

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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 28<sup>th</sup> 2016

ALL OF WHICH is respectfully submitted

DATED this 28<sup>th</sup> day of April, 2016

**CANDIDATES FOR CALL TO THE BAR**  
**April 28<sup>th</sup> 2016**

**Transfer from another province (Mobility)**

John David Black  
Katharine Milne Brack  
Tajinder Singh Guraya  
Leah Chayil Anna Klassen  
Chelsea Elizabeth Lawson  
Eric Christopher Little  
Emily Helen Lukaweski  
James Lawrence Mockler  
Pardeep Kumar Saini  
Marie Alexandra Savoie  
Timothy Stephen Sparling Stock-Bateman  
Rohit Suri

**Transfer from another province (Quebec)**

Emma Marie Marguerite H  l  ne Beauchamp  
Clara Marie Linda Charlie Bertrand  
Pierre-Olivier Julien Lemieux  
  milie Marie-H  l  ne Nadine Tremblay

**L3**

Mitchell Brian Kahan  
David Eric Plotkin

**Licensing Candidates**

Klodiana Hito  
Clara Anne Morrissey  
Kelsey Anne Rose



**Tab 2.4**

**Treasurer's Report to Convocation  
April 28, 2016**

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**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, 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 2015 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 4, 2016. 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  
29<sup>th</sup> day of April, 2016

**FINANCIAL STATEMENTS**

WHEREAS the Board of Directors has approved the financial statements of the Corporation for the year ending December 31, 2015;

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, 2015 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 the shareholder or until their successors are elected or appointed:

George D. Anderson  
Clare A. Brunetta  
Ian D. Croft  
Douglas F. Cutbush  
Robert F. Evans, Q.C.  
Frederick W. Gorbet  
Carol L. Hartman  
Malcolm L. Heins  
Rita Hoff  
Robert G.W. Lapper, Q.C.  
Susan T. McGrath  
Barbara J. Murchie  
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 the shareholder 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 Biographies as at February 03, 2016

Director photo	Director biography
 <p data-bbox="142 751 456 884"><b>Susan T. McGrath</b> Chair, LAWPRO Board of Directors Principal, Susan T. McGrath</p>	<p data-bbox="505 285 1446 453">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 data-bbox="505 485 1446 548">Ms. McGrath was elected as Chair of the LAWPRO Board of Directors in May, 2012, and acts as an <i>ex-officio</i> member of all committees.</p> <p data-bbox="505 579 1471 779">Since graduating from Osgoode Hall, Ms. 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 data-bbox="505 810 1446 947">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 data-bbox="505 978 1471 1146">As a Bencher of the Law Society of Upper Canada, 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 data-bbox="142 1650 456 1818"><b>Ian D. Croft</b> Vice-Chair, LAWPRO Board of Directors, Chartered Professional Accountant</p>	<p data-bbox="505 1184 1446 1383">A member of the LAWPRO Board of Directors 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 data-bbox="505 1415 1471 1551">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 data-bbox="505 1583 1406 1646">He chairs LAWPRO’s executive committee, and acts as an <i>ex-officio</i> member of all committees.</p> <p data-bbox="505 1677 1463 1835">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 data-bbox="142 695 443 890"><b>George D. Anderson, C.M.</b> President and Chief Executive Officer, Insurance Bureau of Canada (Retired)</p>	<p data-bbox="505 222 1442 323">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 data-bbox="505 354 1471 422">Mr. Anderson currently chairs the governance committee of the LAWPRO Board and is a member of the board's executive and risk committees.</p> <p data-bbox="505 453 1463 520">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 data-bbox="505 552 1463 716">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 data-bbox="142 1396 391 1497"><b>Clare A. Brunetta</b> Principal, Clare A. Brunetta</p>	<p data-bbox="505 924 1455 1262">Clare A. Brunetta is a general practitioner whose office is located in Fort Frances. Primarily serving the District of Rainy River in northwestern Ontario, he practises with his son Paul Brunetta. Mr. Brunetta is former President of the Rainy River Law Library Association, a Charter Member of the Canadian Italian Advocates Society, a past member of the Law Society of Upper Canada Joint Working Group on Real Estate, a 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. He has been a Deputy Judge of the Small Claims Court since 1991.</p> <p data-bbox="505 1293 1308 1327">Mr. Brunetta serves on the LAWPRO governance committee.</p>

Director photo	Director biography
 <p data-bbox="142 688 435 789"><b>Douglas F. Cutbush</b> Insurance Consultant, Arbitrator &amp; Mediator</p>	<p data-bbox="505 222 1446 323">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 data-bbox="505 359 1471 558">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 data-bbox="505 590 1438 722">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 data-bbox="505 753 1438 821">A member of the LAWPRO Board of Directors since 1995, Mr. Cutbush serves on LAWPRO's executive, audit and conduct review committees.</p>
 <p data-bbox="142 1327 459 1428"><b>Robert F. Evans, Q.C.</b> Partner, Evans de Vries Higgins LLP</p>	<p data-bbox="505 852 1451 1052">A partner with Evans de Vries Higgins LLP 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 data-bbox="505 1083 1305 1117">Mr. Evans is a member of LAWPRO's investment committee.</p>

Director photo	Director biography
 <p><b>Frederick W. Gorbet, O.C.</b></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 of Directors 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>
 <p><b>Carol Hartman</b> Partner, Miller Maki LLP</p>	<p>Carol Hartman was appointed to the LAWPRO Board of Directors in 2015.</p> <p>Ms. Hartman has focused much of her career in the area of family law. She is a partner at Miller Maki LLP, based in Sudbury and is a leader in the legal community including serving as Chair of the Compensation Fund Committee, as Vice-Chair of the Government and Public Affairs Committee, Vice-Chair of the Law Society Strategic Planning Group, Former Chair of the Law Society Finance Committee, former Vice President of the County and District Law Presidents' Association and Former President of the Sudbury and District Law Association.</p> <p>Her extensive volunteer work has benefitted the Sudbury Regional Hospital, CKLU radio, the Family Enrichment Centre and the Women's Law Association of Ontario.</p>

Director photo	Director biography
 <p data-bbox="142 695 431 758"><b>Malcolm Heins, LSM</b> Lawyer &amp; Director</p>	<p data-bbox="505 222 1471 359">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 data-bbox="505 375 1458 512">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 data-bbox="505 541 1463 709">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 data-bbox="505 739 1471 842">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 data-bbox="505 871 1458 1108">Mr. Heins is a member of the Law Society of Upper Canada 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 data-bbox="142 1625 448 1761"><b>Rita Hoff</b> President, R. Hoff Financial Management Ltd.</p>	<p data-bbox="505 1140 1455 1276">Rita Hoff joined the LAWPRO Board of Directors 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 data-bbox="505 1306 1455 1379">Prior to that she served as President and Chief Executive Officer of First Canada Securities Corporation, a firm she co-founded.</p> <p data-bbox="505 1409 1430 1482">Ms. Hoff chairs the LAWPRO investment committee and serves on the governance and risk committees.</p> <p data-bbox="505 1512 1458 1648">Ms. Hoff serves as a Director and Treasurer of her condominium in Mexico. 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 data-bbox="505 1677 1422 1751">Ms. Hoff has a Bachelor of Commerce from the University of Bombay, India.</p> <p data-bbox="505 1780 1386 1854">She is currently pursuing studies in Spanish language and Mexican culture at the University of Guadalajara.</p>

Director photo	Director biography
 <p data-bbox="142 688 456 856"><b>Robert G.W. Lapper, Q.C.</b> Chief Executive Officer, The Law Society of Upper Canada</p>	<p data-bbox="505 222 1446 289">Robert G.W. Lapper, Q.C., joined The Law Society of Upper Canada as Chief Executive Officer on February 1, 2012.</p> <p data-bbox="505 321 1471 489">Mr. Lapper was formerly the Deputy Minister of Labour for the Province of British Columbia, a post he held since 2009. From 2007 to 2009, he served as the Deputy Cabinet Secretary and Associate Deputy Minister, Cabinet Operations and Intergovernmental Relations, in the Office of the Premier.</p> <p data-bbox="505 520 1471 688">For seven years, beginning in 2001, Mr. Lapper was the Assistant Deputy Attorney General, Legal Services Branch, for the Province of British Columbia. He oversaw a complete organizational and service transformation in the Legal Service Branch during his tenure there. He was honoured with a Queen’s Counsel appointment in December 2002.</p> <p data-bbox="505 720 1471 1056">After clerking with the British Columbia Supreme Court, he practised law as an associate and later became a partner in a firm in Sidney, British Columbia, for 10 years. During that time, his practice included a variety of areas. One area — emerging aboriginal law issues — engaged his interest in particular. Robert joined the Province of British Columbia, in 1994, as a lawyer in the Legal Services Branch, Ministry of Attorney General, to focus 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.</p> <p data-bbox="505 1087 1471 1255">Robert 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. He also has a long history of volunteer engagements with community organizations.</p> <p data-bbox="505 1287 1170 1325">Mr. Lapper serves on LAWPRO’s audit committee.</p>

Director photo	Director biography
 <p data-bbox="142 684 453 785"><b>Barbara J. Murchie</b> Partner, Bennett Jones LLP</p>	<p data-bbox="505 222 1472 426">Ms. Murchie practises intellectual property litigation at Bennett Jones LLP in Toronto and is a Bencher of the Law Society of Upper Canada. She is Chair of the Tribunals Committee and Vice-Chair of the Professional Development and Competence Committee. She is also a member of the Law Society Tribunal, and regularly sits on discipline panels as an adjudicator. She is a member of LAWPRO's governance committee.</p> <p data-bbox="505 464 1472 768">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="505 806 1472 1142">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 Ontario Bar Association, the Canadian Bar Association, the Toronto Lawyers Association, and the Women's Law Association of Ontario.</p> <p data-bbox="505 1180 1472 1245">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="142 709 470 772"><b>Andrew N. Smith</b> President, Natnook Inc.</p>	<p data-bbox="505 222 1471 527">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 a member of numerous boards, including Pro-Demnity Insurance Company, the Auto Sector Retirees' Health Care Trust, GE Canada pension investment committee, University of Ottawa pension investment committee and Sun Life Global Investments independent review committee. Mr. Smith was a senior executive with National Trust and in 1985 became a partner and co-owner at James P. Marshall, Inc., an investment consulting firm.</p> <p data-bbox="505 564 1333 632">In 2004, he established a personal consulting practice to assist organizations in achieving their financial and investment goals.</p> <p data-bbox="505 667 1409 735">A member of the LAWPRO Board of Directors since 2009, Mr. Smith serves on the audit, conduct review, investment and risk committees.</p>
 <p data-bbox="142 1302 457 1438"><b>John C. Thompson,</b> <b>FCPA FCA</b> Chartered Accountant, Retired KPMG Partner</p>	<p data-bbox="505 835 1455 968">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 data-bbox="505 1003 1398 1068">He also served on the firm's Partnership Board and its Management Committee.</p> <p data-bbox="505 1104 1455 1299">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 data-bbox="505 1335 1382 1400">He obtained his chartered accountant designation in 1971 and was awarded an FCA in 1991.</p> <p data-bbox="505 1436 1382 1501">Mr. Thompson joined the LAWPRO Board of Directors in 2010 and serves on the audit, conduct review and risk committees.</p>

<b>Director photo</b>	<b>Director biography</b>
 <p data-bbox="142 684 415 814"><b>Kathleen A. Waters</b> President and Chief Executive Officer, LAWPRO</p>	<p data-bbox="505 222 1471 359">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 data-bbox="505 390 1471 489">Formerly a partner with Torkin, Manes, Cohen &amp; 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 data-bbox="505 520 1471 588">She holds an LL.B. from the University of Toronto and obtained her LL.M. from Osgoode Hall Law School in 2001.</p> <p data-bbox="505 619 954 651">She was called to the Bar in 1987.</p> <p data-bbox="505 682 1373 749">Ms. Waters also serves as a Director on the Advisory Board of the Alberta Lawyers Insurance Exchange (ALIEX).</p>

# 2015 Annual Report



**LAWPRO**<sup>®</sup>  
Lawyers' Professional Indemnity Company



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## About LAWPRO®

Lawyers' Professional Indemnity Company (LAWPRO) is licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada.

In 2015, LAWPRO provided liability insurance to over 25,500 members of the Law Society of Upper Canada. We also insured more than 1,440 law firms (representing about 3,800 lawyers) under our optional Excess Insurance program.

Through our TitlePLUS® operation, LAWPRO also provides comprehensive title insurance to property owners and lenders throughout Canada. LAWPRO's practicePRO® risk management program assists lawyers in managing their potential exposure to professional liability claims.



# Vision, Mission, Values

## Our vision

To be regarded as the preferred insurer in all markets and product lines in which we do business.

## Our mission

To be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession.

## Our values

### Professionalism

**Individually and as a team, we hold ourselves to the highest professional standards.**

We deliver programs and services known for quality and cost-effectiveness, and for being practical, helpful and relevant.

We demand the best of ourselves every day and in everything we do.

### Innovation

**We foster a climate in which creativity, innovation and change can flourish.**

We share ideas, skills and knowledge and encourage continual learning.

We value teamwork and collaboration, and the diverse strengths and perspectives of others.

### Integrity

**We act with the highest levels of integrity in all of our interactions and decisions.**

We aim to always be consistent, fair, ethical and accountable.

### Service

**We strive for excellence in customer service.**

We share our knowledge, experience and expertise with our customers and with each other, so that together we can identify, prevent and solve problems.

We take the time to listen and understand, so we can respond effectively and empathetically to our customers and to each other.

We demonstrate courtesy and genuine respect for all.

### Leadership

**We try to make the world a better place, and to that end lend our energy and expertise to many communities.**



# LAWPRO Statement on Corporate Social Responsibility

LAWPRO's vision is to be regarded as the preferred insurer in all product lines and markets in which it does business.

Implicit in this vision – and in the values that support our vision – is a commitment to being a responsible, involved and accountable citizen of the many communities in which we hold membership: the employer community, the insurance community, the legal community, and of course the larger community in which we all live.

The LAWPRO Corporate Social Responsibility Statement is informed by this spirit of community and accountability, while acknowledging that we are governed and profoundly shaped by our unique role as the provider of the primary professional liability insurance program for all lawyers in Ontario. Our social responsibility commitment as a corporate body is focused on four principal areas:

## Providing a healthy and rewarding workplace

We respect and value our employees and the vital role they play in enabling the company to fulfill its mandate. To that end we adopt policies and practices that not only comply with applicable law and fair labour practices, but also respect diversity, promote inclusion and fellowship, cultivate professional growth through education and service, and promote health, safety and wellness, in the workplace and in personal life.

## Respecting the environment

We believe that individually and as a company we have a role to play as stewards of our environment and its resources. To that end we support and promote initiatives in our company that help advance the goal of a sustainable environment.

The company supports the work of its employee-led green committee, which aims to educate LAWPRO employees about the role individuals and organizations can play in protecting and improving the environment. LAWPRO also has spearheaded a company-wide campaign to reduce reliance on paper and related products, and facilitate use of technology in all aspects of the company's operations. The company actively encourages initiatives such as these that meet a dual mandate of being stewards of the environment and the bar's resources.

## Fostering the legal community

We view a committed, healthy and diverse bar as essential to the functioning of a democracy and to the protection of individual rights in society.

We have over the years provided financial and in-kind support to organizations that promote and deliver lawyer wellness programs. As well, we make available wellness information and resources electronically at no cost.

We support and sponsor a range of legal-related charitable and non-profit causes that advance the role and reputation of lawyers in our community and by implication, foster access to justice in Canada. We also work to support charitable initiatives which have captured the interest and imagination of the bar and their clients. We promote the enrichment of the bar through our promotion of legal education, both internally and externally, and by fostering the building of relationships within the legal community.



# LAWPRO Statement on Corporate Social Responsibility

## Supporting the broader Canadian community

We acknowledge that as highly skilled and employed individuals, we are among the fortunate in our community. LAWPRO employees give back by selecting five registered charities annually and partner with the company to fundraise for their benefit. In addition, each LAWPRO employee may request one “charity day” per year to undertake work for the registered charity of the employee’s choice.

We actively contribute to the advancement of the Canadian insurance industry, and engage in a dialogue with government in the interests of the bar and the Canadian consumer.

We promote inclusion by working to expand the range of our materials available in both official languages and by providing materials in other languages based on level of demand.



# Remarks of the Chair

2015 Annual Report

Lawyers' Professional Indemnity Company



The phrase, “sustained security” sums up LAWPRO’s results in 2015. Our financial results demonstrate that over the 20 years LAWPRO has delivered the primary insurance program, the sustained ability to manage volatility has given our shareholder and our primary professional liability program insureds years of stability.

What do I mean by sustained security? Six years of consistent premium in the primary program, despite racing real estate prices in major cities, an unsteady commercial economy, and administrative dismissal rule changes that required – and still require – a steep learning curve for our insureds. The predictability LAWPRO insurance provides allows our lawyer insureds to plan more effectively and work strategically. Although I can’t say that the primary program premium will always be so predictable, our efforts to create an environment of stability will continue to be at the forefront of our thinking.

2015 saw net earned premiums of \$120 million and about 600 more insureds in the primary program than in the previous year. As well, TitlePLUS title insurance gained momentum in a competitive marketplace, with a 14 per cent increase in issued policies in 2015 over 2014.

Claims expenses were \$26 million lower than budget due to favorable claims development, particularly in fund years 2007, 2008 and 2010 through 2014. The steep trajectory of claims costs predicted in the last few years has begun to plateau and our robust actuarial models have allowed us to release some money that was set aside for those fund years.

Our general expenses remained on budget at \$18 million, due to disciplined management, and shareholder’s equity was \$238 million in 2015, up from \$208.6 million at December 31, 2014.

The test used to determine if LAWPRO has enough capital beyond what we need to pay claims is the Minimum Capital Test. At the end of 2015, it was 268 per cent, up from 251 per cent on December 31, 2014, and above the 220-230 per cent score for which the company aims. However, 2015 was the first year of a three year phase-in to new, stricter MCT requirements. Without the benefit of the phase-in, the MCT would have been 242 per cent, closer to but still comfortably above the Board’s preferred range.

I’d like to thank my colleagues on the Board of Directors and the staff at LAWPRO. Our strong collaborative spirit has built the environment of sustained security in which the Ontario bar and its clients can prosper and grow.

*Susan T. McGrath*

Susan T. McGrath  
Chair



# Remarks of the CEO

2015 Annual Report

Lawyers' Professional Indemnity Company



To reach the level of sustained security Susan McGrath discusses in her remarks, LAWPRO has stayed true to its stated values of professionalism, innovation, integrity, service and leadership.

This focus of thought has led to LAWPRO delivering high quality, cost-effective programs. With a general expense ratio of 18 per cent – noticeably less than similar sized insurance companies – and a stabilizing number of claims over the last few years, the groundwork has been set for continued security. Nevertheless, one must always keep an eye on where the claims of the future may develop and what we can do to help protect our insureds.

In the 2015 primary professional liability program, LAWPRO experienced 99 claims per 1000 insured lawyers. This result was a small improvement over the 2014 result of 103 claims. Real estate and litigation continue to be the areas of law with the highest number of claims. Litigators are facing changes that they must address if we hope to keep claims from skyrocketing. If not managed carefully, the upcoming January 1, 2017 deadline (on which certain pre-2012 matters will be automatically dismissed as a result of the new Rule 48 of the Rules of Civil Procedure) could result in more clusters of administrative dismissal claims. LAWPRO strongly encourages lawyers to stay on top of their civil litigation files and to refer to the Rule 48.14 Transition Toolkit (available on the practicePRO.ca website) for ways to lessen the risk of a claim under the new rule. However, these kinds of time management issues are not our only concern.

Communication errors continue to be common. Twenty-eight per cent of claims arise from these misunderstandings, which demonstrate that finding the time for human interaction and understanding continues to challenge our insureds.

A concerted effort by our claims departments led to a 16 per cent increase in closed claims in the primary program and a 68 per cent increase in the TitlePLUS program. Closed claims files contribute significantly to the sustained security mentioned by our Chair on the opposite page. When a matter is closed, we can release any reserve funds not needed for the claim and the insured can focus on the continued success of his or her practice.

The ongoing need to provide affordable and accessible justice for all Ontarians has not escaped our notice. Within the primary professional liability program, LAWPRO has provided insurance program enhancements since 2002 that benefit lawyers participating in approved Pro Bono Law Ontario (PBLO) projects. Like all legal work, *pro bono* services involve risk to the insurance program. In 2015, LAWPRO worked with PBLO to develop guiding principles to help manage our relationship and smooth the way for efficient and timely approvals of programs.

By streamlining our process with PBLO, our lawyer insureds have easier access to relevant training and support while providing LAWPRO with the assurance that *pro bono* programs which entitle the lawyer to special insurance terms have been carefully evaluated and developed to allow for risk management methods that can lower the risk for our insureds and their clients.

As you look through our Annual Report for 2015, you will see the quantitative results of our hard work to care for and protect our insureds, nourish the growth of the legal profession, and serve the many communities we are privileged to inhabit. Thank you to the Board of Directions for their leadership and knowledge and to my employees-colleagues who continue to inspire me with their ideas and determination.

*Kathleen A. Waters*

Kathleen A. Waters  
President and CEO



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

The following Management Discussion and Analysis provides a review of the activities, results of operations and financial condition of Lawyers' Professional Indemnity Company ("LAWPRO" or the "Company") for the year ended December 31, 2015, in comparison with the year ended December 31, 2014. These comments should be read in conjunction with the corresponding audited financial statements, including the accompanying notes.

## Financial highlights

### Statement of profit or loss and other comprehensive income

During 2015 the Company generated a net income of \$28.4 million, an increase in earnings of \$11.4 million over 2014, and earned comprehensive income of \$29.4 million compared to \$18.8 million during the prior year.

### Net premiums earned

Premiums earned, net of reinsurance ceded, increased by \$5.8 million to \$120.7 million in 2015. Premiums from the mandatory Ontario errors and omissions ("E&O") insurance program were \$4.9 million higher than 2014 results, driven in part by the net increase in the number of insured lawyers purchasing insurance coverage in 2015. The optional excess insurance program premiums remained relatively steady in the year, while title insurance premiums increased by \$0.8 million.

### Net claims and adjustment expenses

Incurred claims and adjustment expenses in 2015, net of reinsurance recoveries, decreased by \$18.8 million from 2014. The 2015 results benefitted from a \$27.5 million net reduction to reserves due to favourable development of prior Fund Years' loss experience, compared to \$19.7 million in 2014, as well as \$3.9 million of income relating to the effect of the slight increase in the market interest yields during the year on reserve discounting, compared with \$10.1 million expense in 2014 due to a significant drop in yields in that year.

### Reinsurance

In addition to the excess-of-loss clash reinsurance coverage the Company has purchased over the years, which limits its exposure to one or more large aggregations of multiple claims arising from the same proximate cause, during 2015 the Company renewed an additional layer of coverage relating specifically to class action proceedings. Furthermore, the Company maintained its 10 per cent retention in the optional excess program, whereas prior to 2011 the program was fully reinsured. The high level of reinsurance significantly mitigates exposure to the Company from claims in this program.

### General expenses

LAWPRO's general expenses in 2015 were \$1.2 million higher than 2014, though on par with budget, primarily due to general inflationary pressures on the operating costs utilized in the Company's day-to-day operations.

### Commissions earned

The Company earned reinsurance commissions of \$1.5 million on premium ceded in respect of its 2015 optional excess insurance program, a similar result to 2014. In addition, the Company also earned \$0.3 million of profit commissions for favourable claims development on the quota share reinsurance arrangements that it had prior to January 1, 2003, up slightly from \$0.2 million in 2014. As claims estimates become more certain with time, there is generally less potential for favourable development on claims relating to older fund years, resulting in a tendency towards lower profit commissions.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

## Investment income

Income generated from investments decreased by \$7.9 million to \$18.5 million in 2015, though these results exceeded budget by \$0.3 million. Investment income from interest and dividend receipts increased by \$1.9 million to \$20.4 million, primarily due to an overall increase in the Company's investment portfolio. As a result of the slightly higher market yields during 2015, the Company experienced a \$2.7 million decrease in net unrealized gains on its fixed income security portfolio used to match its claims liabilities, compared to an increase of \$2.4 million in 2014 due to slightly lower yields. The 2015 results also included net capital gains of \$5.7 million realized on disposition of investments, compared to \$7.6 million in 2014. In addition, during 2015 the Company recognized \$3.7 million of unrealized losses as an impairment due to the significant or prolonged decline of some of its equity securities, compared to \$0.9 million in 2014.

## Other comprehensive income

During 2015, LAWPRO experienced other comprehensive income of \$1.0 million, primarily due to an increase in net unrealized gains on its surplus investments generated in the world equity markets. These results compare to the other comprehensive income of \$1.7 million experienced during 2014.

## Statement of financial position

Overall, the Company ended the year of 2015 in a favourable position, with shareholder's equity up by \$29.4 million year over year, as the net income achieved during the year was buttressed by the solid other comprehensive income experienced during the same period.

## Investments

As at December 31, 2015, the market value of the Company's investment portfolio exceeded its cost by \$39.8 million, compared to 2014 when the market value exceeded cost by \$42.7 million. Investment assets, inclusive of cash and cash equivalents and investment income due and accrued, increased by \$21.3 million to \$637.9 million as at December 31, 2015. The increase was primarily the result of the positive cash flow provided by operations and investment income generated by the portfolio.

The investment portfolio is managed in accordance with the investment policy approved by the Company's Board of Directors in diversified, high-quality assets. A portion of the investment portfolio, which is composed of primarily fixed income securities, is invested in a manner that is expected to substantially match in maturity to the payment of claims liabilities in future years. The portion of the Company's investment portfolio which is considered surplus to the requirements of settling claims liabilities is managed separately and includes fixed income securities and equity investments in publicly traded companies, the values of which are more subject to market volatility.

## Provision for unpaid claims and adjustment expenses and reinsurers' share thereof

The provision for unpaid claims represents the amount required to satisfy all of the Company's obligations to claimants prior to reinsurance recoveries. This balance has decreased by \$8.3 million. Reinsurance recoverables have decreased by \$0.8 million and accordingly the net decrease in the provision is \$7.5 million. This decrease is attributable to the fact that the reductions to the claims provision from both the settlement of claims during 2015 and the net favourable development of prior years' reserves experienced during the year more than offset the claims expense relating to the additional risk associated with underwriting the 2015 program.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

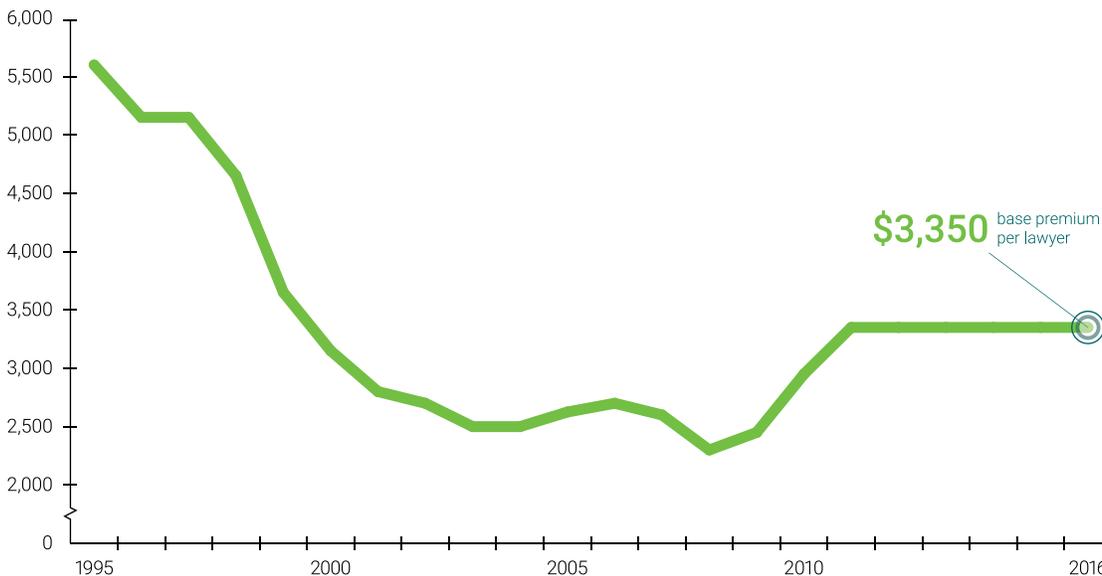
## Report on LAWPRO operations

LAWPRO is an insurance company with three product lines: a mandatory E&O insurance program, as required by the Law Society for all lawyers in private practice in Ontario; an optional excess insurance program that enables Ontario law firms to increase their 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 mandatory E&O program; and an optional TitlePLUS title insurance product that real estate practitioners across Canada can make available to their clients.

### The mandatory E&O insurance program

In each of the last two years, the number of lawyers insured under the LAWPRO program has increased by just under three per cent. In 2015, the Company provided E&O coverage to just over 25,500 lawyers, up from about 24,900 in 2014. The E&O base premium has varied since the Company assumed active responsibility for the Law Society's insurance operations in 1995 (see graph 1), depending on the outlook of key factors such as claims costs and investment income. In order to address rising claims trends, the base premium was increased by \$400 to \$3,350 per lawyer in 2011. For 2012 through 2016, the base premium has been held at \$3,350 per lawyer – a level selected with a view to the longer-term stability and sustainability of the program.

Graph 1 – Base premium per lawyer



One of the hallmarks of the mandatory LAWPRO E&O insurance program is its flexibility. Lawyers have a number of options to tailor their insurance coverage to their specific needs – often with the added benefit of reducing the actual premium payable below the base premium level. As indicated on the next page, the number of lawyers availing themselves of these options continues to increase. LAWPRO's sustainability initiative, combined with its program of encouraging lawyers to use its comprehensive website to access information and complete insurance-related filings, also continues to yield solid results. At renewal, an impressive 98 per cent of lawyers – 24,880 – filed their insurance applications online for the 2015 insurance program; 80 per cent of them did so in time to qualify for the \$25 per lawyer e-filing discount. For the 2016 program renewal, the number of lawyers e-filing increased again, maintaining the rate of approximately 98 per cent of lawyers choosing to e-file applications.



# Management Discussion and Analysis

COVERAGE OPTION	FEATURE	NO. OF LAWYERS PARTICIPATING AS OF JAN. 31, 2015	NO. OF LAWYERS PARTICIPATING AS OF JAN. 31, 2016
New call discount	20 to 50 per cent base premium discount for those called in the last one to four years	4,575	4,812
Part-time practice	50 per cent base premium discount for eligible lawyers	1,772	1,856
Restricted area of practice option	50 per cent base premium discount for immigration/criminal law practitioners	1,556	1,569
Innocent Party buy-up	Increase in Innocent Party sublimits up to as much as \$1 million per claim/aggregate	3,394 (based on \$249/lawyer)	3,390 (based on \$249/lawyer)
Run-Off buy-up	Increase limits for past services from \$250,000 per claim/aggregate to as much as \$1 million per claim/\$2 million aggregate	1,027	1,107
Real Estate practice coverage	Required for all lawyers practising real estate law in Ontario. Sublimit coverage of \$250,000 per claim/\$1 million aggregate	7,676	7,861

## E&O claims THE NUMBERS

The 2015 claim figures reflect a concerning ongoing trend – elevated claims counts and costs. The number of claims reported to LAWPRO during the calendar has exceeded 2,500 for the fourth straight year (see graph 2). Looking more closely at the underlying cause of claims by policy year, we are seeing disconcertingly high levels in types such as time management, failure to either know or apply the law, as well as inadequate investigation (see graph 3). As the result of a concerted and successful effort on the part of the Company’s claims group to close more files than the previous year, the number of open files managed by the claims team now stands at just over 3,600 – appreciably lower than last year’s peak but still higher than it has been in recent years (see graph 4).

A very important measure is to compare the average cost of claims for each policy year at a specific point in time: as graph 5 shows, the average severity (i.e., the average cost per claim) continues to rise towards \$40,000, compared to an average severity at the beginning of the millennium of less than \$30,000. These figures have been affected by the growing number of large claims received by the Company, which continues to exceed 200 per annum (see graph 6). As a result of these pressures, since 2007 the annual programs are typically costing in the \$80 to \$90 million range in claims expenses; the 2015 program’s ultimate cost is projected to significantly exceed this range.

Although the estimated costs attached to 2015 claims are still relatively new at this point, a clear trend is evident. As in the past, real estate and litigation claims continue to account for the bulk of claims costs, with real estate claims representing approximately 30 per cent of claims costs, on average, for the past seven years. The high cost of real estate claims is a reflection of both the more complex practice environment and the high underlying values associated with alleged errors in these areas (see graph 7).

## MANAGING COSTS

LAWPRO’s focused claims management philosophy – which sees us resolve claims quickly in situations where there is liability, defend vigorously if the claim has no merit and avoid economic settlements – yielded solid results.

In 2015, LAWPRO won 11 of the 12 matters that the Company took to trial and on which a decision was rendered; was successful on 6 of 8 appeal decisions; and won 27 of 31 summary judgment applications.



# Management Discussion and Analysis

Another important tool – and a measure of success – is feedback the Company receives from lawyers. A survey conducted of insured lawyers with a closed claim demonstrates that the Company is meeting lawyers' needs and expectations.

## LAWPRO survey results

The annual survey of LAWPRO E&O insureds with a closed claim indicated the following:

**97% said** that they were satisfied with how LAWPRO handled the claim

**88% said** they would have the defence counsel firm represent them again

**89% said** they were satisfied with our selection of counsel

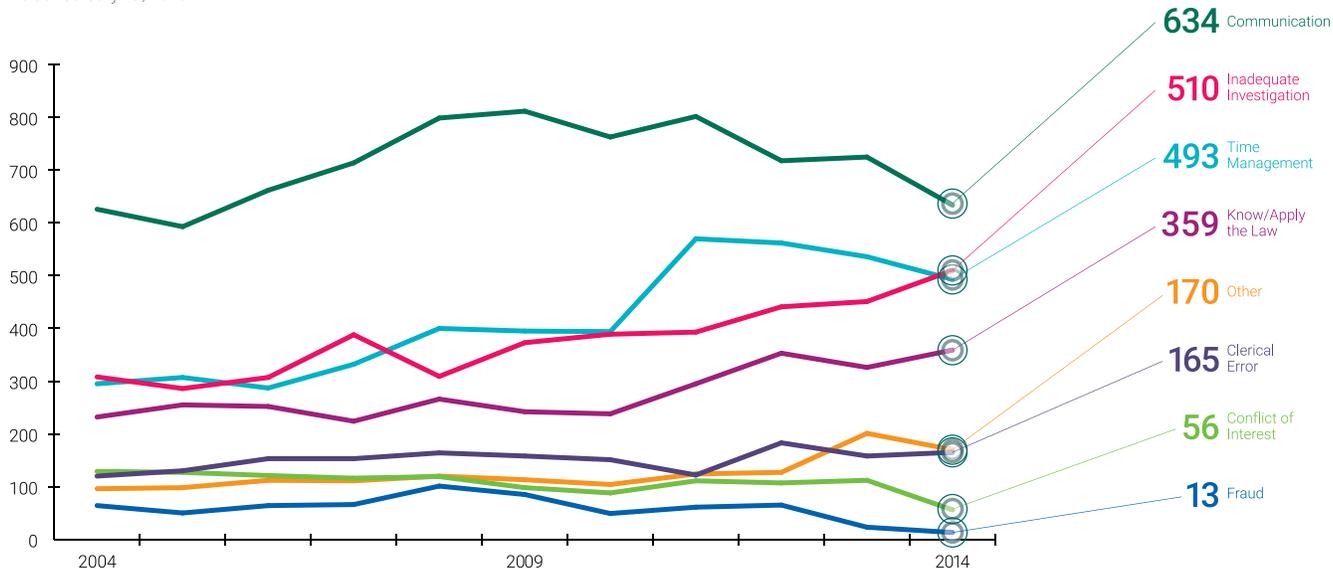
**87% said** LAWPRO received good value for defence monies spent

Graph 2 – Number of claims reported and frequency\*  
\*By report year, as at February 29, 2016

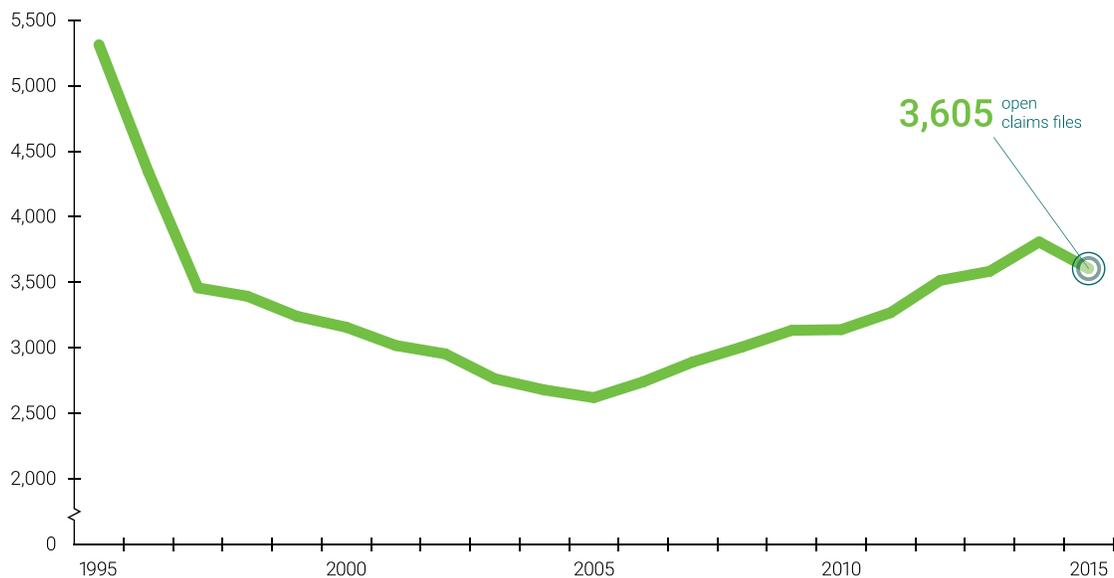


# Management Discussion and Analysis

Graph 3 – Reported claim count by cause of loss by fund year\*  
 \*As at February 29, 2016

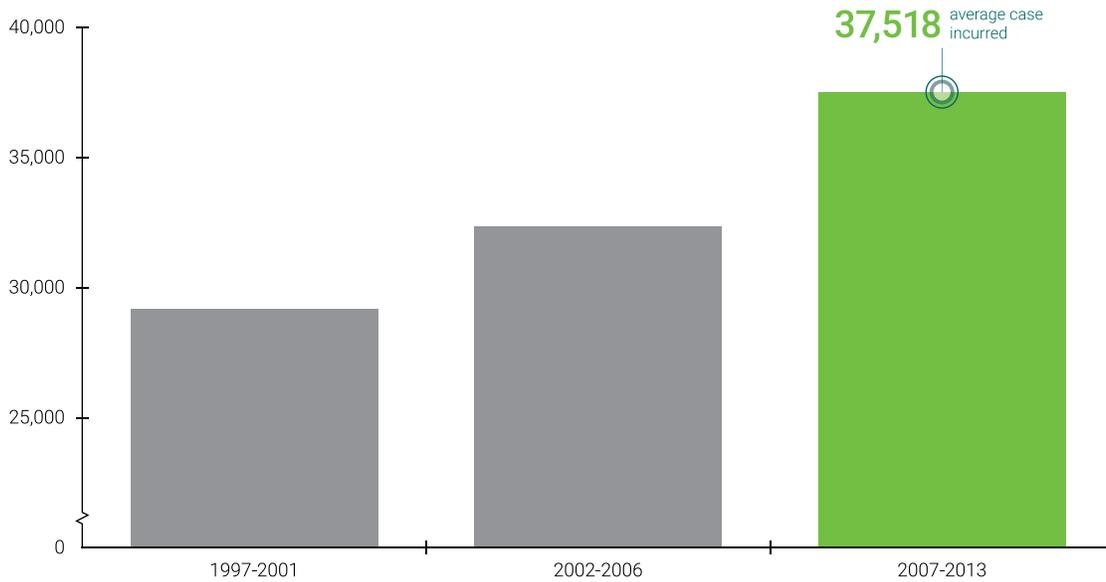


Graph 4 – Number of open claims files

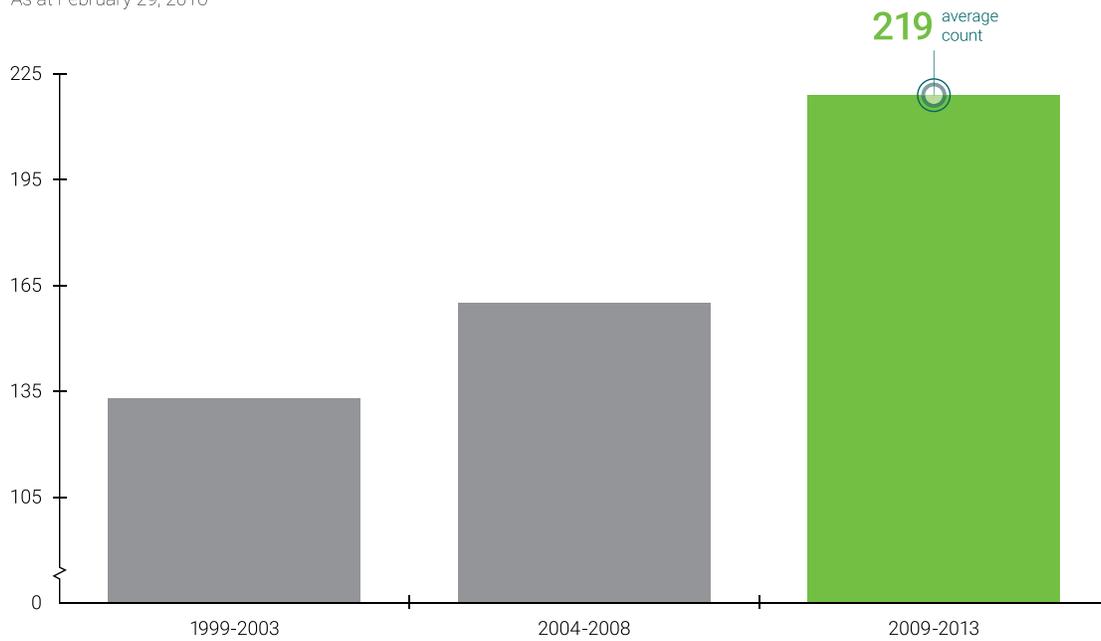


# Management Discussion and Analysis

Graph 5 – Average cost per claim at 38 months after start of year in which claim was reported\*  
 \*As at February 29, 2016

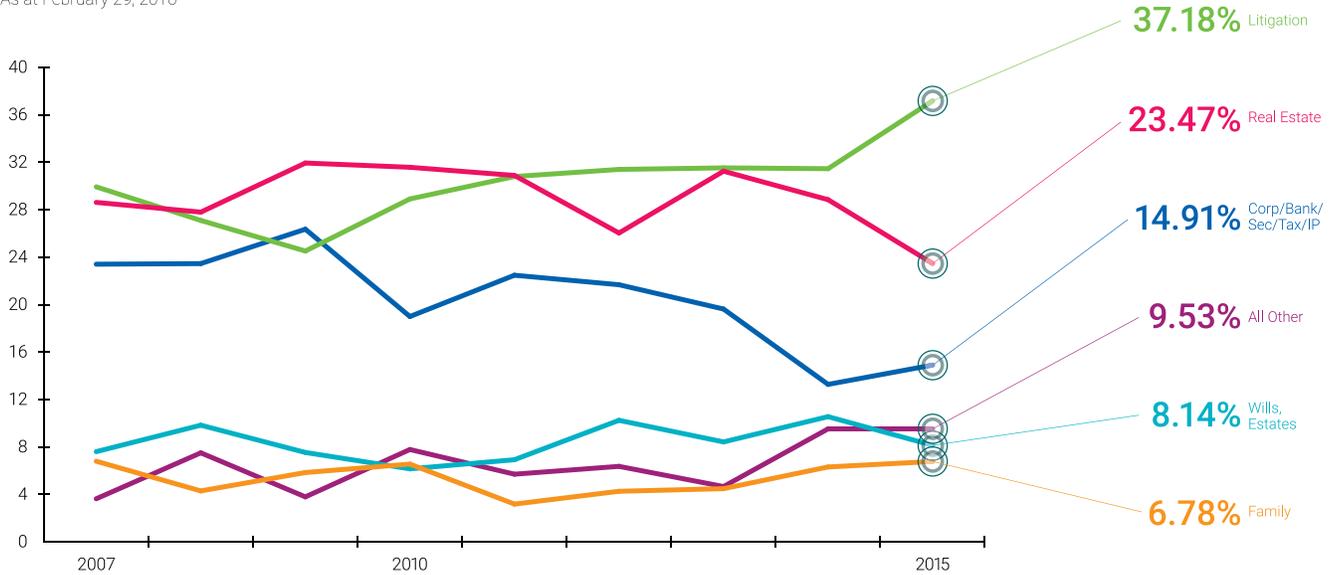


Graph 6 – Number of claims reported with a value greater than \$100,000\*  
 \*As at February 29, 2016



# Management Discussion and Analysis

Graph 7 – Distribution of claims by area of practice\* (% of gross claims costs)  
 \*As at February 29, 2016



## HELPING LAWYERS AVOID CLAIMS

An important focus for LAWPRO is to help lawyers avoid claims before they happen. LAWPRO’s practicePRO risk management initiative has become a widely-recognized and well-respected provider of tools and resources to help members of the practising bar identify practice risks and take steps to minimize their claims exposure.

The prevention of administrative dismissal claims under the new Rule 48 was a major focus in 2015. We developed *The Rule 48 Transition Toolkit* to build awareness of Rule 48 changes, offer practical advice to help lawyers better manage their files and prevent claims. It included a Firm Transition Checklist; an Individual File Checklist; a File Progress Plan; and a presentation firms can use for their internal education efforts.

A principal tool to communicate risk management content is *LAWPRO Magazine*, which was distributed to all practising insured lawyers four times in 2015. The September issue of *LAWPRO Magazine* entitled, “Finding your Blue Sky”, was one of our most talked about magazines this year. It outlined the unique stressors faced by lawyers and law firms, strategies to address them and how to access help.

Throughout the year, representatives of LAWPRO visited many regions of Ontario, completing 86 presentations about risk management and claims prevention at Continuing Professional Development programs, law association events and law firms. Fifteen presentations addressed administrative dismissal claims and seventeen focused on cyber risks and how to avoid them.

Complementing the printed magazine were extensive web-based materials, electronic webzines and email alerts on topics including active frauds, evolving risks, and insurance program-related information. We created and distributed several Claims Fact Sheets. These handy two-page resources include claims statistics, common claims scenarios, and tips for avoiding claims in a specific area of law.

The bar’s reliance on the practicePRO program as a key source of risk management information is evidenced by the growth, each year, in the program’s online reach and influence. In 2015, the practicePRO website averaged over 1,210 visits per day and more than 611,000 copies of articles and other resources were downloaded.



# Management Discussion and Analysis

The AvoidAClaim blog provides lawyers with tips and insights into risk and practice issues as they develop, including real-time warnings on active frauds targeting lawyers. In 2015, the blog posted 168 fraud-related articles based on almost 2,000 emails from lawyers. It continues to be the go-to site for fraud prevention and helps Ontario lawyers avoid being duped by bad cheque frauds, real estate fraud and other scams.

LAWPRO also worked behind the scenes to ensure the risk management message was being heard. As a result of the LAWPRO Risk Management Credit, LAWPRO has worked to ensure that Continuing Professional Development providers include a significant risk management component in their programs. For the 2015 policy year, LAWPRO approved 287 programs attended by more than 50,000 lawyers, paralegals and law office staff. We also promoted the Homewood Human Solutions e-learning courses offered through the Law Society of Upper Canada Member Assistance Program as being eligible for the Risk Management Credit.

## The LAWPRO Excess program

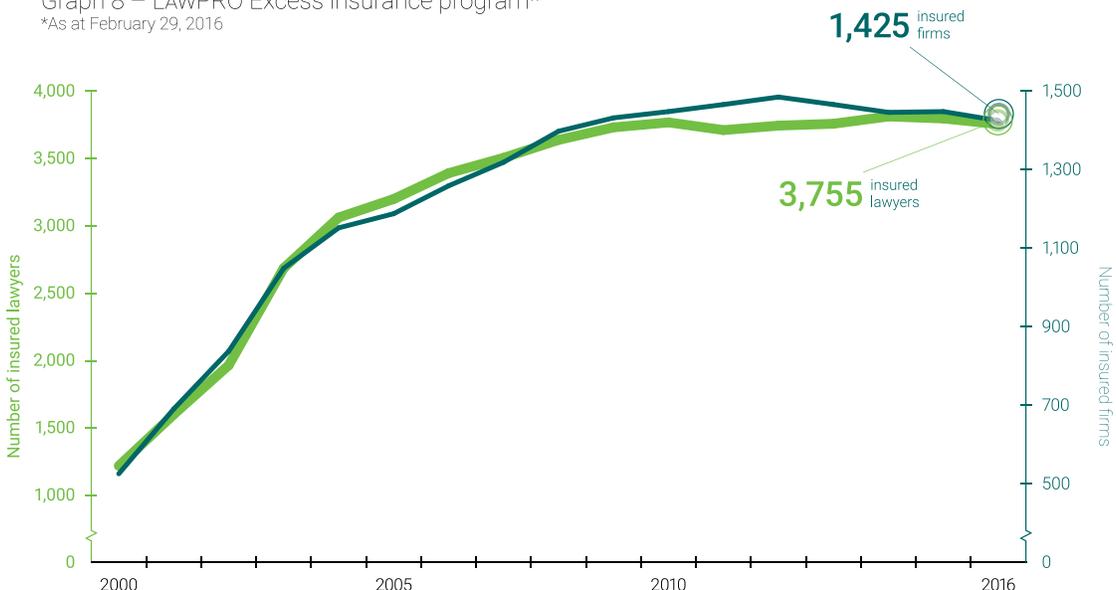
Since it was established in 1997, LAWPRO's optional Excess insurance program has posted consistent annual growth in revenues and numbers of law firms (and lawyers) insured under the program. An impressive 1,448 firms representing 3,797 lawyers elected LAWPRO as their excess insurance provider for 2015 (see graph 8); 165 firms chose the maximum \$9 million limit option.

To date we have seen a slight moderation in the 2016 program, with the number of firms insured under the LAWPRO Excess program for 2016 decreasing slightly to 1,425, and the number of lawyers being represented decreasing to 3,755. Of 15 new firms opting to buy excess coverage from LAWPRO for 2016, 73 per cent did not already carry excess coverage. The Company's retention rate on excess business was an impressive 98 per cent, a clear indication that this program meets the needs of the market it is aimed at – small and medium-sized firms of fewer than 50 lawyers. LAWPRO's Excess program insures, on average, 15 per cent of the lawyers employed in firms of 50 or fewer lawyers.

### Excess claims

As of December 31, 2015, the Company has paid only three indemnity amounts under its Excess program, a reflection of LAWPRO's ability to generally manage costs within the insurance program's primary limits. Prudent underwriting and solid claims management have helped ensure that our Excess program is a profitable line of business for LAWPRO.

Graph 8 – LAWPRO Excess insurance program\*  
\*As at February 29, 2016

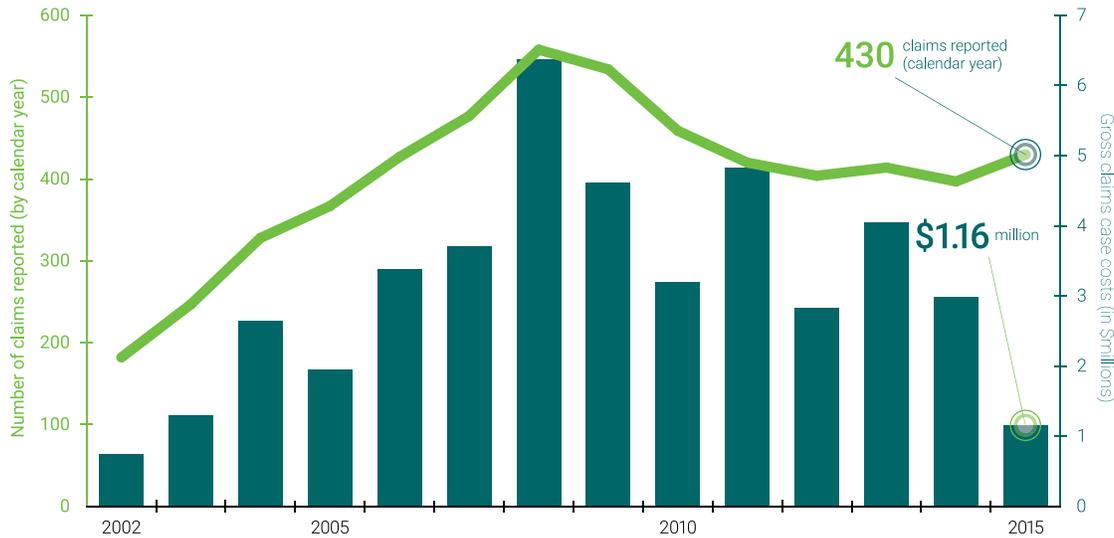


# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

Graph 9 – TitlePLUS claims\*  
\*As at February 29, 2016



## The TitlePLUS program

As a result of enhanced marketing and underwriting initiatives, the TitlePLUS title insurance program posted an appreciable increase in gross written premiums in 2015 compared to 2014. In addition, sales momentum was strong, as there was a marked increase in policy sales in the second half of 2015. Our subscriber base at December 31, 2015, remained solid at more than 3,250 lawyers and Quebec notaries, with new applications continuing to be received, and the Company issuing TitlePLUS policies for over 1,000 lenders across Canada. These results indicate that our vision of real estate practice resonates with legal professionals and the lending community: the higher level of legal expertise and professionalism that LAWPRO expects from both lawyer/notary subscribers and our TitlePLUS staff sets it apart from other providers.

### TitlePLUS claims

The legal expertise and experience of the TitlePLUS team referenced earlier not only helped alert lawyers to potential claims issues, but also strengthened its stringent underwriting measures. The result: approximately 90 per cent of TitlePLUS claims are minor with total costs of less than \$10,000, and the average indemnity payment on a TitlePLUS claim is approximately \$6,000 (based on claims closed as of December 31, 2015).

Building compliance-related claims continue to have a significant impact on the program. For policies sold in the years since 2000, the TitlePLUS program has had 1,409 building compliance-related claims, costing a total of \$22.5 million (payments plus reserves on claims in progress). So, although only 25 per cent of the TitlePLUS claims by count arise from this area of coverage, 50 per cent of the claims costs reside here. However, the significant pressures that these trends placed on the program's claims costs have been appreciably mitigated through various underwriting and risk management programs (see graph 9). The TitlePLUS underwriting team continues to work on methods to better detect building compliance risks before a policy is approved. Also, the TitlePLUS claims team is focusing additional efforts on recovery initiatives where a past property owner should be bearing responsibility for the problem, as well as on salvage opportunities.



# Management Statement on Responsibility for Financial Information

Lawyers' Professional Indemnity Company

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 judgements. 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, PricewaterhouseCoopers 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 24, 2016

*K. Waters*  
Kathleen A. Waters  
President & CEO

*Steve Jorgensen*  
Steven W. Jorgensen  
Chief Financial Officer



# Independent Auditor's Report

2015 Annual Report

Lawyers' Professional Indemnity Company



PricewaterhouseCoopers LLP  
PwC Tower  
18 York Street, Suite 2600,  
Toronto, Ontario, Canada  
M5J 0B2

T: +1 416 863 1133  
F: +1 416 365 8215

February 24, 2016

## 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, 2015 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Other Matters

The financial statements of Lawyers' Professional Indemnity Company for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on February 25, 2015.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



# Appointed Actuary's Report

2015 Annual Report

Lawyers' Professional Indemnity Company

# Eckler

Eckler Ltd.  
110 Sheppard Avenue East, Suite 900  
Toronto, Ontario  
M2N 7A3

February 24, 2016

I have valued the policy liabilities including reinsurance recoverables of Lawyers' Professional Indemnity Company for its statement of financial position as at December 31, 2015, 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



Brian G. Pelly  
Fellow, Canadian Institute of Actuaries



## Statement of Financial Position

Stated in thousands of Canadian dollars

Lawyers' Professional Indemnity Company

AS AT	DECEMBER 31, 2015	DECEMBER 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 22,597	17,328
Investments (note 5)	613,057	597,280
Investment income due and accrued	2,262	2,012
Due from reinsurers	539	726
Due from insureds	2,127	1,909
Due from the Law Society of Upper Canada (note 12)	7,569	6,623
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	44,057	44,900
Other receivables	1,727	1,404
Other assets	1,217	1,984
Property and equipment (note 7)	1,474	1,658
Intangible asset (note 8)	1,097	1,028
Deferred income tax asset (note 14)	5,259	5,057
<b>Total assets</b>	<b>\$ 702,982</b>	<b>681,909</b>
<b>Liabilities</b>		
Provision for unpaid claims and adjustment expenses (note 9)	\$ 460,146	468,493
Unearned premiums (note 10)	860	769
Due to reinsurers	658	612
Due to insureds	359	265
Expenses due and accrued	2,087	1,635
Income taxes due and accrued	300	1,054
Other taxes due and accrued	519	456
	<b>\$ 464,929</b>	<b>473,284</b>
<b>Equity</b>		
Capital stock (note 17)	\$ 5,000	5,000
Contributed surplus (note 17)	30,645	30,645
Retained earnings	173,484	145,566
Accumulated other comprehensive income	28,924	27,414
	<b>238,053</b>	<b>208,625</b>
<b>Total liabilities and equity</b>	<b>\$ 702,982</b>	<b>681,909</b>

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

*Susan T. McGrath*

Susan T. McGrath  
Director

*K. Waters*

Kathleen A. Waters  
Director



# Statement of Profit or Loss

**2015** Annual Report

Stated in thousands of Canadian dollars

Lawyers' Professional Indemnity Company

<b>FOR THE YEAR ENDED DECEMBER 31</b>	<b>2015</b>	<b>2014</b>
<b>Income</b>		
Gross written premiums	\$ 127,842	122,149
Premiums ceded to reinsurers (note 11)	(7,081)	(7,229)
Net written premiums	120,761	114,920
(Increase) decrease in unearned premiums (note 10)	(91)	(20)
Net premiums earned	<b>120,670</b>	<b>114,900</b>
Net investment income (note 5)	18,541	26,472
Ceded commissions	1,828	1,679
	<b>\$ 141,039</b>	<b>143,051</b>
<b>Expenses</b>		
Gross claims and adjustment expenses (note 9)	\$ 80,372	104,847
Reinsurers' share of claims and adjustment expenses	373	(5,262)
Net claims and adjustment expenses	80,745	99,585
Operating expenses (note 15)	17,999	16,830
Premium taxes	3,836	3,665
	<b>102,580</b>	<b>120,080</b>
<b>Profit (loss) before income taxes</b>	<b>\$ 38,459</b>	<b>22,971</b>
Income tax expense (recovery) (note 14)		
Current	\$ 10,027	6,220
Deferred	(12)	(309)
	<b>10,015</b>	<b>5,911</b>
<b>Profit (loss)</b>	<b>\$ 28,444</b>	<b>17,060</b>

Accompanying notes are an integral part of the financial statements.



# Statement of Comprehensive Income

Stated in thousands of Canadian dollars

2015 Annual Report

Lawyers' Professional Indemnity Company

FOR THE YEAR ENDED DECEMBER 31	2015	2014
<b>Profit (loss)</b>	<b>\$ 28,444</b>	<b>17,060</b>
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 (\$190) [2014: (\$206)]	(526)	(570)
<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 \$1,054 (2014: \$2,517)	2,923	6,979
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,489) [2014: (\$1,929)]	(4,129)	(5,349)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$979 (2014: \$227) (note 5)	2,716	630
<b>Other comprehensive income (loss)</b>	<b>\$ 984</b>	<b>1,690</b>
<b>Comprehensive income</b>	<b>\$ 29,428</b>	<b>18,750</b>

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
<b>Balance at December 31, 2013</b>	<b>\$ 5,000</b>	<b>30,645</b>	<b>129,076</b>	<b>25,154</b>	<b>189,875</b>
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
<b>Balance at December 31, 2014</b>	<b>5,000</b>	<b>30,645</b>	<b>145,566</b>	<b>27,414</b>	<b>208,625</b>
Total comprehensive income for the year	-	-	28,444	984	29,428
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(526)	526	-
<b>Balance at December 31, 2015</b>	<b>\$ 5,000</b>	<b>30,645</b>	<b>173,484</b>	<b>28,924</b>	<b>238,053</b>

The aggregate of retained earnings and accumulated other comprehensive income as at December 31, 2015 is \$202,408 (December 31, 2014: \$172,980).

Accompanying notes are an integral part of the financial statements.



# Statement of Cash Flows

Stated in thousands of Canadian dollars

**2015** Annual Report

Lawyers' Professional Indemnity Company

<b>FOR THE YEAR ENDED DECEMBER 31</b>	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Profit (loss)	\$ 28,444	17,060
Items not affecting cash:		
Deferred income taxes	(12)	(309)
Amortization of property and equipment	694	728
Amortization of intangible asset	146	-
Realized (gains) losses on disposition or impairment	(2,306)	(6,588)
Amortization of premiums and discounts on bonds	(131)	(2,159)
Changes in unrealized (gains) losses	2,983	(2,333)
	29,818	6,399
Changes in non-cash working capital balances:		
Investment income due and accrued	(250)	124
Due from reinsurers	233	(396)
Due from insureds	(124)	317
Due from the Law Society of Upper Canada	(946)	(6,626)
Reinsurers' share of provision for unpaid claims and adjustment expenses	843	(4,413)
Other receivables	(323)	15
Other assets	51	(2)
Income taxes due and accrued (recoverable)	(1,298)	(4,073)
Provision for unpaid claims and adjustment expenses	(8,347)	20,581
Unearned premiums	91	20
Expenses due and accrued	452	109
Other taxes due and accrued	63	54
<b>Net cash inflow from operating activities</b>	<b>\$ 20,263</b>	<b>12,109</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(510)	(193)
Purchases of intangible asset	(215)	(1,028)
Purchases of investments	(316,988)	(226,092)
Proceeds from sales and maturities of investments	302,719	218,007
<b>Net cash outflow from investing activities</b>	<b>\$ (14,994)</b>	<b>(9,306)</b>
Net change in cash and cash equivalents during the year	5,269	2,803
Cash and cash equivalents, beginning of year	17,328	14,525
<b>Cash and cash equivalents, end of year</b>	<b>\$ 22,597</b>	<b>17,328</b>
<b>Cash and cash equivalents at end of year consists of:</b>		
Cash	13,858	9,353
Cash equivalents	8,739	7,975
	<b>\$ 22,597</b>	<b>17,328</b>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid (operating activity)	11,326	10,293
Interest received (investing activity)	16,148	13,614
Dividends received (investing activity)	3,918	2,825

Accompanying notes are an integral part of the financial statements.



# Notes to Financial Statements

2015 Annual Report

For the year ended December 31, 2015  
Amounts stated in Canadian dollars (amounts in tables in thousands)

Lawyers' Professional Indemnity Company

## 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, 2015. 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 24, 2016.

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 that are measured at the end of each reporting period, except for certain financial instruments and the provision for unpaid claims and adjustment expenses, 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 judgment 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.

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



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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.



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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.



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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.

## 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 amortisation and accumulated impairment losses. Once an acquired intangible asset is available for use, amortisation is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortisation 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



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between the net disposal proceeds and the carrying cost of the asset, are recognized in profit and loss when the asset is derecognized.

## 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 per cent for a continuous nine-month period or more than 40 per cent 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. If a gain or loss on a non-monetary asset and liability is recognized in OCI, any exchange component of that gain or loss is also recognized in OCI, and conversely, if a gain or loss on a non-monetary asset and liability is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss.



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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



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are recorded separately. 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.



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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 the following revised IFRS issued by the IASB that is mandatorily effective for an accounting period that begins on or after July 1, 2014.

#### a) 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. The Company did not experience any significant impact from the implementation of these amendments.

### 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) Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure Initiative

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.

#### b) Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization

These amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 and IAS 38 prohibit the use of revenue-based depreciation for property, plant and equipment and significantly limit the use of revenue-based amortization for intangible assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have significant impact on the Company's financial statements.

#### c) Annual improvements to IFRSs 2012-2014

These improvements to IFRSs consist of amendments to four IFRSs, including IFRS 7 "Financial Instruments: Disclosures" and IAS 19 "Employee Benefits". The amendments clarify existing guidance. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.



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## d) IFRS 16 "Leases"

In January 2016, the IASB issued a new leases standard, IFRS 16, which replaces the previous leases standard, IAS 17 *Leases*, and related Interpretations, and completes the IASB's project to improve the financial reporting of leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. the customer ('lessee') and the supplier ('lessor'). Subject to certain exemptions, lessees will be required to capitalize all leases, by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment, and its obligation to make future lease payments as a financial liability. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact on its financial statements.

## e) 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.

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, subject to a possible election to defer implementation until January 1, 2021 pursuant to recent proposed revisions to the draft amended IFRS 4 "*Insurance Contracts*" standard. 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.



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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:

<b>DECEMBER 31, 2015</b>				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<b>Available-for-sale</b>				
Fixed income securities	\$ 148,823	4,763	(190)	153,396
Common equities	70,046	32,821	(4,875)	97,992
	<b>\$ 218,869</b>	<b>37,584</b>	<b>(5,065)</b>	<b>251,388</b>
<b>Designated as FVTPL</b>				
Fixed income securities	\$ 353,801	9,936	(2,418)	361,319
Preferred equities	615	-	(265)	350
	354,416	9,936	(2,683)	361,669
<b>Total</b>	<b>\$ 573,285</b>	<b>47,520</b>	<b>(7,748)</b>	<b>613,057</b>
<b>Reconciled in aggregate to asset classes as follows:</b>				
Fixed income securities	\$ 502,624	14,699	(2,608)	514,715
Equities	70,661	32,821	(5,140)	98,342
<b>Total</b>	<b>\$ 573,285</b>	<b>47,520</b>	<b>(7,748)</b>	<b>613,057</b>

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



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In the above tables, the gross unrealized figures for common equities securities includes recognized impairments. As at December 31, 2015, of the total cumulative impairments of \$7,327,592 (December 31, 2014: \$5,339,916) an amount of \$3,781,353 is included in gross unrealized losses (December 31, 2014: \$3,975,633) and an amount of \$3,546,239 is included in gross unrealized gains (December 31, 2014: \$1,364,283). For additional details, see note 5c.

## 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, 2015			Total
	Within 1 year	1 to 5 years	Over 5 years	
<b>Available-for-sale</b>				
Issued or guaranteed by:				
Canadian federal government	\$ 554	26,594	285	27,433
Canadian provincial and municipal governments	10,388	77,817	12,347	100,552
Mortgage backed securities	-	1,493	-	1,493
Corporate debt	2,203	15,424	6,291	23,918
	\$ 13,145	121,328	18,923	153,396
<b>Designated as FVTPL</b>				
Issued or guaranteed by:				
Canadian federal government	\$ 16,303	18,215	20,541	55,059
Canadian provincial and municipal governments	16,953	38,810	32,298	88,061
Mortgage backed securities	13,537	12,666	-	26,203
Corporate debt	22,286	44,534	125,176	191,996
	69,079	114,225	178,015	361,319
<b>Total fixed income securities</b>	<b>\$ 82,224</b>	<b>235,553</b>	<b>196,938</b>	<b>514,715</b>
<b>Percent of total</b>	<b>16%</b>	<b>46%</b>	<b>38%</b>	<b>100%</b>



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

The weighted average duration of fixed income securities as at December 31, 2015 is 2.87 years (December 31, 2014: 2.77 years). The effective yield on fixed income securities as at December 31, 2015 is 3.02% (December 31, 2014: 2.67%).

## 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;



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- 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, \$3,695,227 in write-downs to various equity securities were required for the year ended December 31, 2015 (2014: \$857,061).

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

	2015	2014
Balance, as at January 1	\$ 5,340	5,336
Increase for the year charged to the income statement	3,695	857
Release upon disposition	(1,707)	(853)
<b>Balance, as at December 31</b>	<b>\$ 7,328</b>	<b>5,340</b>

## 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:

	2015			2014		
	Designated as FVTPL	Available- for-sale	Total	Designated as FVTPL	Available- for-sale	Total
Interest	\$ 12,977	3,551	16,528	12,166	3,480	15,646
Dividends	21	3,887	3,908	21	2,817	2,838
Net realized gains (losses)	130	5,618	5,748	307	7,278	7,585
Change in net unrealized gains (losses)	(2,983)	275	(2,708)	2,333	97	2,430
Impairments	-	(3,695)	(3,695)	-	(857)	(857)
	10,145	9,636	19,781	14,827	12,815	27,642
Less: Investment expenses	(396)	(844)	(1,240)	(389)	(781)	(1,170)
<b>Net investment income</b>	<b>\$ 9,749</b>	<b>8,792</b>	<b>18,541</b>	<b>14,438</b>	<b>12,034</b>	<b>26,472</b>



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## 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:

	2015					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 68	(18)	50	7	(2)	5
Equities	5,550	(1,471)	4,079	3,970	(1,052)	2,918
<b>Total</b>	<b>\$ 5,618</b>	<b>(1,489)</b>	<b>4,129</b>	<b>3,977</b>	<b>(1,054)</b>	<b>2,923</b>

	2014					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 415	(110)	305	2,320	(615)	1,705
Equities	6,863	(1,819)	5,044	7,176	(1,902)	5,274
<b>Total</b>	<b>\$ 7,278</b>	<b>(1,929)</b>	<b>5,349</b>	<b>9,496</b>	<b>(2,517)</b>	<b>6,979</b>



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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, 2015	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
<b>Financial assets measured at fair value (recurring basis)</b>									
Cash and cash equivalents	\$ 22,600	-	-	-	22,600	22,600	-	-	22,600
Fixed income securities	362,760	-	153,920	-	516,680	265,213	251,467	-	516,680
Common equities	-	-	98,281	-	98,281	98,281	-	-	98,281
Preferred equities	355	-	-	-	355	-	355	-	355
	385,715	-	252,201	-	637,916	386,094	251,822	-	637,916
<b>Financial assets measured at fair value (non-recurring basis)</b>									
Due from reinsurers	-	539	-	-	539	-	539	-	539
Due from insureds	-	2,127	-	-	2,127	-	2,127	-	2,127
Due from the Law Society of Upper Canada	-	7,569	-	-	7,569	-	7,569	-	7,569
Other receivables	-	1,727	-	-	1,727	-	1,727	-	1,727
Other assets	-	327	-	-	327	-	327	-	327
	-	12,289	-	-	12,289	-	12,289	-	12,289
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
Due to reinsurers	-	-	-	658	658	-	658	-	658
Due to insureds	-	-	-	359	359	-	359	-	359
Expenses due and accrued	-	-	-	2,087	2,087	-	2,087	-	2,087
Other taxes due and accrued	-	-	-	519	519	-	519	-	519
	-	-	-	3,623	3,623	-	3,623	-	3,623
<b>Total</b>	<b>\$ 385,715</b>	<b>12,289</b>	<b>252,201</b>	<b>(3,623)</b>	<b>646,582</b>	<b>386,094</b>	<b>260,488</b>	<b>-</b>	<b>646,582</b>



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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
<b>Financial assets measured at fair value (recurring basis)</b>									
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
<b>Financial assets measured at fair value (non-recurring basis)</b>									
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
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
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
<b>Total</b>	<b>\$ 378,253</b>	<b>10,956</b>	<b>238,367</b>	<b>(2,968)</b>	<b>624,608</b>	<b>351,148</b>	<b>273,460</b>	<b>-</b>	<b>624,608</b>

There were no transfers between any levels during the year ended December 31, 2015 (2014: none). Note that for financial instruments, such as short term trade receivables and payables, as well as the non-recurring financial assets and liabilities, the Company believes that their carrying amounts are reasonable approximations of fair value.

## 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, 2014	\$ 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
Additions	8	281	37	184	510
Amortization	(18)	(182)	(75)	(419)	(694)
<b>December 31, 2015</b>	<b>\$ 44</b>	<b>268</b>	<b>91</b>	<b>1,071</b>	<b>1,474</b>



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

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Furniture and fixtures	\$ 1,415	(1,371)	44	1,407	(1,353)	54
Computer equipment	2,346	(2,078)	268	2,065	(1,896)	169
Computer software	769	(678)	91	732	(603)	129
Leasehold improvements	3,625	(2,554)	1,071	3,441	(2,135)	1,306
<b>Total</b>	<b>\$ 8,155</b>	<b>(6,681)</b>	<b>1,474</b>	<b>7,645</b>	<b>(5,987)</b>	<b>1,658</b>

## 8. Intangible Asset

The Company's recognized intangible asset consists of a license. The associated software became available for use during the current year, and as a result, is being amortized over its expected useful life of 68 months. During the years ending December 31, details of the movement in the carrying values are as follows:

	2015	2014
<b>Cost</b>		
Balance, beginning of year	\$ 1,028	-
Additions from separate acquisitions	215	1,028
Additions from internal developments	-	-
Disposals or classified as held for sale	-	-
Balance, end of year	\$ 1,243	1,028
<b>Accumulated amortization and impairment</b>		
Balance, beginning of year	-	-
Amortization expense	\$ (146)	-
Disposals or classified as held for sale	-	-
Impairment losses	-	-
Balance, end of year	(146)	-
<b>Carrying amount</b>	<b>\$ 1,097</b>	<b>1,028</b>

## 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.



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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.

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.



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## 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, 2015, which was 2.18% (December 31, 2014: 1.95%). 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, 2015 the PfAD was calculated at 15% (December 31, 2014: 15%) of the net discounted claim liabilities, 1.5% (December 31, 2014: 1.5%) of the ceded discounted claim liabilities, and a 0.50% reduction to the discount rate (December 31, 2014: 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, 2015		DECEMBER 31, 2014	
	Undiscounted	Discounted	Undiscounted	Discounted
Unpaid claims and adjustment expenses	\$ 422,542	460,146	426,622	468,493
Recoverable from reinsurers	(40,863)	(44,057)	(41,349)	(44,900)
<b>Net</b>	<b>\$ 381,679</b>	<b>416,089</b>	<b>385,273</b>	<b>423,593</b>



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Details of the provision for unpaid claims and adjustment expenses, by line of business, are summarized as follows:

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Professional liability	\$ 444,235	(43,984)	<b>400,251</b>	453,626	(44,814)	<b>408,812</b>
Title	15,911	(73)	<b>15,838</b>	14,867	(86)	<b>14,781</b>
<b>Total</b>	<b>\$ 460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Case reserves	\$ 278,175	(2,887)	<b>275,288</b>	287,235	(3,056)	<b>284,179</b>
IBNR	181,971	(41,170)	<b>140,801</b>	181,258	(41,844)	<b>139,414</b>
<b>Total</b>	<b>\$ 460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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, 2015 and December 31, 2014.

In 2015, 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. The net impact of these changes was a \$9,259,000 decrease in the provision, before reinsurance, as at December 31, 2015. This impact amount is attributable to severity assumptions, the professional liability line of business, and changes in the prior years.

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.



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

	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Claims & external adjustment expenses paid	\$ 80,456	470	<b>79,986</b>	76,408	849	<b>75,559</b>
Change in case reserves	(6,122)	(236)	<b>(5,886)</b>	10,501	(500)	<b>11,001</b>
Change in IBNR	2,072	(250)	<b>2,322</b>	(2,176)	3,786	<b>(5,962)</b>
Discount expense	(4,267)	(357)	<b>(3,910)</b>	11,190	1,127	<b>10,063</b>
IAE paid	8,263	-	<b>8,263</b>	7,858	-	<b>7,858</b>
Change in provision for IAE	(30)	-	<b>(30)</b>	1,066	-	<b>1,066</b>
	<b>\$ 80,372</b>	<b>(373)</b>	<b>80,745</b>	<b>104,847</b>	<b>5,262</b>	<b>99,585</b>

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:

	2015	2014
Provision for unpaid claims and adjustment expenses – January 1 – net	\$ 423,593	407,425
Change in net provision for claims and adjustment expenses due to:		
Prior years' incurred claims	(27,559)	(19,658)
Current year's incurred claims	112,214	109,180
Net claims and adjustment expenses paid in relation to:		
Prior years	(78,575)	(74,147)
Current year	(9,674)	(9,270)
Impact of discounting	(3,910)	10,063
Provision for unpaid claims and adjustment expenses – December 31 – net	416,089	423,593
Reinsurers' share of provisions for unpaid claims and adjustment expenses	44,057	44,900
<b>Provision for unpaid claims and adjustment expenses – December 31 – gross</b>	<b>\$ 460,146</b>	<b>468,493</b>

## 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, 2015, 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:

	All Prior Years	POLICY YEAR										Total
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Estimate of Ultimate Claims</b>												
At end of Policy year	\$	82,043	88,720	91,567	94,936	90,778	98,870	110,380	102,937	103,962	106,879	
One Year Later		81,820	90,139	99,776	95,781	90,585	100,573	93,630	95,423	92,844		
Two Years Later		82,040	95,375	94,086	97,708	89,394	97,841	90,749	91,649			
Three Years Later		78,097	93,715	93,942	96,541	87,128	96,265	88,237				
Four Years Later		72,438	93,424	92,322	94,258	87,341	87,906					
Five Years Later		70,399	90,823	89,566	91,157	84,680						
Six Years Later		71,942	91,450	88,292	94,402							
Seven Years Later		71,364	90,168	86,719								
Eight Years Later		70,799	88,798									
Nine Years Later		70,307										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,743)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(30,885)	(26,124)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,488)	(44,452)	(36,429)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,208)	(54,632)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,445)	(61,111)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,230)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		70,307	88,798	86,719	94,402	84,680	87,906	88,237	91,649	92,844	106,879	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,230)	(61,111)	(54,632)	(36,429)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	10,301	6,684	10,995	14,824	19,172	23,569	33,274	51,808	60,981	74,721	100,983	<b>407,312</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	1,100	656	1,049	1,364	1,792	2,247	3,180	4,970	5,808	6,832	8,606	<b>37,604</b>
Present Value recognized in the Statement of Financial Position	\$ 11,555	7,414	12,235	16,475	21,332	26,276	37,298	58,373	68,854	84,843	115,491	<b>460,146</b>



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

	All Prior Years	POLICY YEAR										Total
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Estimate of Ultimate Claims</b>												
At end of Policy year	\$	78,076	84,240	86,762	89,886	86,458	94,874	106,381	98,696	99,579	102,534	
One Year Later		77,873	85,659	94,971	91,732	86,265	96,577	89,631	91,183	88,460		
Two Years Later		78,093	90,895	90,242	93,660	85,075	93,845	86,750	87,409			
Three Years Later		74,150	90,130	90,098	92,492	82,808	92,269	84,238				
Four Years Later		69,280	89,840	88,478	90,209	83,022	83,910					
Five Years Later		67,241	87,238	85,722	87,108	80,361						
Six Years Later		68,785	87,866	84,448	90,353							
Seven Years Later		68,207	86,584	82,875								
Eight Years Later		67,641	85,214									
Nine Years Later		67,150										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,741)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(29,976)	(26,122)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,466)	(43,542)	(36,421)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,111)	(53,722)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,409)	(61,000)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,193)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		67,150	85,214	82,875	90,353	80,361	83,910	84,238	87,409	88,460	102,534	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,193)	(61,000)	(53,722)	(36,421)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	8,289	3,527	7,411	10,980	15,160	19,361	30,188	47,817	56,741	70,337	96,638	<b>366,449</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	903	395	764	1,070	1,478	1,909	2,934	4,654	5,476	6,509	8,318	<b>34,410</b>
Present Value recognized in the Statement of Financial Position	\$ 9,346	3,996	8,366	12,337	17,006	21,730	33,966	54,066	64,282	80,136	110,858	<b>416,089</b>



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## 10. Unearned Premiums

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

	2015	2014
Balance, as at January 1	\$ 769	749
Net premiums written during the year	120,761	114,920
Less: Net premiums earned during the year	(120,670)	(114,900)
Increase (decrease) in unearned premiums	91	20
<b>Balance, as at December 31</b>	<b>\$ 860</b>	<b>769</b>

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 (2014: 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 (2014: \$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, 2015 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.

For the year ended December 31, 2015, \$115,603,310 of the gross premiums written related to mandatory insurance coverage provided to the Law Society and its members (2014: \$110,871,667). As at December 31, 2015, the Company had a balance due from the Law Society of \$7,569,044 (December 31, 2014: \$6,622,607 due from Law Society).



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For the year ended December 31, 2015, the Company contributed to the Law Society \$188,204 in regards to a wellness program to be made available to the insureds of the Company's primary liability policy (2014: \$231,194). 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:

	2015	2014
Short-term compensation and benefits	\$ 3,429	3,372
Post employment benefits	274	246
	<b>\$ 3,703</b>	<b>3,618</b>

### 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 2015, the Company made payments of \$678,900 (2014: \$641,012) and recorded pension expense of \$714,685 (2014: \$675,910).

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 contributions made in 2015 (2014: nil) and recorded pension expenses of \$84,219 in 2015 (2014: \$11,865). 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, 2014. Management's preliminary estimate is that \$850,000 is the required contribution to the plan during the year ending December 31, 2016.

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*

	2015	2014
<b>Accrued benefit obligation</b>		
Balance, as at January 1	\$ 7,158	6,253
Current service cost	143	120
Interest cost	272	287
Remeasurement (gains) losses:		
Actuarial (gains) losses – demographic assumptions	-	72
Actuarial (gains) losses – financial assumptions	107	704
Actuarial (gains) losses – experience adjustments	269	(5)
Benefits paid	(273)	(273)
<b>Balance, as at December 31</b>	<b>\$ 7,676</b>	<b>7,158</b>



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## Defined benefit plan assets

	2015	2014
<b>Plan assets</b>		
Fair value, as at January 1	\$ 8,848	8,731
Interest income on plan assets	331	395
Remeasurement gains (losses):		
Return on plan assets greater (less) than discount rate	(341)	(5)
Benefits paid	(273)	(273)
Employer contribution	-	-
<b>Fair value, as at December 31</b>	<b>\$ 8,565</b>	<b>8,848</b>

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, 2015	DECEMBER 31, 2014
Equity securities	34.43%	33.21%
Fixed income securities	18.48%	17.32%
Cash and cash equivalents	1.16%	4.55%
Refundable-tax account	45.93%	44.92%
	<b>100%</b>	<b>100%</b>

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
Fair value of plan assets	\$ 8,565	8,848
Accrued benefit obligation	(7,676)	(7,158)
Funded status surplus	889	1,690
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Accrued benefit asset</b>	<b>\$ 889</b>	<b>1,690</b>

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



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

	2015	2014
Service cost:		
Current service cost	\$ 143	120
Past service cost and (gain) loss from settlements	-	-
Net interest (income) expense	(59)	(108)
Components of defined benefit costs recognized in profit or loss	<b>\$ 84</b>	<b>12</b>
Remeasurement on the net defined benefit liability		
Actuarial (gain) loss due to liability experience	\$ 268	(5)
Actuarial (gain) loss due to liability assumption changes	107	776
Actuarial (gain) loss arising during year	375	771
Return on plan assets (greater) less than discount rate	341	5
Change in irrecoverable surplus (effect of asset ceiling)	-	-
Components of defined benefit costs recognized in OCI	<b>716</b>	<b>776</b>
<b>Total</b>	<b>\$ 800</b>	<b>788</b>

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

	2015	2014
Discount rate	3.85%	3.80%
Rate of compensation increase	4.50%	3.50%
Mortality	CPM 2014 Priv 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 2014 Priv mortality table with generational mortality improvements following Scale CPM-B pension size adjustment factors of 0.83 for males and 0.88 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2015, if the discount rate was 1% higher/(lower) the defined benefit obligation would decrease by \$905,700 (increase by \$1,108,600). 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.



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The expected maturity profile of the defined benefit obligation as at December 31, 2015 is as follows:

	2016	2017	2018	2019	2020	Thereafter
Expected benefit payments	\$ 273	277	276	454	453	2,244

The defined benefit obligation as at December 31, 2015 by participant category is as follows:

Active participants	3,038
Pensioners	4,638

## 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:

	2015	2014
<b>Current income tax</b>		
(Recovered) expensed during the year	\$ 10,029	6,220
Prior year adjustments	(2)	-
<b>Total current income tax expense (recovery)</b>	<b>10,027</b>	<b>6,220</b>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(12)	(309)
Changes in statutory tax rates	-	-
<b>Total deferred income tax expense (recovery)</b>	<b>(12)</b>	<b>(309)</b>
<b>Total income tax expense (recovery)</b>	<b>\$ 10,015</b>	<b>5,911</b>

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

	2015	2014
Unpaid claims and adjustment expenses	\$ 100	(214)
Investments	(40)	(40)
Pensions	(32)	(12)
Property and equipment	(40)	(43)
<b>Total</b>	<b>\$ (12)</b>	<b>(309)</b>



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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:

	2015	2014
<b>Current income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	\$ 544	815
Pensions	-	-
<b>Total current income tax expense</b>	<b>\$ 544</b>	<b>815</b>
<b>Deferred income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	-	-
Pensions	(190)	(206)
<b>Total deferred income tax expense</b>	<b>(190)</b>	<b>(206)</b>
<b>Total income tax expense in OCI</b>	<b>\$ 354</b>	<b>609</b>

## 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.

	2015	2014
Profit or loss before income taxes	38,459	22,971
Statutory income tax rate	26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates	10,192	6,087
Increase (decrease) resulting from:		
Investments	(197)	(198)
Non-deductible meals and entertainment	14	13
Other non-deductible items	6	9
<b>Provision for (recovery of) income taxes</b>	<b>10,015</b>	<b>5,911</b>

The statutory rate applicable to the Company at December 31, 2015 is same as at December 31, 2014.

During the year, the Company made income tax payments of \$11,325,581 (2014: \$10,293,132) and received no income tax refunds (2014: nil) from the various taxing authorities.



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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, 2015	DECEMBER 31, 2014
<b>Deferred tax assets</b>		
Net provision for unpaid claims and adjustment expenses	\$ 5,513	5,613
Property and equipment	332	292
	5,845	5,905
<b>Deferred tax liabilities</b>		
Investments	(393)	(433)
Pension	(193)	(415)
	(586)	(848)
<b>Total net deferred tax assets</b>	<b>\$ 5,259</b>	<b>5,057</b>

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:

	2015	2014
Salaries and benefits	\$ 10,818	9,755
Professional fees	1,665	1,746
Occupancy lease	1,096	1,047
Financial processing fees	941	874
Directors remuneration	893	809
Information systems	833	746
Office and administrative expenses	673	948
Amortization of property and equipment	569	442
Communication	511	463
<b>Total</b>	<b>\$ 17,999</b>	<b>16,830</b>

Included in salaries and benefits are amounts for future employee benefits under a defined contribution plan of \$678,900 (2014 - \$641,012) and a supplementary defined benefit plan of \$84,219 (2014 - \$11,865).



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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, 2015, lease obligations on office premises were as follows:

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 \$1,228,611 as at December 31, 2015 (December 31, 2014: \$1,238,354) which are held as security for amounts recoverable from unregistered reinsurers of \$382,026 (2014: \$511,096). 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, 2014: nil).

## 19. Capital Management

Capital is comprised of the Company’s equity. As at December 31, 2015 the Company’s equity was \$238,052,956 (December 31, 2014: \$208,625,233). 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.

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 mandates the 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% (2014: 180%) in excess of which, under normal circumstances, the Company will maintain its capital. During the year ended December 31, 2015, the Company complied with the various provincial regulators’ guidelines and as at December 31, 2015, the Company has a MCT ratio of 268% (December 31, 2014: 251%). Annually, the Company’s Appointed Actuary prepares a



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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, 2015 and 2014. 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.

### 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.



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## 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 (2014: 99%) and 95% in professional liability (2014: 96%), 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:

	2015			2014		
	Ontario	All other provinces	Total	Ontario	All other provinces	Total
Gross written premium						
Professional liability	\$ 121,729	-	121,729	116,979	-	116,979
Title	5,895	218	6,113	4,966	204	5,170
<b>Total</b>	<b>\$ 127,624</b>	<b>218</b>	<b>127,842</b>	<b>121,945</b>	<b>204</b>	<b>122,149</b>

## 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.

## 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



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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, 2015		DECEMBER 31, 2014	
	Net provision for unpaid claims and adjustment expenses	Equity	Net provision for unpaid claims and adjustment expenses	Equity
Unreported claims +20%	4,962	(3,647)	5,283	(3,883)
Average claim severities +1%	4,460	(3,278)	5,299	(3,895)

## 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.



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Lawyers' Professional Indemnity Company

The following table provides a credit risk profile of the Company's applicable investment assets and amounts recoverable from reinsurers.

DECEMBER 31, 2015							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 5,881	-	-	-	-	16,716	22,597
Fixed income securities	131,313	85,315	204,140	68,979	-	24,968	514,715
Investment income due and accrued	284	294	1,074	481	2	127	2,262
Due from reinsurers	-	-	532	-	7	-	539
Due from insureds	-	-	-	-	-	2,127	2,127
Due from the Law Society of Upper Canada	-	-	-	-	-	7,569	7,569
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	44,056	-	-	1	44,057
Other receivables	-	-	-	-	-	1,727	1,727
Other assets	\$ -	-	-	-	-	1,217	1,217

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

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.



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## 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.

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:

<b>DECEMBER 31, 2015</b>					
	Within one year	One to five years	More than five years	No fixed maturity	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 22,597	-	-	-	22,597
Investments – designated as FVTPL	69,079	114,225	178,015	350	361,669
Investments – available-for-sale	13,145	121,328	18,923	97,992	251,388
Investment income due and accrued	2,262	-	-	-	2,262
Due from reinsurers	539	-	-	-	539
Due from insureds	2,127	-	-	-	2,127
Reinsurers' share of unpaid claims	10,663	22,178	8,022	3,194	44,057
Due from Law Society	7,569	-	-	-	7,569
Other receivable	1,727	-	-	-	1,727
Other assets	328	-	-	889	1,217
<b>Total</b>	<b>\$ 130,036</b>	<b>257,731</b>	<b>204,960</b>	<b>102,425</b>	<b>695,152</b>
<b>Liabilities</b>					
Provision for unpaid claims	\$ 100,446	233,586	88,511	37,603	460,146
Due to reinsurers	658	-	-	-	658
Due to insureds	359	-	-	-	359
Expenses due and accrued	2,087	-	-	-	2,087
<b>Total</b>	<b>\$ 103,550</b>	<b>233,586</b>	<b>88,511</b>	<b>37,603</b>	<b>463,250</b>



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	DECEMBER 31, 2014					Total
	Within one year	One to five years	More than five years	No fixed maturity		
<b>Assets</b>						
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	294	-	-	1,690		1,984
<b>Total</b>	<b>\$ 124,722</b>	<b>277,614</b>	<b>173,399</b>	<b>98,431</b>		<b>674,166</b>
<b>Liabilities</b>						
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
<b>Total</b>	<b>\$ 114,066</b>	<b>262,493</b>	<b>78,213</b>	<b>16,233</b>		<b>471,005</b>

## 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.



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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, 2015			DECEMBER 31, 2014		
		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%	(11,245)	(12,933)	(2,467)	(9,224)	(12,741)	(2,951)
	-1%	11,800	13,538	2,469	9,664	13,428	3,092

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.

		2015	2014
		After-tax	OCI
Equity prices	+10%	7,202	6,958
	-10%	(7,202)	(6,958)

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	2015		2014	
	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)
US Dollar	767	3,362	356	3,081
Euro	-	1,115	-	1,142
Other	-	785	-	830
	767	5,262	356	5,053



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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, 2015					
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 14,924	505,265	24,901	1,998	547,088	85.8%
USA	7,673	6,146	42,746	92	56,657	8.9%
France	-	-	9,199	19	9,218	1.4%
Netherlands	-	-	4,579	-	4,579	0.7%
Others	-	3,304	16,917	153	20,374	3.2%
<b>Total</b>	<b>\$ 22,597</b>	<b>514,715</b>	<b>98,342</b>	<b>2,262</b>	<b>637,916</b>	<b>100.0%</b>

	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%
<b>Total</b>	<b>\$ 17,328</b>	<b>502,095</b>	<b>95,185</b>	<b>2,012</b>	<b>616,620</b>	<b>100.0%</b>

## 21. 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 2014 the Company began filing 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 \$76,813,361. 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.

## 22. Comparative Figures

The Company has restated the prior year's note 5d, 5e, 15 and 20c to conform to the current year's presentation.



# Board of Directors



Susan T. McGrath\*  
Board Chair  
Principal, Susan T. McGrath



Ian D. Croft  
Board Vice Chair  
Chartered Professional Accountant



Kathleen A. Waters  
President & CEO  
LawPRO



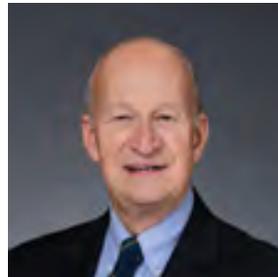
George D. Anderson, C.M.  
Retired President and CEO  
Insurance Bureau of Canada



Clare A. Brunetta  
Principal  
Clare A. Brunetta



Douglas F. Cutbush  
Insurance Consultant  
Arbitrator & Mediator



Robert F. Evans, Q.C.\*  
Partner  
Evans de Vries Higgins LLP



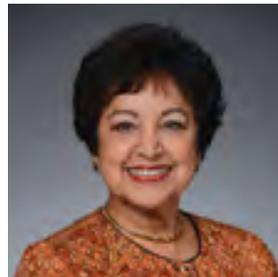
Frederick W. Gorbet, O.C.



Carol Hartman\*  
Partner  
Miller Maki LLP



Malcolm L. Heins, LSM  
Lawyer & Director



Rita Hoff  
President  
R. Hoff Financial Management Ltd.



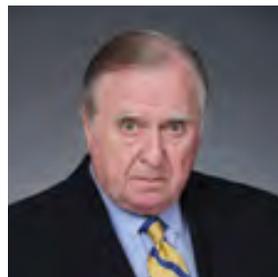
Robert G. W. Lapper, Q.C.  
Chief Executive Officer  
Law Society of Upper Canada



Barbara J. Murchie\*  
Partner  
Bennett Jones LLP



Andrew N. Smith  
President  
Natnook Inc.



John C. Thompson, FCPA, FCA  
Chartered Accountant  
Retired KPMG partner

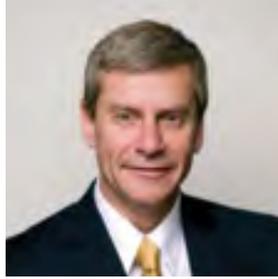
\* Bencher, Law Society of Upper Canada  
CM denotes Member of the Order of Canada  
FCA denotes Fellow Chartered Accountant  
FCPA denotes Fellow Chartered Professional Accountant  
LSM denotes Law Society Medal  
OC denotes Officer of the Order of Canada



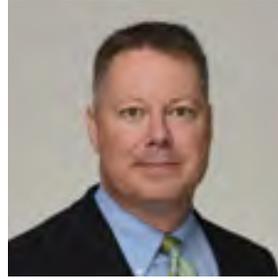
# Management



Kathleen A. Waters  
President & CEO  
LAWPRO



Duncan D. Gosnell  
Executive Vice President  
& Secretary



Steven W. Jorgensen  
Chief Financial Officer



Stephen R. Freedman  
General Counsel &  
Chief Privacy Officer



Daniel E. Pinnington  
Vice President, Claims Prevention  
& Stakeholder Relations



David M. Reid  
Chief Information Officer



Lisa Weinstein  
Vice President,  
TitlePLUS



Simon D. Bernstein  
Vice President, Specialty Claims



Jack N. Daiter  
Vice President, Primary  
Professional Liability Claims



Straughn Inman  
Director, Human Resources



Raymond G. Leclair  
Vice President, Public Affairs

# Committees of the Board

## EXECUTIVE COMMITTEE

Ian D. Croft\*  
George D. Anderson  
Douglas F. Cutbush  
Malcolm L. Heins  
Kathleen A. Waters (A)

## AUDIT COMMITTEE

Frederick W. Gorbet\*  
Douglas F. Cutbush  
Malcolm L. Heins  
Robert G. W. Lapper,  
Q.C. (A)  
Andrew N. Smith  
John C. Thompson

## CONDUCT REVIEW COMMITTEE

Frederick W. Gorbet\*  
Douglas F. Cutbush  
Malcolm L. Heins  
Andrew N. Smith  
John C. Thompson

## GOVERNANCE COMMITTEE

George D. Anderson\*  
Clare A. Brunetta  
Frederick W. Gorbet  
Malcolm L. Heins  
Rita Hoff  
Barbara J. Murchie

## INVESTMENT COMMITTEE

Rita Hoff\*  
Robert F. Evans, Q.C.  
Malcolm L. Heins  
Andrew N. Smith

## RISK COMMITTEE

Malcolm L. Heins\*  
George D. Anderson  
Frederick W. Gorbet  
Rita Hoff  
Andrew N. Smith  
John C. Thompson

\* Committee Chair

(A) Affiliated Director within meaning of Ontario *Insurance Act*



# Corporate Governance

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The Board of Directors, either directly or through its committees, bears responsibility for the stewardship of the Company. To discharge that responsibility, the Board supervises the management of the business and the affairs of the Company, including the oversight or monitoring of all significant aspects of the operation, so that the Company effectively and efficiently fulfills its mission, vision and values.

The Company's corporate governance processes, structures and information are designed to strengthen the ability of the Board to oversee management, and to enhance long-term policyholder value. Every director has a duty to guide the Company's affairs in a manner that achieves the Company's objectives.

The corporate governance processes and mandate are derived, in part, from the Ontario *Insurance Act* and regulatory "best practices."

## Board independence

Demonstrable evidence of independence is at the heart of effective governance. Independence is normally a matter of a board demonstrating its ability to act independently of management when appropriate. Currently, only the chief executive officers of LAWPRO and the Law Society of Upper Canada are "affiliated" to the Company within the meaning of applicable legislation. A minority of directors are Benchers or employees of the Law Society of Upper Canada.

## Board composition

Annually, the Board reviews its composition to determine whether or not the Board is optimally structured to ensure the achievement of the corporate strategy and business plan. Also important is a regular assessment of the skills, experience and independence of those on the Board.

## Board responsibilities

The basic oversight responsibilities of the Board include:

- **Corporate performance oversight:** The Board ensures that corporate management continuously and effectively strives to meet the two opposing goals of minimizing premiums and achieving a satisfactory financial result, taking account of risk.
- **Appointment of CEO and related human resources issues:** The Board appoints the CEO and approves the CEO's objectives, assesses his or her performance and determines compensation of the CEO. As well, the Board approves key appointments reporting to the CEO, reviews key executive performance and approves compensation policy and succession plans.
- **Strategic direction and policy:** The Board reviews and approves management's proposed strategic direction and policy matters, and ensures that policies on key issues, including exposure to various risks, are in place, are appropriate and are reviewed to ensure compliance with same.
- **Budgeting and planning:** The Board approves the Company's proposed budgets and other performance goals, reviews performance against goals and recommends corrective actions.
- **Risk Management:** The Board monitors all categories of risk affecting the Company's operations, approves risk management strategies and assesses risk management performance.



# Corporate Governance

2015 Annual Report

Lawyers' Professional Indemnity Company

- **Regulatory compliance and financial monitoring:** Through an independent audit committee, the Board requires and monitors regulatory compliance, appoints the auditor, oversees the audit process and reviews and approves financial reports. The Board also ensures that financial systems produce accurate and timely information, and that appropriate controls are in place.
- **Ensuring its own effectiveness:** The Board establishes committee structures that assist the effective operations of the Board, and enable a review and assessment of the Board's own performance.
- **Setting an appropriate cultural tone:** Through its support for the corporation's vision, mission and values and corporate social responsibility statement and its adherence to the Code of Business Conduct, the Board promotes a culture of integrity, exemplary business conduct, and due regard for the fair treatment of customers while acting in a commercially reasonable manner.

## Board committees

The members of the Board are assisted in fulfilling the responsibilities explained above through the following committees:

### Audit Committee

The audit committee assists the Board in monitoring:

- the integrity of the Company's financial reporting process;
- the financial and solvency risks that the Company is exposed to;
- the controls for managing those risks; and
- the independence and performance of the Company's external auditor and actuary.

### Conduct Review Committee

The conduct review committee oversees the Company's compliance with the related party provisions of the Ontario insurance legislation.

### Executive Committee

The executive committee has the authority of the Board, subject to the limitations of law and those set forth in the Company's bylaws, to consider urgent matters that require action prior to the next Board meeting. Actions taken by the executive committee are reported to the full Board at the next meeting.



# Corporate Governance

2015 Annual Report

Lawyers' Professional Indemnity Company

## Governance Committee

The governance committee:

- assists the Board in its oversight role with respect to: a) the development of the Company's corporate governance policies, practices and processes; and b) the effectiveness of the Board and its committees;
- identifies individuals qualified and suitable to become Board members and recommends the director nominees to each annual meeting of the shareholder;
- assists the Board in its oversight role with respect to: a) the Company's human resources strategy, policies and programs; and b) all matters relating to proper utilization of human resources within the Company, with special focus on management succession, development and compensation;
- oversees procedures for resolving conflicts of interest; and
- assists the Board in liaising with the shareholder.

## Investment Committee

The investment committee:

- assists the Board and management in managing the invested assets of the Company;
- develops and monitors investment policies and guidelines;
- provides recommendations to the Board in connection with the hiring of external investment managers; and
- meets with and monitors the performance of external investment managers.

## Risk Committee

The risk committee assists the Board in monitoring all risks (other than financial and solvency risks) to which the Company is subject and overseeing the development and implementation of appropriate risk management policies and programs.



This report is available on the LAWPRO web site: lawpro.ca. To obtain copies of this report, please contact the Claims Prevention and Stakeholder Relations Department.

Pour obtenir une copie de ce rapport annuel, veuillez contacter le département de la prévention de réclamations et relations avec les intervenants.



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LIBRARYCO INC.

PROXY

The undersigned, a shareholder of LibraryCo Inc. (the "Corporation"), hereby appoints Ross Earnshaw, 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 Wednesday, May 4, 2016 at Osgoode Hall, Toronto, at 1:00 p.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 \_\_\_\_\_, 2016.

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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") to be held via teleconference Wednesday, May 4, 2016 at 1:00 p.m. for the following purposes:

1. To approve the minutes of the May 12, 2015 Annual Meeting;
2. To receive and consider LibraryCo Inc.'s 2015 Annual Report and the financial statements for the Corporation for the fiscal year ended 2015 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 5th day of April, 2016.

On behalf of the Board of Directors,

A handwritten signature in blue ink, which appears to read 'W. Tysall'.

Wendy Tysall, Secretary



**LIBRARYCO INC.**

**ANNUAL MEETING OF SHAREHOLDERS  
WEDNESDAY, MAY 4, 2016**

**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 12, 2015, 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 12, 2015 Shareholders Meeting.



**TO BE APPROVED AT 2016 ANNUAL GENERAL MEETING**

**MINUTES** of the annual meeting of the shareholders of LibraryCo Inc. (the “Corporation”) held at the offices of the Corporation, Osgoode Hall, 130 Queen Street West, Toronto, Ontario on the 12th day of May, 2015 at the hour of 9:00 o’clock.

**PRESENT:**

Janet Whitehead, Chair  
Susan Elliott (who acted as proxy for the Treasurer of the Law Society of Upper Canada)  
Rebecca Bentham  
Ross Earnshaw  
Jaye Hooper  
Jacqueline Horvat  
Derry Millar (phone)  
Stephen Mulling, Vice President, Toronto Lawyers’ Association (who acted as proxy for the President of the Toronto Lawyers’ Association)  
Michael Ras, Director Public Affairs, CDLPA (who acted as proxy for the Chair, the County and District Law Presidents’ Association)

**OTHERS PRESENT:**

Wendy Tysall, Chief Financial Officer and Secretary  
Andrew Cawse, Financial Policy Advisor, LSUC

**REGRETS:**

Mark Crane

Janet Whitehead, a member of the Corporation, acted as Chair of the meeting.

The Chair stated that a quorum of the shareholders of the Corporation being 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 minutes of the previous meeting of the shareholders of the Corporation held on May 9, 2014, are accepted.

Moved by: R. Earnshaw

Seconded: S. Elliott

Carried.

**Report of the Chair**

The Chair summarized the Report from the Board included in the Annual Report describing the activities of the Corporation in the preceding year.

**Financial Statements**

The meeting received and considered the Annual Financial Statements for the Corporation for the fiscal year ended 2014 together with the auditor's report thereon.

**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: D. Millar

Seconded: J. Hooper

Carried.

**Termination**

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

Moved by: J. Whitehead

Seconded: J. Hooper

Carried.

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Chair of the Meeting

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Secretary of the Meeting



**TAB 3**

**Report to Convocation  
April 28, 2016**

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## **Audit & Finance Committee**

### **Committee Members**

**Christopher Bredt (Co-Chair)**

**Peter Wardle (Co-Chair)**

**Michelle Haigh (Vice-Chair)**

John Callaghan

Suzanne Clément

Paul Cooper

Teresa Donnelly

Seymour Epstein

Rocco Galati

Vern Krishna

Janet Leiper

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 13, 2016. Committee members in attendance were Christopher Bredt (Co-Chair), Michelle Haigh (Vice-Chair), John Callaghan, Suzanne Clément (phone), Paul Cooper, Teresa Donnelly, Janet Leiper and Catherine Strosberg
2. Other Benchers in attendance: Peter Beach.
3. Also in attendance: Kathleen Waters and Steve Jorgensen of LAWPRO and Michael Hawtin, Lauren Levine and Akif Siddiqui from PwC.
4. Law Society staff in attendance: Robert Lapper, Wendy Tysall, Fred Grady, Brenda Albuquerque-Boutilier, Sophia Sperdakos and Andrew Cawse.

TAB 3.1

## FOR DECISION

**LAW SOCIETY OF UPPER CANADA, AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015****Motion:**

5. **That Convocation approve the audited Annual Financial Statements for the Law Society for the financial year ended December 31, 2015, including the interfund transfers listed in Note 13 of the notes to the financial statements.**
6. Representatives from the Law Society's auditor, PricewaterhouseCoopers LLP, Michael Hawtin will be in attendance.

**Summary**

7. The financial statements are accompanied by an unmodified opinion from the auditor.
8. The lawyer and paralegal General Funds, which account for the Society's program delivery and administrative activities, are reporting a combined operating surplus of \$2.3 million (2014 - \$2.6 million). The 2015 budget for these two Funds projected a combined deficit of \$2.7 million with the use of accumulated balances in the Funds, so operating results are better than budgeted. With the exception of investment income, all the major revenue categories exceeded budget. All the major expense categories also had favourable variances compared to budget.
9. The Society's restricted funds are reporting a combined deficit of \$6.1 million in 2015 (2014 - \$18.5 million deficit). There are three reasons for the restricted funds deficit in 2015:
  - The Lawyer Compensation Fund experienced an adverse claims experience resulting in a deficit of \$713,000 (2014 - \$10.2 million deficit).
  - As anticipated in the insurance contract with LAWPRO for 2015, the E&O Fund provided a \$2.5 million premium contribution to reduce the lawyer's base premium and this is the primary reason for the E&O Fund experiencing a deficit of \$2.5 million (2014 - \$5.2 million deficit).
  - Amortization in the Invested in Capital and Intangible Assets Fund of \$3.7 million (2014 - \$3.6 million) was the third significant contributor to the restricted funds deficit in the current year.
10. Further information can be found in the Management Discussion and Analysis forming part of the Annual Financial Statements. An unaudited actual-to-budget analysis for the Lawyer and Paralegal General Funds is also provided for supplementary information.

**THE LAW SOCIETY OF UPPER CANADA  
2015 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 \$2.3 million (2014 - \$2.6 million). The 2015 budget for these two Funds projected a combined deficit of \$2.7 million with the use of accumulated balances in the Funds, so operating results are better than budgeted. With the exception of investment income, all the major revenue categories exceeded budget. All the major expense categories also had favourable variances compared to budget. In comparing 2015 results to 2014 results, the size and nature of operations were substantially similar. The budgets for these two years included small decreases in staff numbers after a consistent increasing trend in prior years.

The Society's restricted funds are reporting a combined deficit of \$6.1 million in 2015 (2014 - \$18.5 million deficit). There are three reasons for the restricted funds deficit in 2015:

- The Lawyer Compensation Fund experienced an adverse claims experience, resulting in a deficit of \$713,000 (2014 - \$10.2 million deficit).
- As anticipated in the insurance contract with Lawyers' Professional Indemnity Company (LAWPRO) for 2015, the Errors & Omissions Insurance Fund (E&O Fund) provided a \$2.5 million premium contribution to reduce the lawyer's base premium. This is the primary reason for the E&O Fund experiencing a deficit of \$2.5 million (2014 - \$5.2 million deficit).
- Amortization in the Invested in Capital and Intangible Assets Fund of \$3.7 million (2014 - \$3.6 million) was the third significant contributor to the restricted funds deficit in the current year.

#### Statement of Revenues and Expenses and Change in Fund Balances

##### Revenues

###### *Annual Fees*

Total annual fee revenues have increased to \$75.6 million (2014 - \$73.2 million) due to an increase in the number of licensees billed with the number of paralegals in particular rising in percentage terms. There were fluctuations in the individual fee components but the total annual fee per lawyer and paralegal was the same as 2014.

###### *Insurance Premiums and Levies*

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 \$113.1 million in 2015 (2014 - \$104.4 million) as the number of insured lawyers increased and a change in estimate of transaction levies resulted in an increase in premiums earned of \$5,775,000. Premiums incurred increased by a similar amount.

The base premium for professional liability insurance coverage for Ontario lawyers was \$3,350 per lawyer, the same premium charged in 2014. The professional liability insurance program was essentially the same, year on year.

*Professional Development & Competence (“PD&C”)*

PD&C revenue comprises licensing process and continuing professional development revenue. Total PD&C revenues have declined slightly to \$21.4 million (2014 - \$22 million).

- Licensing Process revenues from lawyer (\$10.8 million) and paralegal candidates (\$2.1 million) have decreased to a total of \$12.9 million (2014 - \$13.5 million), but still exceed budget. There were relatively fewer total candidates and the fees charged to candidates did not change. The pilot Law Practice Program (LPP) commenced in the fall of 2014 providing lawyer licensing candidates the option of either articling or completing the LPP. The pilot project is for three years. A comparison of candidate numbers is set out below:

	2015	2014
Candidate Registrants		
Lawyer	2,336	2,333
Paralegal	1,450	1,558
Candidates Licensed		
Lawyer	2,201	1,984
Paralegal	1,372	1,156

- Continuing Professional Development (“CPD”) revenues from lawyers (\$7.5 million) and paralegals (\$996,000) have decreased to a total of \$8.5 million (2014 - \$8.6 million), but still exceed budget. The department continues to see a shift toward online learning with more registrants viewing programs by live webcast or on demand. The CPD department is offering fewer programs with printed materials as members grow more comfortable with electronic program materials, and the department is preparing to move to a standard offering of online materials only, starting January 2016. Registrations are analysed below:

Registration (all formats)	2015	2014
Paid programs	42,309	39,453
Nominal fee programs	11,540	24,010
Total number of registrants	53,849	63,463

*Investment Income and Change in Fair Value of Investments*

Investment income of \$2.2 million (2014 - \$2.8 million) offset the net realized and unrealized capital loss of \$2.1 million (2014 – surplus of \$1 million).

*Other Income*

Other income has increased to \$7.6 million (2014 - \$7.1 million). Administrative fee revenue has increased and in 2015, the Law Foundation of Ontario approved a grant of \$400,000 for access to justice replacing the licensing processes grants of a similar amount in PD&C revenue in 2014.

## Expenses

### *Professional Regulation, Tribunals and Compliance*

Total regulatory expenses are relatively static at \$28.2 million (2014 - \$27.9 million) and are under budget. The biggest variable in this category is typically spending on outside counsel and expert witnesses which was significantly less in the current year than 2014.

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 although typical investigations are requiring increased resources. Expenses and staff numbers in these areas were relatively static year-on-year.

### *Professional Development & Competence*

Total PD&C expenses have increased to \$26.3 million (2014 - \$24.8 million) but were still under budget. Part of the increase can be attributed to the integration of a marketing and communications unit into the department from Convocation, Policy and Outreach. Also, there has been an increase in the number of licensing process candidates requiring special support services, for instance, rooms, proctors and software.

The movement toward online CPD program delivery and materials provision noted in the revenue discussion also provides savings in program expenses, including catering costs, course materials and venue rentals although these savings have been slightly offset by general cost increases in other areas.

In the paralegal licensing process, resources have been devoted to the development of the new and extended paralegal licensing examination.

### *Corporate Services*

Corporate Services expenses, primarily comprising the Client Service Centre, Information Systems, Facilities, Finance and Human Resources, increased to \$23.8 million (2014 - \$23.1 million) but were under budget. Severance costs exceeded budget but were less than recent years.

Office of General Counsel expenditures on counsel fees exceeded budget and 2014 levels, primarily on the Trinity Western University matter. In July 2015, the Ontario Divisional Court upheld the Society's decision not to accredit the TWU law school. The university is appealing this decision.

### *Convocation, Policy and Outreach*

Convocation, policy and outreach expenses primarily comprises Policy, Equity & Public Affairs and benchers expenses decreased to \$8 million (2014 - \$8.6 million) and were under budget. Policy, equity and public affairs includes the Treasurer's Action Group on Access to Justice. The Law Foundation of Ontario approved a new grant of \$400,000 for the development and delivery of Access to Justice initiatives in 2015 with associated expenses. The office of Executive Director, Policy, Equity & Public Affairs had its first full year of operation after being implemented in 2014.

Included in Convocation, policy and outreach expenses are payments to benchers during the year. In respect of remuneration, these payments totalled \$843,000 (2014 - \$972,000) and in respect of expense reimbursements, these payments totalled \$563,000 (2014 - \$545,000).

*Services to Members and Public*

Expenses related to services to members and the public, mainly comprising payments to CANLII, the Members Assistance Plan and catering, were relatively static at \$4 million (2014 - \$4.2 million) and were under budget.

**Changes in Fund Balances**

*General Fund*

The 2015 budget planned to reduce the lawyer General Fund balance by \$641,000 but an operating surplus of \$1.4 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, the lawyer General Fund has increased by \$2.9 million. The lawyer General Fund balance is now \$21.4 million which is in excess of Convocation's fund balance policy which, in brief, requires a minimum of two months and a maximum of three months operating expenses be maintained in the lawyer General Fund balance. Compliance with this policy will be addressed when the budget for 2017 is drafted.

The 2015 budget planned to reduce the paralegal General Fund balance by \$541,000, although based on actual results, the paralegal General Fund has increased by \$892,000. The paralegal General Fund balance is now \$3.9 million. Because of the relatively short history of paralegal regulation there is no formal fund balance policy for the paralegal General Fund.

*Restricted Funds*

The 2015 budget planned to reduce the lawyer Compensation Fund balance by \$707,000. The actual deficit for the year amounted to \$713,000 reducing the Compensation Fund balance for lawyers to \$14.9 million. Convocation's policy for the lawyer's Compensation Fund 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. To assist in maintaining the fund balance above the minimum level required by Convocation's policy, an increase in the Compensation Fund levy in 2016 to replenish the fund balance has been budgeted.

The 2015 budget planned to reduce the paralegal Compensation Fund balance by \$77,000. Actual results show a surplus of \$15,000 resulting in a fund balance of \$441,000.

The E&O Fund balance has decreased from \$58.3 million in 2014 to \$54.3 million at the end of 2015. 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 2015. In 2016, another \$1.5 million has been earmarked for the reduction of lawyers' annual fees. In 2015, \$2.5 million (2014 - \$5 million) was drawn from the balance in the E&O Fund to reduce the Society's insurance premium in the applicable year. This will not be repeated in 2016.

The Capital Allocation Fund has decreased to \$6.7 million (2014 - \$8.1 million). In 2014, the Society embarked on a three year 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.

## Balance Sheet

### *Cash and Short-Term Investments*

Cash and short-term investments increased to a total of \$48.9 million (2014 - \$39.7 million). The investment manager has adopted a relatively conservative approach resulting in increased short-term investments and there have been capital transfers from portfolio investments to fund the restricted fund deficits.

### *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 \$66 million (2014 - \$78.4 million) after capital transfers to fund deficits in the restricted funds and a difficult investment environment in 2015. Investments are held in the following funds:

(\$000's)	2015	2014
E&O Fund	21,487	29,067
Compensation Fund	29,450	34,243
General Fund	15,084	15,090
<b>Total</b>	<b>66,021</b>	<b>78,400</b>

Investments comprise Canadian equities (19%) and Canadian fixed income investments (81%). 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.

### *Deferred Revenue*

Deferred revenue has increased to \$15.3 million (2014 - \$11.4 million) primarily due to more future year membership fees received in 2015 as compared to 2014. The timing of these payments does not follow a pattern and is dependent on when members actually pay their fees.

### *Provision for Unpaid Grants*

The Compensation Fund provision for unpaid grants (that is, the amount reserved) has decreased to \$19.7 million (2014 - \$21.4 million). 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 relatively large provision compared to much of the historical data continues to be 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 \$136,000 (2014 - \$225,000) of the total Compensation Fund provision for unpaid grants.

*Unclaimed Trust Funds*

Unclaimed trust funds continue to increase, now totalling \$4.2 million (2014 - \$3.7 million). 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 2015, total funds held in trust amounted to \$4.9 million (2014 - \$2.4 million). The volume and value of balances depend on trusteeships at the time.

**Restricted Funds***Compensation Fund*

The lawyer fund is reporting a deficit of \$713,000 (2014 - \$10.2 million deficit). The lawyer Compensation Fund annual fee income decreased to \$8.6 million (2014 - \$8.9 million) in line with the reduction in the levy from \$238 to \$225 per lawyer. Lawyer Compensation Fund expenses have decreased to \$9.3 million (2014 - \$21.1 million). The 2014 expense was above the normal range as the claims from two major defalcations were processed. To assist in maintaining the fund balance above the minimum level required by Convocation’s policy, an increase in the lawyer Compensation Fund levy in 2016 to replenish the fund balance has been budgeted.

The paralegal fund is reporting a surplus of \$15,000 (2014 - \$7,000 surplus). The paralegal levy decreased reducing annual fee income to \$612,000 from \$654,000.

*Errors & Omissions Insurance Fund*

The fund is reporting a deficit of \$2.5 million (2014 - \$5.2 million) as expected due to the annual use of \$2.5 million (2014 - \$5 million) of the fund balance to mitigate the base insurance levy for lawyers. LAWPRO’s base premium of \$3,350 has not changed from 2014. The number of insured lawyers increased in 2015. A change to the method of calculating transaction levy accruals has resulted in a matching increase in premiums earned and premiums incurred of \$5,775,000. Premium and levy revenue increased to \$113.1 million (2014 - \$104.4 million) and expenses increased to \$115.6 million (2014 - \$110.9 million).

*County Libraries Fund*

Funding of county libraries through LibraryCo Inc. totalled \$7.7 million (2014 - \$7.5 million). The Board of LibraryCo is continuing to assess transition requirements and defining the approaches that will be taken to support the provision of legal information and library services into the future.

*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”). 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 benefits. Benefit payments totaled \$232,000 to 34 successful applicants (2014 - \$280,000 to 32 successful applicants).

**Conclusion**

Subsequent to the lawyer bench election in 2015, benchers engaged in strategic planning built on the Law Society’s mission, mandate and principles for governance found in the Law Society Act. The priorities established were to:

- Lead as a professional regulator;
- Prioritize life-long competence for lawyers and paralegals;
- Enhance access to justice across Ontario;
- Engage stakeholders and the public with responsive communications and
- Increase organizational effectiveness.

The Society is in a financially sound position to implement this strategic plan and is well placed for the future.

**DRAFT**

May @, 2016

**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, 2015 the statements of revenues and expenses and change in fund balances and cash flows for the year then ended, and the related notes, which comprise 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.

**DRAFT****FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

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**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, 2015 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.

**Other matter**

The financial statements of The Law Society of Upper Canada for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2015.

**Chartered Professional Accountants, Licensed Public Accountants**

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**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

## THE LAW SOCIETY OF UPPER CANADA

## Balance Sheet

Stated in thousands of dollars

As at December 31

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
1 Cash	25,932	19,441
2 Short-term investments	22,990	20,280
3 Accounts receivable (notes 4, 5 and 8)	9,069	3,768
4 Prepaid expenses	1,958	2,141
5 <b>Total current assets</b>	<b>59,949</b>	<b>45,630</b>
6 <b>Investment in subsidiaries (note 4)</b>	<b>35,642</b>	<b>35,642</b>
7 <b>Portfolio investments (note 6)</b>	<b>66,021</b>	<b>78,400</b>
8 <b>Capital assets (note 7)</b>	<b>10,166</b>	<b>11,149</b>
9 <b>Intangible assets (note 7)</b>	<b>1,019</b>	<b>1,400</b>
10 <b>Total Assets</b>	<b>172,797</b>	<b>172,221</b>
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities</b>		
11 Accounts payable and accrued liabilities (note 8)	12,318	11,412
12 Deferred revenue	15,271	11,428
13 Due to LAWPRO (note 4)	7,569	6,634
14 <b>Total current liabilities</b>	<b>35,158</b>	<b>29,474</b>
15 Provision for unpaid grants	19,652	21,433
16 Unclaimed trust funds (note 9)	4,226	3,712
17 <b>Total Liabilities</b>	<b>59,036</b>	<b>54,619</b>
<b>Fund Balances</b>		
<b>General funds</b>		
18 Lawyers	21,407	18,507
19 Paralegals	3,866	2,974
<b>Restricted funds (note 18)</b>		
20 Compensation - lawyers	14,905	15,618
21 Compensation - paralegals	441	426
22 Errors and omissions insurance	54,342	58,305
23 Capital allocation	6,716	8,096
24 Invested in capital and intangible assets	11,185	12,549
25 Other	899	1,127
26 <b>Total Fund Balances</b>	<b>113,761</b>	<b>117,602</b>
27 <b>Total Liabilities and Fund Balances</b>	<b>172,797</b>	<b>172,221</b>

See accompanying notes

On behalf of Convocation

Treasurer

Co-Chairs, Audit &amp; Finance Committee

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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*

	2015	2014	2015	2014	2015	2014	2015	2014
	General Fund Lawyer		General Fund Paralegal		Restricted Funds (note 18)		Total	
<b>Revenues</b>								
1 Annual fees	51,380	50,189	4,039	3,554	20,191	19,492	75,610	73,235
2 Insurance premiums and levies	-	-	-	-	113,103	104,415	113,103	104,415
3 Professional development and competence	18,360	18,774	3,081	3,273	-	-	21,441	22,047
4 Investment income	624	767	59	64	1,544	1,919	2,227	2,750
5 Change in fair value of investments	(424)	158	(40)	13	(1,612)	814	(2,076)	985
6 Other (note 11)	6,826	5,917	824	557	(56)	597	7,594	7,071
7 <b>Total revenues</b>	<b>76,766</b>	<b>75,805</b>	<b>7,963</b>	<b>7,461</b>	<b>133,170</b>	<b>127,237</b>	<b>217,899</b>	<b>210,503</b>
<b>Expenses</b>								
8 Professional regulation, tribunals and compliance	25,783	25,817	2,389	2,094	-	-	28,172	27,911
9 Professional development and competence	23,896	22,794	2,376	2,055	-	-	26,272	24,849
10 Corporate services	21,708	21,143	2,063	1,931	-	-	23,771	23,074
11 Convocation, policy and outreach (note 12)	7,408	7,958	605	595	-	-	8,013	8,553
12 Services to members and public	3,806	3,972	220	218	-	-	4,026	4,190
13 Allocated to Compensation Fund	(7,246)	(7,365)	(582)	(507)	-	-	(7,828)	(7,872)
14 Restricted (note 18)	-	-	-	-	139,314	145,751	139,314	145,751
15 <b>Total expenses</b>	<b>75,355</b>	<b>74,319</b>	<b>7,071</b>	<b>6,386</b>	<b>139,314</b>	<b>145,751</b>	<b>221,740</b>	<b>226,456</b>
16 <b>Surplus (Deficit)</b>	<b>1,411</b>	<b>1,486</b>	<b>892</b>	<b>1,075</b>	<b>(6,144)</b>	<b>(18,514)</b>	<b>(3,841)</b>	<b>(15,953)</b>
17 <b>Fund balances, beginning of year</b>	<b>18,507</b>	<b>21,410</b>	<b>2,974</b>	<b>1,882</b>	<b>96,121</b>	<b>110,263</b>	<b>117,602</b>	<b>133,555</b>
18 <b>Interfund transfers (notes 2 and 13)</b>	<b>1,489</b>	<b>(4,389)</b>	<b>-</b>	<b>17</b>	<b>(1,489)</b>	<b>4,372</b>	<b>-</b>	<b>-</b>
19 <b>Fund balances, end of year</b>	<b>21,407</b>	<b>18,507</b>	<b>3,866</b>	<b>2,974</b>	<b>88,488</b>	<b>96,121</b>	<b>113,761</b>	<b>117,602</b>

See accompanying notes

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## THE LAW SOCIETY OF UPPER CANADA

## Statement of Cash Flows

Stated in thousands of dollars

For the year ended December 31

	2015	2014
<b>Net inflow of cash related to the following activities</b>		
<b>Operating</b>		
1 Deficit	(3,841)	(15,953)
Items not affecting cash:		
2 (Decrease) Increase in provision for unpaid grants	(1,781)	11,430
3 Amortization of capital assets	2,978	3,058
4 Amortization of intangible assets	719	518
5 Loss on disposal of capital assets	273	-
	<b>(1,652)</b>	<b>(947)</b>
Net change in non-cash operating items:		
6 Accounts receivable	(5,301)	(1,274)
7 Prepaid expenses	183	(520)
8 Accounts payable and accrued liabilities	906	1,726
9 Due to LAWPRO	935	6,637
10 Deferred revenue	3,843	(1,806)
11 Fund contribution - unclaimed trusts	514	517
12 <b>Cash (used) from operating activities</b>	<b>(572)</b>	<b>4,333</b>
<b>Investing</b>		
13 Portfolio investments - net	12,379	(1,251)
14 Short-term investments -net	(2,710)	(593)
15 Capital asset additions	(2,268)	(1,141)
16 Intangible asset additions	(338)	(1,331)
17 <b>Cash (used) from investing activities</b>	<b>7,063</b>	<b>(4,316)</b>
18 <b>Net inflow of cash, during the year</b>	<b>6,491</b>	<b>17</b>
19 Cash, beginning of year	19,441	19,424
20 <b>Cash, end of year</b>	<b>25,932</b>	<b>19,441</b>

See accompanying notes

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## **THE LAW SOCIETY OF UPPER CANADA**

**Notes to Financial Statements, December 31, 2015**

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.

At December 31, 2015, the total number of lawyers and paralegals entitled to provide legal services in Ontario were 49,000 and 7,600 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.

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### ***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, 2015, the lawyer fund balance was \$21,407,000 (2014 – \$18,507,000). The paralegal fund balance was \$3,866,000 (2014 – \$2,974,000).

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,

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administration and payment of grants and has separate fund balances for lawyer members and paralegal members.

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 the full cost of its spot audit program, 25% of investigation expenses and 9% of discipline expenses to the Compensation Fund. In addition, administrative expenses are allocated from the General Fund in proportion to the Fund's operating budget. In 2015, the total allocated costs amounted to \$7,828,000 (2014 – \$7,872,000). At December 31, 2015, the lawyer share of the fund balance was \$14,905,000 (2014 – \$15,618,000) and the paralegal share of the fund balance was \$441,000 (2014 – \$426,000).

#### ***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 2015, \$2.5 million was drawn from the available surplus in the E&O Fund built up in prior years and applied to the 2015 insurance premium (2014 - \$5 million).

In prior years, to the extent that transaction-based levies exceeded anticipated amounts, the excess remained in the E&O Fund and was applied as premiums in future years. In the event of a shortfall, the shortfall was met by additional funds from the E&O fund balance. This was discontinued prior to the start of the 2015 year. The net 2014 contribution to the insurance program was \$1,458,000.

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 2015 and 2014.

At December 31, 2015, the E&O Fund balance was \$54,342,000 (2014 – \$58,305,000) of which \$35,642,000 (2014 – \$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 and intangible assets. These include buildings and major equipment including computers and software. Amounts of assets capitalized, according to the Society’s capital asset policy, are transferred to the Invested in Capital and Intangible Assets Fund. Expenditures not capitalized are expended in the Capital Allocation Fund. At December 31, 2015, the balance was \$6,716,000 (2014 – \$8,096,000).

#### ***Invested in Capital and Intangible Assets Fund***

The Invested in Capital and Intangible Assets Fund records transactions related to the Society’s capital assets and intangible assets specifically acquisitions, amortization and disposals. At December 31, 2015, the balance was \$11,185,000 (2014 – \$12,549,000), representing the net book value of the Society’s capital and intangible 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, 2015 and 2014 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, 2015, the balance was \$188,000 (2014 – \$300,000).

The Special Projects Fund is maintained to ensure that financing is available for ongoing special projects approved by Convocation. The balance at December 31, 2015 was \$275,000 (2014 – \$460,000).

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, 2015, the Fund balance was \$436,000 (2014 – \$367,000).

### 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 Part III of the Chartered Professional Accountants of Canada Handbook – Accounting.

#### *Financial instruments*

The Society's financial assets and financial liabilities are measured at fair value on the original date of the transaction and then subsequently measured as follows:

<b>Asset / Liability</b>	<b>Measurement</b>
Cash	Fair value
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

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.

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***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 \$102,256,000 (2014 – \$101,642,000). 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 \$9,069,000 (2014 – \$3,768,000). 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.

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**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	3 to 5 years

**Intangible assets**

Intangible assets comprising computer software are presented at cost net of accumulated amortization. For purposes of calculating the first year's amortization, 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 three years.

**Revenue recognition**

Annual member fees, insurance 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. Insurance premiums related to the unexpired term of coverage at the balance sheet date are reported as deferred revenue.

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

**Provision for unpaid grants**

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 limit per claimant of \$100,000 for claims incurred before 2009 and \$150,000 for claims incurred post 2008. Grants paid from the paralegal pool of the Compensation Fund are subject to a \$10,000 limit per claimant. 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 1.53% (2014 – 0.86%).

### ***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.

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:

	2015	2014
LAWPRO	35,642,000	35,642,000
LibraryCo	100	100
Total investment in subsidiaries	<b>35,642,100</b>	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.

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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 of par value of \$100 each. 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.

Summarized balance sheet of LAWPRO:

(\$000's)	2015	2014
Total assets	<b>702,982</b>	681,909
Total liabilities	<b>464,929</b>	473,284
Total shareholder's equity	<b>238,053</b>	208,625
Total liabilities and shareholder's equity	<b>702,982</b>	681,909

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

(\$000's)	2015	2014
Revenue	<b>141,039</b>	143,051
Expenses	<b>102,580</b>	120,080
Income before taxes	<b>38,459</b>	22,971
Income tax expense	<b>10,015</b>	5,911
Net income	<b>28,444</b>	17,060
Other comprehensive income net of tax	<b>984</b>	1,690
Comprehensive income	<b>29,428</b>	18,750

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

(\$000's)	2015	2014
Net cash inflow from operating activities	<b>20,263</b>	12,109
Net cash outflow from investing activities	<b>(14,994)</b>	(9,306)
Cash and cash equivalents, beginning of year	<b>17,328</b>	14,525
Cash and cash equivalents, end of year	<b>22,597</b>	17,328

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LAWPRO administers the operations of the E&O Fund at no charge, under an administrative services agreement. LAWPRO billed the Society \$115,603,000 (2014 – \$110,872,000) for premiums during the year. LAWPRO contributed \$188,000 primarily to a wellness program provided by the Society to its members (2014 - \$231,000). Included in the Society’s financial statements are amounts due to LAWPRO of \$7,569,000 (2014 – \$6,634,000).

### **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 Federation of Ontario Law Associations (“FOLA”). The Society may appoint up to four directors, FOLA may appoint up to three directors and TLA may appoint one director.

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)	2015	2014
Total assets	780	740
Total liabilities	26	98
Total share capital and fund balances	754	642
Total liabilities, share capital and fund balances	780	740

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

(\$000’s)	2015	2014
Total revenue	7,702	8,049
Total expenses	7,590	8,290
Surplus (Deficit)	112	(241)

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

(\$000’s)	2015	2014
Net cash inflow (outflow) from operating activities	185	(210)
Cash, beginning of year	143	353
Cash, end of year	328	143

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The Society provided LibraryCo with a grant of \$7,696,000 (2014 - \$7,499,000) during the year. The Society administers the operations of LibraryCo under an administrative services agreement. The total amount billed by the Society was \$502,000 (2014 - \$589,000) for administrative services and certain other services and publications. Included in the Society's accounts receivable are amounts due from LibraryCo of \$6,000 (2014 - \$1,000).

## 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 \$59,000 (2014 - \$99,000).

## 6. Portfolio Investments

(\$000's)	2015	2014
Debt securities	53,335	61,924
Canadian equities	12,686	16,476
<b>Total portfolio investments</b>	<b>66,021</b>	<b>78,400</b>

The debt securities have effective interest rates and maturity dates as follows:

	2015	2014
Effective interest rates (%)	0.4 - 3.6	1.1 - 2.8
Maturity dates (years)	1 - 6	1 - 5

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**7. Capital Assets**

(\$000's)	2015			2014
	Cost	Accumulated Amortization	Net	Net
Land and buildings	25,395	22,173	3,222	3,773
Building improvements	25,026	18,336	6,690	6,777
Furniture, equipment and computer hardware	3,221	2,967	254	599
<b>Total capital assets</b>	<b>53,642</b>	<b>43,476</b>	<b>10,166</b>	<b>11,149</b>

**Intangible Assets**

(\$000's)	2015			2014
	Cost	Accumulated Amortization	Net	Net
Computer software	6,234	5,215	1,019	1,400
<b>Total intangible assets</b>	<b>6,234</b>	<b>5,215</b>	<b>1,019</b>	<b>1,400</b>

**8. Accounts Payable and Accrued Liabilities and Accounts Receivable**

Included in accounts payable is \$617,000 in government remittances, primarily sales taxes (2014 – \$258,000).

The accounts receivable balance comprises:

(\$000's)	2015	2014
Accounts receivable	26,348	19,186
Allowance for doubtful accounts	17,279	15,418
<b>Accounts receivable – net</b>	<b>9,069</b>	<b>3,768</b>

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 \$4,226,000 (2014 – \$3,712,000).

#### **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, 2015, total funds held in trust amount to \$4,942,000 (2014 – \$2,449,000).

#### **11. Other Revenues**

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

#### **12. Other Expenses**

Included in Convocation, policy and outreach expenses are payments for the total remuneration of elected, ex-officio benchers and lay benchers during the year of \$843,000 (2014 – \$972,000). The total expense reimbursements of the elected, ex-officio benchers and lay benchers during the year was \$563,000 (2014 – \$544,000). The Treasurer’s honorarium for the year was \$191,000 (2014 – \$185,000).

#### **13. Interfund Transfers**

During the year the following interfund transfers took place which have been approved by Convocation:

- \$2,606,000 from the Capital Allocation Fund to the Invested in Capital and Intangible Assets Fund representing assets capitalized during the year in compliance with the Society’s accounting policies;
- \$16,000 from the County Libraries Fund to the lawyer General Fund;
- \$112,000 from the lawyer General Fund to the Capital Allocation Fund representing outside event revenue allocated to maintain facilities;
- \$100,000 from the lawyer General Fund to the Repayable Allowance Fund, as provided in the 2015 budget to fund the Repayable Allowance Program in the Licensing Process;
- \$185,000 from the Special Projects Fund to the lawyer General Fund;
- \$1,500,000 from the E&O Fund to the lawyer General Fund as provided in the 2015 budget representing accumulated investment income, surplus to the needs of the E&O Fund.

#### **14. 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

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Canada Revenue Agency. The Society's pension expense in 2015 amounted to \$2,521,000 (2014 – \$2,526,000).

"

#### 15. Commitments

The Society is committed to monthly lease payments for property under leases having various terms up to July 2026. Aggregate minimum annual payments to the expiry of the leases are approximately as follows:

2016	\$887,000
2017	\$887,000
2018	\$887,000
2019	\$887,000
2020	\$963,000
Thereafter	<u>\$6,781,000</u>
Total	\$11,292,000

In 2012, the Society renewed a five-year commitment in the annual amount of \$138,000 to the Law Commission of Ontario to support its operations.

"

#### 16. 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 2015, 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.

#### 17. Comparative figures

Certain of the prior year balances have been reclassified to conform to the current year presentation. "

#### 18. Restricted Funds

A schedule of Restricted Funds is set out below.

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Convocation - Audit and Finance Committee Report

		2015							2014	
		Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital and intangible assets	County libraries	Other restricted	Total Restricted funds	Total
		Lawyer	Paralegal							
1	<b>Fund balances, beginning of year</b>	15,618	426	58,305	8,096	12,549	-	1,127	96,121	110,263
<b>Revenues</b>										
2	Annual fees	8,590	612	-	2,977	-	7,712	300	20,191	19,492
3	Insurance premiums and levies	-	-	113,103	-	-	-	-	113,103	104,415
4	Investment income	960	-	584	-	-	-	-	1,544	1,919
5	Change in fair value of investments	(1,016)	-	(596)	-	-	-	-	(1,612)	814
6	Other	94	-	-	123	(273)	-	-	(56)	597
7	<b>Total revenues</b>	8,628	612	113,091	3,100	(273)	7,712	300	133,170	127,237
<b>Expenses</b>										
8	Allocated expenses	7,246	582	-	-	-	-	-	7,828	7,872
9	Direct expenses	2,095	15	115,554	1,986	3,697	7,696	443	131,486	137,879
10	<b>Total expenses</b>	9,341	597	115,554	1,986	3,697	7,696	443	139,314	145,751
11	<b>(Deficit) Surplus</b>	(713)	15	(2,463)	1,114	(3,970)	16	(143)	(6,144)	(18,514)
12	<b>Interfund transfers</b>	-	-	(1,500)	(2,494)	2,606	(16)	(85)	(1,489)	4,372
13	<b>Fund balances, end of year</b>	14,905	441	54,342	6,716	11,185	-	899	88,488	96,121

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

*Unaudited*

*Stated in thousands of dollars*

*For the year ended December 31, 2015*

	Actual	Budget	Variance
<b>REVENUES</b>			
1 Annual fees	55,419	55,169	250
2 Professional development and competence	21,441	19,688	1,753
3 Investment income	219	850	(631)
4 Other	7,650	6,953	697
5 <b>Total revenues</b>	<b>84,729</b>	82,660	2,069
<b>EXPENSES</b>			
6 Professional regulation, tribunals and compliance	28,172	28,581	409
7 Professional development and competence	26,272	27,598	1,326
8 Corporate services	23,771	23,976	205
9 Convocation, policy and outreach	8,013	8,839	826
10 Services to members and public	4,026	4,199	173
11 Allocated to Compensation Fund	(7,828)	(7,851)	(23)
12 <b>Total expenses</b>	<b>82,426</b>	85,342	2,916
13 <b>Surplus (Deficit)</b>	<b>2,303</b>	<b>(2,682)</b>	<b>4,985</b>

**TAB 3.2**

**REPORTS FOR INFORMATION**

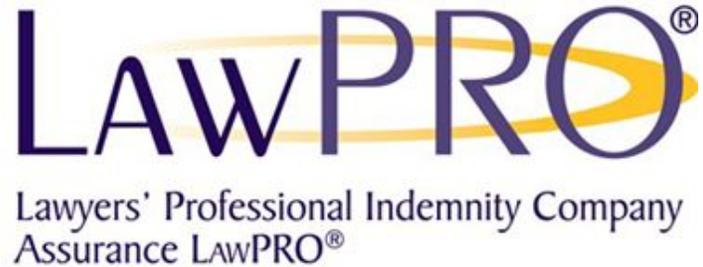
*THIS SECTION CONTAINS  
IN CAMERA MATERIAL*

**TAB 3.2.2**

**FOR INFORMATION**

**FINANCIAL STATEMENTS OF THE LAWYERS' PROFESSIONAL INDEMNITY  
COMPANY FOR THE YEAR ENDED DECEMBER 31, 2015**

16. **The audited financial statements for the Lawyers' Professional Indemnity Company ("LAWPRO") for the year ended December 31, 2015 are for information.**
17. The Law Society provides mandatory professional liability insurance to lawyers through LAWPRO, a provincially licensed insurer and wholly owned subsidiary of the Society.
18. 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 13, 2016***



***Report to the Audit and Finance Committee – Law Society***

***April 13, 2016***

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## Key Point Summary

- *The 2015 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, 2015 was \$28.4 million compared to an income of \$17.1 million in 2014. Net premiums earned increased by \$5.8 million to \$120.7 million in 2015. Investment income for 2015 was \$18.5 million, a decrease of \$7.9 million from 2014.*
- *Investment income for 2015 was impacted by \$5.7 million of realized gains from regular trading during the year, a \$2.7 million decrease in unrealized gains on the Company's asset-liability matched portfolio, and a \$3.7 million impairment expense relating to some equities that have experienced a significant or prolonged decline in value, compared to \$7.6 million in realized gains, a \$2.4 million increase in unrealized gains, and a \$0.9 million impairment expense in 2014.*
- *In total, during 2015 LAWPRO earned a comprehensive income of \$29.4 million which includes an increase in unrealized gains on its surplus investments of \$1.5 million and a remeasurement loss on its defined benefit pension plan of \$0.5 million, compared to a comprehensive income of \$18.8 million during 2014 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.*
- *As a result of its comprehensive income, the Company increased its shareholder's equity by \$29.4 million in 2015 compared to an increase of \$18.8 million in 2014.*
- *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 page 55.*
- *Assets recorded in LAWPRO's financial statements are sufficient to discharge its claim liabilities at December 31, 2015. Investment assets, inclusive of cash and cash equivalent holdings and investment income due and accrued, total \$638.0 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 56 and 57).*

- *There were 25,537 full-time equivalent lawyers covered under the Ontario Mandatory Professional Liability Program at December 31, 2015, an increase of approximately 2.5% over 2014. The base annual premium per lawyer remained flat at \$3,350 in 2015. The increase in premiums relating to more insureds entering the insurance program was offset by a drop in the premium contribution from the Errors & Omissions Insurance Fund in 2015 (\$2.5 million for 2015 compared to \$5.0 million in 2014).*
- *Revenues from transaction levies and claims history surcharge levies amounted to \$33.5 million in 2015 compared to \$26.6 million in 2014 for the Ontario Program. As the transaction levy guarantee mechanism between the Law Society's Errors & Omissions Insurance Fund and LAWPRO was discontinued effective the 2015 insurance program, the company adjusted its accrual calculation method accordingly, resulting in a one-time adjustment of \$5.8 million.*
- *The number of claims reported on the Ontario mandatory errors and omissions insurance program during 2015 was 2,532, slightly lower than the level experienced in 2014, bringing the number of open claim files to 3,608. Claims relating to prior years developed favourably in the aggregate, resulting in a reduction in previously established net claims liabilities of \$27.4 million for LAWPRO in 2015. However, this result was offset slightly by an increase in the current year losses incurred. The current fund year claims estimate is just under \$100 million for 2015, higher than the adverse environment established in the 2007 through 2014 Fund Years.*
- *As a result of the positive 2015 results, LAWPRO may expect to undergo the regulatory and accounting changes anticipated in the next 2 to 5 years with slightly more margin for absorption than may otherwise have been expected. In particular, the significant adverse changes to the calculation of the Minimum Capital Test (MCT) released by the regulator effective 2015 are still being digested – while the Company's actual MCT ratio was 268% as at December 31, 2015, it would have been 242% without the benefit of the 3-year phase-in adjustment. 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 and leases, 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, 2015 is positive in assisting with both of these issues.*

**LAWYERS' PROFESSIONAL INDEMNITY COMPANY**  
**FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015**



February 24, 2016

## **Independent Auditor's Report**

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, 2015 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Other Matters**

The financial statements of Lawyers' Professional Indemnity Company for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on February 25, 2015.

Chartered Professional Accountants, Chartered Accountants

Licensed Public Accountants



**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, 2015, 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 24, 2016**

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

**Lawyers' Professional Indemnity Company**  
**Statement of Financial Position**  
**Stated in thousands of Canadian dollars**

<b>As at</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
<b>Assets</b>		
Cash and cash equivalents	22,597	17,328
Investments (note 5)	613,057	597,280
Investment income due and accrued	2,262	2,012
Due from reinsurers	539	726
Due from insureds	2,127	1,909
Due from the Law Society of Upper Canada (note 12)	7,569	6,623
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	44,057	44,900
Other receivables	1,727	1,404
Other assets	1,217	1,984
Property and equipment (note 7)	1,474	1,658
Intangible asset (note 8)	1,097	1,028
Deferred income tax asset (note 14)	5,259	5,057
<b>Total assets</b>	<b>702,982</b>	<b>681,909</b>
<b>Liabilities</b>		
Provision for unpaid claims and adjustment expenses (note 9)	460,146	468,493
Unearned premiums (note 10)	860	769
Due to reinsurers	658	612
Due to insureds	359	265
Expenses due and accrued	2,087	1,635
Income taxes due and accrued	300	1,054
Other taxes due and accrued	519	456
	<b>464,929</b>	<b>473,284</b>
<b>Equity</b>		
Capital stock (note 17)	5,000	5,000
Contributed surplus (note 17)	30,645	30,645
Retained earnings	173,484	145,566
Accumulated other comprehensive income	28,924	27,414
	<b>238,053</b>	<b>208,625</b>
<b>Total liabilities and equity</b>	<b>702,982</b>	<b>681,909</b>

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

Susan T. McGrath

Susan T. McGrath  
Director

K. Waters

Kathleen A. Waters  
Director

**Lawyers' Professional Indemnity Company**  
**Statement of Profit or Loss**  
**Stated in thousands of Canadian dollars**

<b>For the year ended December 31</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Income</b>		
Gross written premiums	127,842	122,149
Premiums ceded to reinsurers (note 11)	(7,081)	(7,229)
Net written premiums	<u>120,761</u>	<u>114,920</u>
(Increase) decrease in unearned premiums (note 10)	(91)	(20)
Net premiums earned	<b>120,670</b>	<b>114,900</b>
Net investment income (note 5)	18,541	26,472
Ceded commissions	<u>1,828</u>	<u>1,679</u>
	<b><u>141,039</u></b>	<b><u>143,051</u></b>
<b>Expenses</b>		
Gross claims and adjustment expenses (note 9)	80,372	104,847
Reinsurers' share of claims and adjustment expenses	373	(5,262)
Net claims and adjustment expenses	<u>80,745</u>	<u>99,585</u>
Operating expenses (note 15)	17,999	16,830
Premium taxes	<u>3,836</u>	<u>3,665</u>
	<b><u>102,580</u></b>	<b><u>120,080</u></b>
<b>Profit (loss) before income taxes</b>	<b><u>38,459</u></b>	<b><u>22,971</u></b>
Income tax expense (recovery) (note 14)		
Current	10,027	6,220
Deferred	(12)	(309)
	<u>10,015</u>	<u>5,911</u>
<b>Profit (loss)</b>	<b><u>28,444</u></b>	<b><u>17,060</u></b>

Accompanying notes are an integral part of the financial statements.

**Lawyers' Professional Indemnity Company**  
**Statement of Comprehensive Income**  
**Stated in thousands of Canadian dollars**

<b>For the year ended December 31</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Profit (loss)</b>	<b><u>28,444</u></b>	<b><u>17,060</u></b>
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 (\$190) [2014: (\$206) ]	(526)	(570)
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<i>Available-for-sale assets</i>		
Net changes unrealized gains (losses), net of income tax expense (recovery) of \$1,054 (2014: \$2,517)	2,923	6,979
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,489) [2014: (\$1,929) ]	(4,129)	(5,349)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$979 (2014: \$227 ) (note 5)	2,716	630
<b>Other comprehensive income (loss)</b>	<b><u>984</u></b>	<b><u>1,690</u></b>
<b>Comprehensive income</b>	<b><u>29,428</u></b>	<b><u>18,750</u></b>

Accompanying notes are an integral part of the financial statements.

**Lawyers' Professional Indemnity Company**  
**Statement of Changes in Equity**  
**Stated in thousands of Canadian dollars**

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
<b>Balance at December 31, 2013</b>	<b>5,000</b>	<b>30,645</b>	<b>129,076</b>	<b>25,154</b>	<b>189,875</b>
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
<b>Balance at December 31, 2014</b>	<b>5,000</b>	<b>30,645</b>	<b>145,566</b>	<b>27,414</b>	<b>208,625</b>
Total comprehensive income for the year	-	-	28,444	984	29,428
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(526)	526	-
<b>Balance at December 31, 2015</b>	<b>5,000</b>	<b>30,645</b>	<b>173,484</b>	<b>28,924</b>	<b>238,053</b>

The aggregate of retained earnings and accumulated other comprehensive income as at December 31, 2015 is \$202,408 (December 31, 2014: \$172,980).

Accompanying notes are an integral part of the financial statements.

**Lawyers' Professional Indemnity Company**  
**Statement of Cash Flows**  
**Stated in thousands of Canadian dollars**

<b>For the year ended December 31</b>	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Profit (loss)	28,444	17,060
Items not affecting cash:		
Deferred income taxes	(12)	(309)
Amortization of property and equipment	694	728
Amortization of intangible asset	146	-
Realized (gains) losses on disposition or impairment	(2,306)	(6,588)
Amortization of premiums and discounts on bonds	(131)	(2,159)
Changes in unrealized (gains) losses	2,983	(2,333)
	<u>29,818</u>	<u>6,399</u>
Changes in non-cash working capital balances:		
Investment income due and accrued	(250)	124
Due from reinsurers	233	(396)
Due from insureds	(124)	317
Due from the Law Society of Upper Canada	(946)	(6,626)
Reinsurers' share of provision for unpaid claims and adjustment expenses	843	(4,413)
Other receivables	(323)	15
Other assets	51	(2)
Income taxes due and accrued (recoverable)	(1,298)	(4,073)
Provision for unpaid claims and adjustment expenses	(8,347)	20,581
Unearned premiums	91	20
Expenses due and accrued	452	109
Other taxes due and accrued	63	54
<b>Net cash inflow from operating activities</b>	<u>20,263</u>	<u>12,109</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(510)	(193)
Purchases of intangible asset	(215)	(1,028)
Purchases of investments	(316,988)	(226,092)
Proceeds from sales and maturities of investments	302,719	218,007
<b>Net cash outflow from investing activities</b>	<u>(14,994)</u>	<u>(9,306)</u>
Net change in cash and cash equivalents during the year	5,269	2,803
Cash and cash equivalents, beginning of year	17,328	14,525
<b>Cash and cash equivalents, end of year</b>	<u>22,597</u>	<u>17,328</u>
<b>Cash and cash equivalents at end of year consists of:</b>		
Cash	13,858	9,353
Cash equivalents	8,739	7,975
	<u>22,597</u>	<u>17,328</u>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid (operating activity)	11,326	10,293
Interest received (investing activity)	16,148	13,614
Dividends received (investing activity)	3,918	2,825

Accompanying notes are an integral part of the financial statements.11

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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, 2015. 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 24, 2016.

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 that are measured at the end of each reporting period, except for certain financial instruments and the provision for unpaid claims and adjustment expenses, 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.

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

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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

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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.

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

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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.

**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.

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### **Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost, less any applicable accumulated amortisation and accumulated impairment losses. Once an acquired intangible asset is available for use, amortisation is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortisation 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.

### **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-

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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. If a gain or loss on a non-monetary asset and liability is recognized in OCI, any exchange component of that gain or loss is also recognized in OCI, and conversely, if a gain or loss on a non-monetary asset and liability is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss.

**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

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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. 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.

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**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 as 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.

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 the following revised IFRS issued by the IASB that is mandatorily effective for an accounting period that begins on or after July 1, 2014.

**a) 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. The Company did not experience any significant impact from the implementation of these amendments.

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**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) Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure Initiative**

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.

**b) Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization**

These amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 and IAS 38 prohibit the use of revenue-based depreciation for property, plant and equipment and significantly limit the use of revenue-based amortization for intangible assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have significant impact on the Company's financial statements.

**c) Annual Improvements to IFRSs 2012-2014**

These improvements to IFRSs consist of amendments to four IFRSs, including IFRS 7 "*Financial Instruments: Disclosures*" and IAS 19 "*Employee Benefits*". The amendments clarify existing guidance. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.

**d) IFRS 16 "Leases"**

In January 2016, the IASB issued a new leases standard, IFRS 16, which replaces the previous leases standard, IAS 17 *Leases*, and related Interpretations, and completes the IASB's project to improve the financial reporting of leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. the customer ('lessee') and the supplier ('lessor'). Subject to certain exemptions, lessees will be required to capitalize all leases, by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment, and its obligation to make future lease payments as a financial liability. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact on its financial statements.

**e) 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

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classification and measurements by introducing fair value through other comprehensive income ("FVOCI") measurement category for certain simple debt instruments.

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, subject to a possible election to defer implementation until January 1, 2021 pursuant to recent proposed revisions to the draft amended IFRS 4 "*Insurance Contracts*" standard. 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.

## **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:

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**December 31, 2015**

	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Fixed income securities	148,823	4,763	(190)	153,396
Common equities	70,046	32,821	(4,875)	97,992
	<u>218,869</u>	<u>37,584</u>	<u>(5,065)</u>	<u>251,388</u>
Designated as FVTPL				
Fixed income securities	353,801	9,936	(2,418)	361,319
Preferred equities	615	-	(265)	350
	<u>354,416</u>	<u>9,936</u>	<u>(2,683)</u>	<u>361,669</u>
<b>Total</b>	<b><u>573,285</u></b>	<b><u>47,520</u></b>	<b><u>(7,748)</u></b>	<b><u>613,057</u></b>
Reconciled in aggregate to asset classes as follows:				
Fixed income securities	502,624	14,699	(2,608)	514,715
Equities	70,661	32,821	(5,140)	98,342
<b>Total</b>	<b><u>573,285</u></b>	<b><u>47,520</u></b>	<b><u>(7,748)</u></b>	<b><u>613,057</u></b>

**December 31, 2014**

	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	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
	<u>205,088</u>	<u>35,490</u>	<u>(3,027)</u>	<u>237,551</u>
Designated as FVTPL				
Fixed income securities	348,878	11,186	(851)	359,213
Preferred equities	615	-	(99)	516
	<u>349,493</u>	<u>11,186</u>	<u>(950)</u>	<u>359,729</u>
<b>Total</b>	<b><u>554,581</u></b>	<b><u>46,676</u></b>	<b><u>(3,977)</u></b>	<b><u>597,280</u></b>
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
<b>Total</b>	<b><u>554,581</u></b>	<b><u>46,676</u></b>	<b><u>(3,977)</u></b>	<b><u>597,280</u></b>

In the above tables, the gross unrealized figures for common equities securities includes recognized impairments. As at December 31, 2015, of the total cumulative impairments of \$7,327,592 (December 31, 2014: \$5,339,916) an amount of \$3,781,353 is included in gross unrealized losses (December 31, 2014:

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\$3,975,633) and an amount of \$3,546,239 is included in gross unrealized gains (December 31, 2014: \$1,364,283). For additional details, see note 5c.

**b) Maturity profile of fixed income securities**

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

	<b>December 31, 2015</b>			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>Available-for-sale</b>				
Issued or guaranteed by:				
Canadian federal government	554	26,594	285	27,433
Canadian provincial and municipal governments	10,388	77,817	12,347	100,552
Mortgage backed securities	-	1,493	-	1,493
Corporate debt	2,203	15,424	6,291	23,918
	<u>13,145</u>	<u>121,328</u>	<u>18,923</u>	<u>153,396</u>
<b>Designated as FVTPL</b>				
Issued or guaranteed by:				
Canadian federal government	16,303	18,215	20,541	55,059
Canadian provincial and municipal governments	16,953	38,810	32,298	88,061
Mortgage backed securities	13,537	12,666	-	26,203
Corporate debt	22,286	44,534	125,176	191,996
	<u>69,079</u>	<u>114,225</u>	<u>178,015</u>	<u>361,319</u>
<b>Fixed income securities</b>	<b><u>82,224</u></b>	<b><u>235,553</u></b>	<b><u>196,938</u></b>	<b><u>514,715</u></b>
Percent of total	16%	46%	38%	100%

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	<b>December 31, 2014</b>			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>Available-for-sale</b>				
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
	<u>2,850</u>	<u>116,742</u>	<u>23,290</u>	<u>142,882</u>
<b>Designated as FVTPL</b>				
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
	<u>80,886</u>	<u>135,715</u>	<u>142,612</u>	<u>359,213</u>
Fixed income securities	<b><u>83,736</u></b>	<b><u>252,457</u></b>	<b><u>165,902</u></b>	<b><u>502,095</u></b>
Percent of total	17%	50%	33%	100%

The weighted average duration of fixed income securities as at December 31, 2015 is 2.87 years (December 31, 2014: 2.77 years). The effective yield on fixed income securities as at December 31, 2015 is 3.02% (December 31, 2014: 2.67%).

### 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.

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As a result of the impairment analysis performed by management, \$3,695,227 in write-downs to various equity securities were required for the year ended December 31, 2015 (2014: \$857,061).

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

	<u>2015</u>	<u>2014</u>
Balance, as at January 1	5,340	5,336
Increase for the year charged to the income statement	3,695	857
Release upon disposition	<u>(1,707)</u>	<u>(853)</u>
Balance, as at December 31	<u><b>7,328</b></u>	<u><b>5,340</b></u>

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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:

	2015			2014		
	Designated as FVTPL	Available- for-sale	Total	Designated as FVTPL	Available- for-sale	Total
Interest	12,977	3,551	16,528	12,166	3,480	15,646
Dividends	21	3,887	3,908	21	2,817	2,838
Net realized gains (losses)	130	5,618	5,748	307	7,278	7,585
Change in net unrealized gains (losses)	(2,983)	275	(2,708)	2,333	97	2,430
Impairments	-	(3,695)	(3,695)	-	(857)	(857)
	10,145	9,636	19,781	14,827	12,815	27,642
Less: Investment expenses	(396)	(844)	(1,240)	(389)	(781)	(1,170)
Net investment income	<b>9,749</b>	<b>8,792</b>	<b>18,541</b>	<b>14,438</b>	<b>12,034</b>	<b>26,472</b>

**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:

	2015					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	68	(18)	50	7	(2)	5
Equities	5,550	(1,471)	4,079	3,970	(1,052)	2,918
Total	<b>5,618</b>	<b>(1,489)</b>	<b>4,129</b>	<b>3,977</b>	<b>(1,054)</b>	<b>2,923</b>

	2014					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	415	(110)	305	2,320	(615)	1,705
Equities	6,863	(1,819)	5,044	7,176	(1,902)	5,274
Total	<b>7,278</b>	<b>(1,929)</b>	<b>5,349</b>	<b>9,496</b>	<b>(2,517)</b>	<b>6,979</b>

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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, 2015	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
<b>Financial assets measured at fair value (recurring basis)</b>									
Cash and cash equivalents	22,600	-	-	-	22,600	22,600	-	-	22,600
Fixed income securities	362,760	-	153,920	-	516,680	265,213	251,467	-	516,680
Common equities	-	-	98,281	-	98,281	98,281	-	-	98,281
Preferred equities	355	-	-	-	355	-	355	-	355
	385,715	-	252,201	-	637,916	386,094	251,822	-	637,916
<b>Financial assets measured at fair value (non-recurring basis)</b>									
Due from reinsurers	-	539	-	-	539	-	539	-	539
Due from insureds	-	2,127	-	-	2,127	-	2,127	-	2,127
Due from the Law Society of Upper Canada	-	7,569	-	-	7,569	-	7,569	-	7,569
Other receivables	-	1,727	-	-	1,727	-	1,727	-	1,727
Other assets	-	327	-	-	327	-	327	-	327
	-	12,289	-	-	12,289	-	12,289	-	12,289
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
Due to reinsurers	-	-	-	658	658	-	658	-	658
Due to insureds	-	-	-	359	359	-	359	-	359
Expenses due and accrued	-	-	-	2,087	2,087	-	2,087	-	2,087
Other taxes due and accrued	-	-	-	519	519	-	519	-	519
	-	-	-	3,623	3,623	-	3,623	-	3,623
<b>Total</b>	<b>385,715</b>	<b>12,289</b>	<b>252,201</b>	<b>(3,623)</b>	<b>646,582</b>	<b>386,094</b>	<b>260,488</b>	<b>-</b>	<b>646,582</b>
<b>As at December 31, 2014</b>									
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
<b>Financial assets measured at fair value (recurring basis)</b>									
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
<b>Financial assets measured at fair value (non-recurring basis)</b>									
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
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
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
<b>Total</b>	<b>378,253</b>	<b>10,956</b>	<b>238,367</b>	<b>(2,968)</b>	<b>624,608</b>	<b>351,148</b>	<b>273,460</b>	<b>-</b>	<b>624,608</b>

There were no transfers between any levels during the year ended December 31, 2015 (2014: none). Note that for financial instruments, such as short term trade receivables and payables, as well as the non-recurring

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financial assets and liabilities, the Company believes that their carrying amounts are reasonable approximations of fair value.

**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:

	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Computer software</b>	<b>Leasehold improvements</b>	<b>Total</b>
January 1, 2014	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
Additions	8	281	37	184	510
Amortization	(18)	(182)	(75)	(419)	(694)
December 31, 2015	44	268	91	1,071	1,474

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

	<b>December 31, 2015</b>			<b>December 31, 2014</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Carrying value</b>
Furniture and fixtures	1,415	(1,371)	44	1,407	(1,353)	54
Computer equipment	2,346	(2,078)	268	2,065	(1,896)	169
Computer software	769	(678)	91	732	(603)	129
Leasehold improvements	3,625	(2,554)	1,071	3,441	(2,135)	1,306
<b>Total</b>	<b>8,155</b>	<b>(6,681)</b>	<b>1,474</b>	<b>7,645</b>	<b>(5,987)</b>	<b>1,658</b>

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**8. INTANGIBLE ASSET**

The Company's recognized intangible asset consists of a license. The associated software became available for use during the current year, and as a result, is being amortized over its expected useful life of 68 months. During the years ending December 31, details of the movement in the carrying values are as follows:

	<u>2015</u>	<u>2014</u>
<u>Cost</u>		
Balance, beginning of year	1,028	-
Additions from separate acquisitions	215	1,028
Additions from internal developments	-	-
Disposals or classified as held for sale	-	-
Balance, end of year	<u>1,243</u>	<u>1,028</u>
<u>Accumulated amortization and impairment</u>		
Balance, beginning of year	-	-
Amortization expense	(146)	-
Disposals or classified as held for sale	-	-
Impairment losses	-	-
Balance, end of year	<u>(146)</u>	<u>-</u>
Carrying amount	<u>1,097</u>	<u>1,028</u>

**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.

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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.

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.

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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, 2015, which was 2.18% (December 31, 2014: 1.95%). 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, 2015 the PfAD was calculated at 15% (December 31, 2014: 15%) of the net discounted claim liabilities, 1.5% (December 31, 2014: 1.5%) of the ceded discounted claim liabilities, and a 0.50% reduction to the discount rate (December 31, 2014: 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:

	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Undiscounted</b>	<b>Discounted</b>	<b>Undiscounted</b>	<b>Discounted</b>
Unpaid claims and adjustment expenses	422,542	460,146	426,622	468,493
Recoverable from reinsurers	(40,863)	(44,057)	(41,349)	(44,900)
<b>Net</b>	<b>381,679</b>	<b>416,089</b>	<b>385,273</b>	<b>423,593</b>

Details of the provision for unpaid claims and adjustment expenses, by line of business, are summarized as follows:

	<b>December 31, 2015</b>			<b>December 31, 2014</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Professional liability	444,235	(43,984)	400,251	453,626	(44,814)	408,812
Title	15,911	(73)	15,838	14,867	(86)	14,781
<b>Total</b>	<b>460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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

	<b>December 31, 2015</b>			<b>December 31, 2014</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Case reserves	278,175	(2,887)	275,288	287,235	(3,056)	284,179
IBNR	181,971	(41,170)	140,801	181,258	(41,844)	139,414
<b>Total</b>	<b>460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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, 2015 and December 31, 2014.

In 2015, 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. The net impact of these changes was a \$9,259,000 decrease in the provision, before reinsurance, as at December 31, 2015. This impact amount is attributable to severity assumptions, the professional liability line of business, and changes in the prior years.

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.

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

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	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Claims & external adjustment expenses paid	80,456	470	79,986	76,408	849	75,559
Change in case reserves	(6,122)	(236)	(5,886)	10,501	(500)	11,001
Change in IBNR	2,072	(250)	2,322	(2,176)	3,786	(5,962)
Discount expense	(4,267)	(357)	(3,910)	11,190	1,127	10,063
IAE paid	8,263	-	8,263	7,858	-	7,858
Change in provision for IAE	(30)	-	(30)	1,066	-	1,066
	<b>80,372</b>	<b>(373)</b>	<b>80,745</b>	<b>104,847</b>	<b>5,262</b>	<b>99,585</b>

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:

	2015	2014
Provision for unpaid claims and adjustment expenses – January 1 – net	423,593	407,425
Change in net provision for claims and adjustment expenses due to:		
Prior years' incurred claims	(27,559)	(19,658)
Current year's incurred claims	112,214	109,180
Net claims and adjustment expenses paid in relation to:		
Prior years	(78,575)	(74,147)
Current year	(9,674)	(9,270)
Impact of discounting	(3,910)	10,063
Provision for unpaid claims and adjustment expenses – December 31 – net	416,089	423,593
Reinsurers' share of provisions for unpaid claims and adjustment expenses	44,057	44,900
Provision for unpaid claims and adjustment expenses – December 31 – gross	<b>460,146</b>	<b>468,493</b>

**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, 2015, 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:

	All Prior Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Estimate of Ultimate Claims</b>												
At end of Policy year		82,043	88,720	91,567	94,936	90,778	98,870	110,380	102,937	103,962	106,879	
One Year Later		81,820	90,139	99,776	95,781	90,585	100,573	93,630	95,423	92,844		
Two Years Later		82,040	95,375	94,086	97,708	89,394	97,841	90,749	91,649			
Three Years Later		78,097	93,715	93,942	96,541	87,128	96,265	88,237				
Four Years Later		72,438	93,424	92,322	94,258	87,341	87,906					
Five Years Later		70,399	90,823	89,566	91,157	84,680						
Six Years Later		71,942	91,450	88,292	94,402							
Seven Years Later		71,364	90,168	86,719								
Eight Years Later		70,799	88,798									
Nine Years Later		70,307										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,743)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(30,885)	(26,124)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,488)	(44,452)	(36,429)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,208)	(54,632)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,445)	(61,111)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,230)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		70,307	88,798	86,719	94,402	84,680	87,906	88,237	91,649	92,844	106,879	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,230)	(61,111)	(54,632)	(36,429)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	10,301	6,684	10,995	14,824	19,172	23,569	33,274	51,808	60,981	74,721	100,983	<b>407,312</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	1,100	656	1,049	1,364	1,792	2,247	3,180	4,970	5,808	6,832	8,606	<b>37,604</b>
Present Value recognized in the Statement of Financial Position	11,555	7,414	12,235	16,475	21,332	26,276	37,298	58,373	68,854	84,843	115,491	<b>460,146</b>

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

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	All Prior Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Estimate of Ultimate Claims</b>												
At end of Policy year		78,076	84,240	86,762	89,886	86,458	94,874	106,381	98,696	99,579	102,534	
One Year Later		77,873	85,659	94,971	91,732	86,265	96,577	89,631	91,183	88,460		
Two Years Later		78,093	90,895	90,242	93,660	85,075	93,845	86,750	87,409			
Three Years Later		74,150	90,130	90,098	92,492	82,808	92,269	84,238				
Four Years Later		69,280	89,840	88,478	90,209	83,022	83,910					
Five Years Later		67,241	87,238	85,722	87,108	80,361						
Six Years Later		68,785	87,866	84,448	90,353							
Seven Years Later		68,207	86,584	82,875								
Eight Years Later		67,641	85,214									
Nine Years Later		67,150										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,741)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(29,976)	(26,122)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,466)	(43,542)	(36,421)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,111)	(53,722)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,409)	(61,000)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,193)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		67,150	85,214	82,875	90,353	80,361	83,910	84,238	87,409	88,460	102,534	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,193)	(61,000)	(53,722)	(36,421)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	8,289	3,527	7,411	10,980	15,160	19,361	30,188	47,817	56,741	70,337	96,638	<b>366,449</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	903	395	764	1,070	1,478	1,909	2,934	4,654	5,476	6,509	8,318	<b>34,410</b>
Present Value recognized in the Statement of Financial Position	9,346	3,996	8,366	12,337	17,006	21,730	33,966	54,066	64,282	80,136	110,858	<b>416,089</b>

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**10. UNEARNED PREMIUMS**

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

	<u>2015</u>	<u>2014</u>
Balance, as at January 1	769	749
Net premiums written during the year	120,761	114,920
Less: Net premiums earned during the year	<u>(120,670)</u>	<u>(114,900)</u>
Increase (decrease) in unearned premiums	<u>91</u>	<u>20</u>
Balance, as at December 31	<u><b>860</b></u>	<u><b>769</b></u>

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 (2014: 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 (2014: \$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, 2015 are \$1 million per claim and \$2 million in aggregate per member. Under the insurance policy

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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.

For the year ended December 31, 2015, \$115,603,310 of the gross premiums written related to mandatory insurance coverage provided to the Law Society and its members (2014: \$110,871,667). As at December 31, 2015, the Company had a balance due from the Law Society of \$7,569,044 (December 31, 2014: \$6,622,607 due from Law Society).

For the year ended December 31, 2015, the Company contributed to the Law Society \$188,204 in regards to a wellness program to be made available to the insureds of the Company's primary liability policy (2014: \$231,194). 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:

	<u>2015</u>	<u>2014</u>
Short-term compensation and benefits	3,429	3,372
Post employment benefits	<u>274</u>	<u>246</u>
	<u>3,703</u>	<u>3,618</u>

### **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 2015, the Company made payments of \$678,900 (2014: \$641,012) and recorded pension expense of \$714,685 (2014: \$675,910).

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 contributions made in 2015 (2014: nil) and recorded pension expenses of \$84,219 in 2015 (2014: \$11,865). 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, 2014. Management's preliminary estimate is that \$850,000 is the required contribution to the plan during the year ending December 31, 2016.

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

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*

	<b>2015</b>	<b>2014</b>
<b>Accrued benefit obligation</b>		
Balance, as at January 1	7,158	6,253
Current service cost	143	120
Interest cost	272	287
Remeasurement (gains) losses:		
Actuarial (gains) losses - demographic assumptions	-	72
Actuarial (gains) losses - financial assumptions	107	704
Actuarial (gains) losses - experience adjustments	269	(5)
Benefits paid	(273)	(273)
Balance, as at December 31	<u><u>7,676</u></u>	<u><u>7,158</u></u>

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*Defined benefit plan assets*

	<b>2015</b>	<b>2014</b>
<b>Plan assets</b>		
Fair value, as at January 1	8,848	8,731
Interest income on plan assets	331	395
Remeasurement gains (losses):		
Return on plan assets greater (less) than discount rate	(341)	(5)
Benefits paid	(273)	(273)
Employer contribution	-	-
Fair value, as at December 31	<u><b>8,565</b></u>	<u><b>8,848</b></u>

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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Equity securities	34.43%	33.21%
Fixed income securities	18.48%	17.32%
Cash and cash equivalents	1.16%	4.55%
Refundable-tax account	45.93%	44.92%
	<u><b>100%</b></u>	<u><b>100%</b></u>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Fair value of plan assets	8,565	8,848
Accrued benefit obligation	(7,676)	(7,158)
Funded status surplus	<u>889</u>	<u>1,690</u>
Irrecoverable surplus (effect of asset ceiling)	-	-
Accrued benefit asset	<u><b>889</b></u>	<u><b>1,690</b></u>

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

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

	<b>2015</b>	<b>2014</b>
Service cost:		
Current service cost	143	120
Past service cost and (gain) loss from settlements	-	-
Net interest (income) expense	(59)	(108)
Components of defined benefit costs recognized in profit or loss	<u><b>84</b></u>	<u><b>12</b></u>
Remeasurement on the net defined benefit liability		
Actuarial (gain) loss due to liability experience	268	(5)
Actuarial (gain) loss due to liability assumption changes	107	776
Actuarial (gain) loss arising during year	<u>375</u>	<u>771</u>
Return on plan assets (greater) less than discount rate	341	5
Change in irrecoverable surplus (effect of asset ceiling)	-	-
Components of defined benefit costs recognized in OCI	<u><b>716</b></u>	<u><b>776</b></u>
<b>Total</b>	<u><b>800</b></u>	<u><b>788</b></u>

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

	<b>2015</b>	<b>2014</b>
Discount rate	3.85%	3.80%
Rate of compensation increase	4.50%	3.50%
Mortality	CPM 2014 Priv 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 2014 Priv mortality table with generational mortality improvements following Scale CPM-B; pension size adjustment factors of 0.83 for males and 0.88 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2015, if the discount rate was 1% higher/(lower) the defined benefit obligation would decrease by \$905,700 (increase by \$1,108,600). 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.

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The expected maturity profile of the defined benefit obligation as at December 31, 2015 is as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>
Expected benefit payments	273	277	276	454	453	2,244

The defined benefit obligation as at December 31, 2015 by participant category is as follows:

Active participants	3,038
Pensioners	4,638

#### 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:

	<u>2015</u>	<u>2014</u>
<b>Current income tax</b>		
(Recovered) expensed during the year	10,029	6,220
Prior year adjustments	(2)	-
<b>Total current income tax expense (recovery)</b>	<u>10,027</u>	<u>6,220</u>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(12)	(309)
Changes in statutory tax rates	-	-
<b>Total deferred income tax expense (recovery)</b>	<u>(12)</u>	<u>(309)</u>
<b>Total income tax expense (recovery)</b>	<u>10,015</u>	<u>5,911</u>

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

	<u>2015</u>	<u>2014</u>
Unpaid claims and adjustment expenses	100	(214)
Investments	(40)	(40)
Pensions	(32)	(12)
Property and equipment	(40)	(43)
	<u>(12)</u>	<u>(309)</u>

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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:

	<u>2015</u>	<u>2014</u>
<b>Current income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	544	815
Pensions	-	-
<b>Total current income tax expense</b>	<u>544</u>	<u>815</u>
<b>Deferred income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	-	-
Pensions	(190)	(206)
<b>Total deferred income tax expense</b>	<u>(190)</u>	<u>(206)</u>
<b>Total income tax expense in OCI</b>	<u>354</u>	<u>609</u>

**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.

	<u>2015</u>	<u>2014</u>
Profit or loss before income taxes	38,459	22,971
Statutory income tax rate	26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates	10,192	6,087
Increase (decrease) resulting from:		
Investments	(197)	(198)
Non-deductible meals and entertainment	14	13
Other non-deductible items	6	9
Provision for (recovery of) income taxes	<u>10,015</u>	<u>5,911</u>

The statutory rate applicable to the Company at December 31, 2015 is same as at December 31, 2014.

During the year, the Company made income tax payments of \$11,325,581 (2014: \$10,293,132) and received no income tax refunds (2014: nil) from the various taxing authorities.

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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:

	<b>December 31</b>	<b>December 31</b>
	<b>2015</b>	<b>2014</b>
<b>Deferred tax assets</b>		
Net provision for unpaid claims and adjustment expenses	5,513	5,613
Property and equipment	332	292
	<u>5,845</u>	<u>5,905</u>
<b>Deferred tax liabilities</b>		
Investments	(393)	(433)
Pension	(193)	(415)
	<u>(586)</u>	<u>(848)</u>
<b>Total net deferred tax assets</b>	<u><b>5,259</b></u>	<u><b>5,057</b></u>

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:

	<b>2015</b>	<b>2014</b>
Salaries and benefits	10,818	9,755
Professional fees	1,665	1,746
Occupancy lease	1,096	1,047
Financial processing fees	941	874
Directors remuneration	893	809
Information systems	833	746
Office and administrative expenses	673	948
Amortization of property and equipment	569	442
Communication	511	463
<b>Total</b>	<u><b>17,999</b></u>	<u><b>16,830</b></u>

Included in salaries and benefits are amounts for future employee benefits under a defined contribution plan of \$678,900 (2014 - \$641,012) and a supplementary defined benefit plan of \$84,219 (2014 - \$11,865).

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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, 2015, lease obligations on office premises were as follows:

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 \$1,228,611 as at December 31, 2015 (December 31, 2014: \$1,238,354) which are held as security for amounts recoverable from unregistered reinsurers of \$382,026 (2014: \$511,096). 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, 2014: nil).

**19. CAPITAL MANAGEMENT**

Capital is comprised of the Company's equity. As at December 31, 2015 the Company's equity was \$238,052,956 (December 31, 2014: \$208,625,233). 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.

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 mandates the 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% (2014: 180%) in excess of which, under normal circumstances, the Company will maintain its capital. During the year ended December 31, 2015, the Company complied with the various provincial regulators' guidelines and as at December 31, 2015, the Company has a MCT ratio of 268% (December 31, 2014:

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251%). 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, 2015 and 2014. 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 (2014: 99%) and 95% in professional liability (2014: 96%), 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:

	2015			2014		
	Ontario	All other provinces	Total	Ontario	All other provinces	Total
<b>Gross written premium</b>						
Professional liability	121,729	-	121,729	116,979	-	116,979
Title	5,895	218	6,113	4,966	204	5,170
<b>Total</b>	<b>127,624</b>	<b>218</b>	<b>127,842</b>	<b>121,945</b>	<b>204</b>	<b>122,149</b>

**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

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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.

**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, 2015		December 31, 2014	
	Net provision for unpaid claims and adjustment expenses	Equity	Net provision for unpaid claims and adjustment expenses	Equity
Unreported claims +20%	4,962	(3,647)	5,283	(3,883)
Average claim severities +1%	4,460	(3,278)	5,299	(3,895)

**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.

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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.

The following table provides a credit risk profile of the Company's applicable investment assets and amounts recoverable from reinsurers.

	December 31, 2015						Carrying value
	AAA	AA	A	BBB	BB and lower	Not rated	
Cash and cash equivalents	5,881					16,716	22,597
Fixed income securities	131,313	85,315	204,140	68,979	-	24,968	514,715
Investment income due and accrued	284	294	1,074	481	2	127	2,262
Due from reinsurers	-	-	532	-	7	-	539
Due from insureds	-	-	-	-	-	2,127	2,127
Due from the Law Society of Upper Canada	-	-	-	-	-	7,569	7,569
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	44,056	-	-	1	44,057
Other receivables	-	-	-	-	-	1,727	1,727
Other assets	-	-	-	-	-	1,217	1,217

	December 31, 2014						Carrying value
	AAA	AA	A	BBB	BB and lower	Not rated	
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

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.

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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.

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:

	<b>December 31, 2015</b>				
	<b>Within one year</b>	<b>One to five years</b>	<b>More than five years</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	22,597	-	-	-	22,597
Investments - designated as FVTPL	69,079	114,225	178,015	350	361,669
Investments - available-for-sale	13,145	121,328	18,923	97,992	251,388
Investment income due and accrued	2,262	-	-	-	2,262
Due from reinsurers	539	-	-	-	539
Due from insureds	2,127	-	-	-	2,127
Reinsurers' share of unpaid claims	10,663	22,178	8,022	3,194	44,057
Due from Law Society	7,569	-	-	-	7,569
Other receivable	1,727	-	-	-	1,727
Other assets	328	-	-	889	1,217
<b>Total</b>	<b>130,036</b>	<b>257,731</b>	<b>204,960</b>	<b>102,425</b>	<b>695,152</b>
<b>Liabilities</b>					
Provision for unpaid claims	100,446	233,586	88,511	37,603	460,146
Due to reinsurers	658	-	-	-	658
Due to insureds	359	-	-	-	359
Expenses due and accrued	2,087	-	-	-	2,087
<b>Total</b>	<b>103,550</b>	<b>233,586</b>	<b>88,511</b>	<b>37,603</b>	<b>463,250</b>

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	<b>December 31, 2014</b>				
	<b>Within one year</b>	<b>One to five years</b>	<b>More than five years</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Assets</b>					
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	294	-	-	1,690	1,984
<b>Total</b>	<b>124,722</b>	<b>277,614</b>	<b>173,399</b>	<b>98,431</b>	<b>674,166</b>
<b>Liabilities</b>					
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
<b>Total</b>	<b>114,066</b>	<b>262,493</b>	<b>78,213</b>	<b>16,233</b>	<b>471,005</b>

**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.

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	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	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%	(11,245)	(12,933)	(2,467)	(9,224)	(12,741)	(2,951)
-1%	11,800	13,538	2,469	9,664	13,428	3,092

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.

	<u>2015</u>		<u>2014</u>	
	<u>After-tax OCI</u>			
Equity prices +10%		7,202		6,958
-10%		(7,202)		(6,958)

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	<u>2015</u>		<u>2014</u>	
	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)
US Dollar	767	3,362	356	3,081
Euro	-	1,115	-	1,142
Other	-	785	-	830
	<u>767</u>	<u>5,262</u>	<u>356</u>	<u>5,053</u>

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:

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	<b>December 31, 2015</b>					
	<b>Cash and cash equivalents</b>	<b>Fixed income securities</b>	<b>Equities</b>	<b>Investment income due and accrued</b>	<b>Total</b>	<b>% of total</b>
Canada	14,924	505,265	24,901	1,998	547,088	85.8%
USA	7,673	6,146	42,746	92	56,657	8.9%
France	-	-	9,199	19	9,218	1.4%
Netherlands	-	-	4,579	-	4,579	0.7%
Others	-	3,304	16,917	153	20,374	3.2%
<b>Total</b>	<b>22,597</b>	<b>514,715</b>	<b>98,342</b>	<b>2,262</b>	<b>637,916</b>	<b>100.0%</b>

	<b>December 31, 2014</b>					
	<b>Cash and cash equivalents</b>	<b>Fixed income securities</b>	<b>Equities</b>	<b>Investment income due and accrued</b>	<b>Total</b>	<b>% of total</b>
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%
<b>Total</b>	<b>17,328</b>	<b>502,095</b>	<b>95,185</b>	<b>2,012</b>	<b>616,620</b>	<b>100.0%</b>

## **21. 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 2014 the Company began filing 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 \$76,813,361. 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.

## **22. COMPARATIVE FIGURES**

The Company has restated the prior year's note 5d, 5e, 15 and 20c to conform to the current year's presentation.

## **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, PricewaterhouseCoopers 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 24, 2016

Kathleen A. Waters  
President and CEO

Steve Jorgensen  
Chief Financial Officer

**Exhibit 12 – INSURANCE RATIOS<sup>1</sup>**

TEST	RECOMMENDED RANGE	DEC 2015	DEC 2014	DEC 2013
<b>I. Solvency Ratios</b>				
<b>1. Minimum Capital Test</b>				
<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%	268%	251%	233%
<b>2. Loss reserves to equity</b>				
<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%	175%	203%	215%
<b>II. Other Select Ratios</b>				
<b>1. Liabilities as a % of liquid assets</b>				
<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%	66%	70%	70%
<b>2. Net premiums written as a % of surplus</b>				
<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%	51%	55%	56%
<b>3. Return on equity</b>				
<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>	Greater than 0% <sup>1</sup> , Net income Comprehensive Income	13% 13%	9% 9%	3% 10%
<b>4. General expense ratio</b>				
<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 (28% as at Dec 2014)	18%	18%	19%
<b>5. Optional business segment</b>				
<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)	(315)	2,049	993

**Note:**

1. Sufficient to maintain/grow MCT.

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

January 27, 2016

Subject: Quarterly Compliance Report as at December 31, 2015  
for Lawyers' Professional Indemnity Company

As of and for the quarter ending December 31, 2015, 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, 2015.

Yours truly,

A handwritten signature in black ink, appearing to read "Deborah Lewis", written in a cursive style.

Deborah Lewis, CFA  
First Vice President



GESTION DE PLACEMENTS GLOBALE  
GLOBAL INVESTMENT MANAGEMENT  
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February 3<sup>rd</sup>, 2016

Lawyer's 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 31<sup>st</sup>, 2015, Letko Brosseau was in compliance with the requirements of the Statement of Investment Policies and Procedures, effective January 1<sup>st</sup>, 2015. 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.

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 3.2.3**

**FOR INFORMATION**

**LIBRARYCO INC. – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2015**

19. **The audited financial statements for LibraryCo Inc. for the year ended December 31, 2015 are for information.**
20. 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.
21. LibraryCo's Annual Financial Statements have been approved by LibraryCo's Board.

**LIBRARYCO INC.**

**Financial Statements for the year ended December 31, 2015**

## **LIBRARYCO INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2015**

#### **Results of Operations**

Results for the year identify a surplus of \$112,000 compared to a deficit of \$242,000 in 2014 and a budgeted deficit in 2015 of \$100,000.

The surplus for the year has increased the General Fund balance to \$253,000 and the Reserve Fund balance is unchanged at \$500,000.

The main reason for the surplus was that anticipated expenses related to LibraryCo's transition process were incurred in early 2016 rather than 2015. Virtually all other expense categories were also under budget and less than the prior year, although LibraryCo's biggest expense, the grants to county law libraries, was in line with budget and increased from 2014.

#### **Statement of Revenues and Expenses — Revenues**

The Law Society grant is the lawyer-based fee that is transferred to LibraryCo totalling \$7.7 million (2014 - \$7.5 million).

The Law Foundation of Ontario grant of \$542,000 in 2014 was provided to LibraryCo to subsidize the purchase of electronic resources. The grant was not 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 \$430,000 in 2015 is limited to the administration fee paid to the Law Society. The 2014 administration fee was higher and there were also salary expenses for part of 2014.

Other head-office expenses of \$33,000 (2014 - \$142,000) decreased from 2014 due to severance costs in that year.

Electronic product expenses of \$339,000 decreased by \$407,000 based on the new contract for 2015.

County and District law libraries grants of \$6.4 million (2014 - \$6.3 million) are detailed by county in the notes to the financial statements and include both the annual grants approved as part of the budget process and also special needs grants. All counties received increases and there were less special needs grants in 2015 compared to the prior year.

#### **Balance Sheet and Statement of Changes in Fund Balances**

The change in cash is analysed in the statement of cash flows with the main contributor to the increase from \$143,000 to \$328,000 being the surplus for the year of \$112,000. The accounts

receivable total has decreased based on the timing of benefit premium refunds. Accrued liabilities include staffing cost accruals in 2014.

The General Fund accounts for the delivery, management and administration of library services. The General Fund has increased by the surplus of \$112,000 to \$253,000 over the last 12 months.

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.



March 24, 2016

## **Independent Auditor's Report**

### **To the Board of Directors of LibraryCo Inc.**

We have audited the accompanying financial statements of LibraryCo Inc., which comprise the balance sheet as at December 31, 2015, the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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.

---

*PricewaterhouseCoopers LLP  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of LibraryCo Inc. as at December 31, 2015 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.

**Other matter**

The financial statements of LibraryCo Inc. for the year ended December 31, 2014 were audited by another auditor, who expressed an unmodified opinion on those statements on March 24, 2015.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

**LIBRARYCO INC.****Balance Sheet***Stated in dollars**As at December 31*

	2015	2014
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash	328,077	142,657
Short-term investments	403,556	520,716
Accounts receivable	17,034	46,997
Prepaid expenses	30,902	29,574
<b>Total Assets</b>	<b>779,569</b>	<b>739,944</b>
<b><u>Liabilities, Share Capital and Fund Balances</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (notes 4 and 6)	26,288	98,388
<b>Total Liabilities</b>	<b>26,288</b>	<b>98,388</b>
<b>Share Capital and Fund Balances</b>		
Share capital (note 5)	200	200
General fund (note 2)	253,081	141,356
Reserve fund (note 2)	500,000	500,000
<b>Total Share Capital and Fund Balances</b>	<b>753,281</b>	<b>641,556</b>
<b>Total Liabilities, Share Capital and Fund Balances</b>	<b>779,569</b>	<b>739,944</b>

*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*

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Law Society of Upper Canada grant	<b>7,696,000</b>	7,498,519
Law Foundation of Ontario grant	-	542,000
Interest income	<b>6,040</b>	8,269
<b>Total Revenues</b>	<b>7,702,040</b>	8,048,788
<b>Expenses</b>		
<b>Head Office/Administration</b>		
Salaries and administration	<b>430,000</b>	639,657
Professional fees	<b>12,253</b>	20,173
Other (note 7)	<b>33,207</b>	142,547
<b>Total Head Office/Administration Expenses</b>	<b>475,460</b>	802,377
<b>Law Libraries - Centralized Purchases</b>		
Electronic products and services	<b>339,000</b>	746,220
Group benefits	<b>275,114</b>	281,976
Other (note 8)	<b>132,205</b>	138,170
<b>Total Law Libraries - centralized purchases</b>	<b>746,319</b>	1,166,366
County and District Law Libraries Grants (note 9)	<b>6,368,536</b>	6,321,625
<b>Total County and District Law Libraries Expenses</b>	<b>7,114,855</b>	7,487,991
<b>Total Expenses</b>	<b>7,590,315</b>	8,290,368
<b>Surplus (Deficit) for the year</b>	<b>111,725</b>	(241,580)

*See accompanying notes*

**LIBRARYCO INC.****Statement of Changes in Fund Balances***Stated in Dollars**For the year ended December 31*

	<b>2015</b>			<b>2014</b>
	General Fund	Reserve Fund	<b>Total</b>	Total
Balances, beginning of year	141,356	500,000	<b>641,356</b>	882,936
Surplus (Deficit) for the year	111,725	-	<b>111,725</b>	(241,580)
<b>Balances, end of year</b>	<b>253,081</b>	<b>500,000</b>	<b>753,081</b>	641,356

*See accompanying notes*

**LIBRARYCO INC.**  
**Statement of Cash Flows**

*Stated in dollars*

*For the year ended December 31*

	<b>2015</b>	2014
<b>Cash provided by (used in):</b>		
<b>Surplus (Deficit) for the year</b>	<b>111,725</b>	(241,580)
Net change in non-cash operating working capital items:		
Accounts receivable	<b>29,963</b>	(28,080)
Prepaid expenses	<b>(1,328)</b>	(2,776)
Accounts payable and accrued liabilities	<b>(72,100)</b>	71,962
<b>Cash sourced (used) in operating activities</b>	<b>68,260</b>	(200,474)
<b>Investing activities</b>		
Short-term investments	<b>117,160</b>	(10,167)
Cash, beginning of year	<b>142,657</b>	353,298
<b>Cash, end of year</b>	<b>328,077</b>	142,657

*See accompanying notes*

**LibraryCo Inc.**  
**Notes to financial statements**  
**For the year ended December 31, 2015**

**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 Federation of Ontario Law Associations (FOLA). The Society may appoint up to four directors, FOLA 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 (ASPNO) set out in Part III of the Chartered Professional Accountants of 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*

Cash are amounts on deposit for less than 90 days.

*Short-term investments*

Short-term investments are amounts 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.

*Use of estimates*

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from such estimates.

**3. Financial Instruments**

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

<b>Asset / Liability</b>	<b>Measurement</b>
Cash	Fair value
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	<b>2015</b>	2014
100 Common shares	<b>\$100</b>	\$100
100 Special shares	<b>100</b>	100
	<b>\$200</b>	\$200

## 6. Related Party Transactions

The Society provided the Organization with a grant of \$7,696,000 (2014: \$7,499,000) during the year. 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 2015 was \$502,346 (2014: \$589,092). Included in accounts payable and accrued liabilities are amounts due to the Society of \$5,926 (2014: \$492).

## 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 continuing education bursaries, the Conference for Ontario Law Associations' Libraries, 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 2015 and 2014:

<b>Law Association</b>	<b>2015</b>	<b>2014</b>
Algoma County	\$134,266	\$132,937
Brant	99,742	98,754
Bruce	55,630	56,079
Carleton County	614,682	608,596
Cochrane	48,326	48,805
Dufferin	47,309	46,884
Durham	129,443	128,161
Elgin	81,396	76,244
Essex	280,630	277,862
Frontenac	131,556	129,263
Grey County	66,857	65,220
Haldimand	30,474	30,445
Halton County	139,774	137,400
Hamilton	446,740	442,317
Hastings County	84,375	84,540
Huron	75,492	74,745
Kenora District	86,811	85,951
Kent	70,096	69,402
Lambton	74,536	73,798
Lanark	39,069	38,683
Leeds & Grenville	71,441	70,734

Lennox & Addington	<b>26,458</b>	26,196
Lincoln	<b>177,535</b>	175,778
Manitoulin	<b>2,525</b>	2,500
Middlesex	<b>361,548</b>	357,979
Muskoka	<b>64,197</b>	64,561
Nipissing	<b>85,767</b>	84,918
Norfolk	<b>70,853</b>	70,424
Northumberland County	<b>76,504</b>	75,747
Oxford	<b>71,772</b>	70,071
Parry Sound	<b>39,179</b>	38,791
Peel	<b>295,780</b>	293,852
Perth	<b>54,506</b>	53,966
Peterborough	<b>132,936</b>	130,629
Prescott & Russell	<b>14,231</b>	13,698
Rainy River	<b>28,832</b>	26,566
Renfrew County	<b>123,546</b>	122,323
Simcoe County	<b>140,687</b>	138,304
Stormont, Dundas & Glengarry	<b>77,168</b>	79,148
Sudbury	<b>187,367</b>	184,535
Temiskaming	<b>42,989</b>	42,563
Thunder Bay	<b>169,454</b>	193,776
Toronto	<b>585,117</b>	579,321
Victoria-Haliburton	<b>87,163</b>	87,300
Waterloo	<b>238,456</b>	236,095
Welland County	<b>98,971</b>	92,447
Wellington	<b>75,347</b>	74,601
York	<b>231,003</b>	228,716
	<b>\$6,368,536</b>	\$ 6,321,625

## 10. Comparative figures

Certain of the prior year balances have been reclassified to conform to the current year presentation.

**TAB 3.2.4**

**FOR INFORMATION**

**INVESTMENT COMPLIANCE REPORTING**

22. Investment Compliance Statements as at December 31, 2015 are for information.

**STATEMENT OF INVESTMENT COMPLIANCE**  
**SHORT TERM**  
**As at December 31, 2015**

Investment Parameters	Guidelines for Both	COMPENSATION FUND	GENERAL FUND
		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  
As at December 31, 2015**

			COMPENSATION FUND	GENERAL FUND	E & O FUND
Investment Parameters	Guidelines	Target	Compliance	Compliance	Compliance
1. <u>Asset Mix</u>					
Cash and Short-Term	0 - 15%	0%	Yes	Yes	Yes
Equity investments	5 - 25%	15%	Yes	Yes	Yes
Bonds	60 - 95%	85%	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:					
Government of Canada or Government of Canada guaranteed bonds	26-100%	46%	Yes	Yes	Yes
Provincial Government and Provincial Government guaranteed bonds and municipal bonds	0-38%	18%	Yes	Yes	Yes
Corporate Bonds*	0-56%	36%	Yes	Yes	Yes
* Target for BBB bonds within corporate bonds of the fixed income portfolio	8-18%	8%	Yes	Yes	Yes



Fred Grady  
Manager of Finance

**The Law Society of Upper Canada  
Compensation Fund  
Manager: Foyston, Gordon & Payne Inc.  
Compliance Report  
(Period ending December 31, 2015)**

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
<b>Total Fixed Income</b>	<b>75%</b>	<b>85%</b>	<b>95%</b>	<b>Y</b>
Canadian Equity	5%	15%	25%	Y
<b>Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.</b>				<b>Y</b>
<b>Each bond portfolio may be invested within the following parameters:</b>				
Minimum holding in Federal and Federally Guaranteed Bonds	FTSE TMX Short Term Bond Index Benchmark Weight minus 20%			Y
Provincials, Provincially Guarantees and Municipals	FTSE TMX Short Term Bond Index Benchmark Weight plus or minus 20%			Y
Maximum Total Corporate Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 20%			Y
Maximum Total Corporate BBB Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 10%			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.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				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 (latest draft version dated April 2015).

\*If policy not complied with, comment on specifics.

JAN 15, 2016  
Date:

  
Stephen P. Copeland  
Senior Vice President - Investments  
& Head Private Client Services

## The Law Society of Upper Canada General Fund

Manager: Foyston, Gordon & Payne Inc.

### Compliance Report (Period ending December 31, 2015)

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
<b>Total Fixed Income</b>	<b>75%</b>	<b>85%</b>	<b>95%</b>	<b>Y</b>
Canadian Equity	5%	15%	25%	Y
<b>Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.</b>				<b>Y</b>
Minimum holding in Federal and Federally Guaranteed Bonds	FTSE TMX Short Term Bond Index Benchmark Weight minus 20%			Y
Provincials, Provincially Guarantees and Municipals	FTSE TMX Short Term Bond Index Benchmark Weight plus or minus 20%			Y
Maximum Total Corporate Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 20%			Y
Maximum Total Corporate BBB Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 10%			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.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				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 (latest draft version dated April 2015).

\*If policy not complied with, comment on specifics.

JAN 15, 2016  
Date:

  
\_\_\_\_\_  
Stephen P. Copeland  
Senior Vice President - Investments  
& Head Private Client Services



January 2016

Ms. Wendy Tysall  
Chief Financial Officer  
Osgoode Hall  
Finance Dept., 1<sup>st</sup> 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 draft revision dated April 2015), for the quarter ending December 31, 2015.

Yours truly,

Stephen P. Copeland  
Senior Vice President - Investments  
& Head Private Client Services

**TAB 3.2.5**

**FOR INFORMATION**

**OTHER COMMITTEE WORK**

23. The Committee reviewed the financial implications of the recommendations contained in the Mental Health Task Force Report which is to be submitted to Convocation in April.
  
24. The Committee reviewed the financial implications of the proposals contained in the Professional Development and Competence Committee's discussion on Licensing Process options which are currently scheduled to be submitted to Convocation for information in April and decision in May.

# 2015 Annual Report



**LAWPRO**<sup>®</sup>  
Lawyers' Professional Indemnity Company



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## About LAWPRO®

Lawyers' Professional Indemnity Company (LAWPRO) is licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada.

In 2015, LAWPRO provided liability insurance to over 25,500 members of the Law Society of Upper Canada. We also insured more than 1,440 law firms (representing about 3,800 lawyers) under our optional Excess Insurance program.

Through our TitlePLUS® operation, LAWPRO also provides comprehensive title insurance to property owners and lenders throughout Canada. LAWPRO's practicePRO® risk management program assists lawyers in managing their potential exposure to professional liability claims.



# Vision, Mission, Values

## Our vision

To be regarded as the preferred insurer in all markets and product lines in which we do business.

## Our mission

To be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession.

## Our values

### Professionalism

**Individually and as a team, we hold ourselves to the highest professional standards.**

We deliver programs and services known for quality and cost-effectiveness, and for being practical, helpful and relevant.

We demand the best of ourselves every day and in everything we do.

### Innovation

**We foster a climate in which creativity, innovation and change can flourish.**

We share ideas, skills and knowledge and encourage continual learning.

We value teamwork and collaboration, and the diverse strengths and perspectives of others.

### Integrity

**We act with the highest levels of integrity in all of our interactions and decisions.**

We aim to always be consistent, fair, ethical and accountable.

### Service

**We strive for excellence in customer service.**

We share our knowledge, experience and expertise with our customers and with each other, so that together we can identify, prevent and solve problems.

We take the time to listen and understand, so we can respond effectively and empathetically to our customers and to each other.

We demonstrate courtesy and genuine respect for all.

### Leadership

**We try to make the world a better place, and to that end lend our energy and expertise to many communities.**



# LAWPRO Statement on Corporate Social Responsibility

LAWPRO's vision is to be regarded as the preferred insurer in all product lines and markets in which it does business.

Implicit in this vision – and in the values that support our vision – is a commitment to being a responsible, involved and accountable citizen of the many communities in which we hold membership: the employer community, the insurance community, the legal community, and of course the larger community in which we all live.

The LAWPRO Corporate Social Responsibility Statement is informed by this spirit of community and accountability, while acknowledging that we are governed and profoundly shaped by our unique role as the provider of the primary professional liability insurance program for all lawyers in Ontario. Our social responsibility commitment as a corporate body is focused on four principal areas:

## Providing a healthy and rewarding workplace

We respect and value our employees and the vital role they play in enabling the company to fulfill its mandate. To that end we adopt policies and practices that not only comply with applicable law and fair labour practices, but also respect diversity, promote inclusion and fellowship, cultivate professional growth through education and service, and promote health, safety and wellness, in the workplace and in personal life.

## Respecting the environment

We believe that individually and as a company we have a role to play as stewards of our environment and its resources. To that end we support and promote initiatives in our company that help advance the goal of a sustainable environment.

The company supports the work of its employee-led green committee, which aims to educate LAWPRO employees about the role individuals and organizations can play in protecting and improving the environment. LAWPRO also has spearheaded a company-wide campaign to reduce reliance on paper and related products, and facilitate use of technology in all aspects of the company's operations. The company actively encourages initiatives such as these that meet a dual mandate of being stewards of the environment and the bar's resources.

## Fostering the legal community

We view a committed, healthy and diverse bar as essential to the functioning of a democracy and to the protection of individual rights in society.

We have over the years provided financial and in-kind support to organizations that promote and deliver lawyer wellness programs. As well, we make available wellness information and resources electronically at no cost.

We support and sponsor a range of legal-related charitable and non-profit causes that advance the role and reputation of lawyers in our community and by implication, foster access to justice in Canada. We also work to support charitable initiatives which have captured the interest and imagination of the bar and their clients. We promote the enrichment of the bar through our promotion of legal education, both internally and externally, and by fostering the building of relationships within the legal community.



# LAWPRO Statement on Corporate Social Responsibility

## Supporting the broader Canadian community

We acknowledge that as highly skilled and employed individuals, we are among the fortunate in our community. LAWPRO employees give back by selecting five registered charities annually and partner with the company to fundraise for their benefit. In addition, each LAWPRO employee may request one “charity day” per year to undertake work for the registered charity of the employee’s choice.

We actively contribute to the advancement of the Canadian insurance industry, and engage in a dialogue with government in the interests of the bar and the Canadian consumer.

We promote inclusion by working to expand the range of our materials available in both official languages and by providing materials in other languages based on level of demand.



# Remarks of the Chair

2015 Annual Report

Lawyers' Professional Indemnity Company



The phrase, “sustained security” sums up LAWPRO’s results in 2015. Our financial results demonstrate that over the 20 years LAWPRO has delivered the primary insurance program, the sustained ability to manage volatility has given our shareholder and our primary professional liability program insureds years of stability.

What do I mean by sustained security? Six years of consistent premium in the primary program, despite racing real estate prices in major cities, an unsteady commercial economy, and administrative dismissal rule changes that required – and still require – a steep learning curve for our insureds. The predictability LAWPRO insurance provides allows our lawyer insureds to plan more effectively and work strategically. Although I can’t say that the primary program premium will always be so predictable, our efforts to create an environment of stability will continue to be at the forefront of our thinking.

2015 saw net earned premiums of \$120 million and about 600 more insureds in the primary program than in the previous year. As well, TitlePLUS title insurance gained momentum in a competitive marketplace, with a 14 per cent increase in issued policies in 2015 over 2014.

Claims expenses were \$26 million lower than budget due to favorable claims development, particularly in fund years 2007, 2008 and 2010 through 2014. The steep trajectory of claims costs predicted in the last few years has begun to plateau and our robust actuarial models have allowed us to release some money that was set aside for those fund years.

Our general expenses remained on budget at \$18 million, due to disciplined management, and shareholder’s equity was \$238 million in 2015, up from \$208.6 million at December 31, 2014.

The test used to determine if LAWPRO has enough capital beyond what we need to pay claims is the Minimum Capital Test. At the end of 2015, it was 268 per cent, up from 251 per cent on December 31, 2014, and above the 220-230 per cent score for which the company aims. However, 2015 was the first year of a three year phase-in to new, stricter MCT requirements. Without the benefit of the phase-in, the MCT would have been 242 per cent, closer to but still comfortably above the Board’s preferred range.

I’d like to thank my colleagues on the Board of Directors and the staff at LAWPRO. Our strong collaborative spirit has built the environment of sustained security in which the Ontario bar and its clients can prosper and grow.

*Susan T. McGrath*

Susan T. McGrath  
Chair



# Remarks of the CEO

2015 Annual Report

Lawyers' Professional Indemnity Company



To reach the level of sustained security Susan McGrath discusses in her remarks, LAWPRO has stayed true to its stated values of professionalism, innovation, integrity, service and leadership.

This focus of thought has led to LAWPRO delivering high quality, cost-effective programs. With a general expense ratio of 18 per cent – noticeably less than similar sized insurance companies – and a stabilizing number of claims over the last few years, the groundwork has been set for continued security. Nevertheless, one must always keep an eye on where the claims of the future may develop and what we can do to help protect our insureds.

In the 2015 primary professional liability program, LAWPRO experienced 99 claims per 1000 insured lawyers. This result was a small improvement over the 2014 result of 103 claims. Real estate and litigation continue to be the areas of law with the highest number of claims. Litigators are facing changes that they must address if we hope to keep claims from skyrocketing. If not managed carefully, the upcoming January 1, 2017 deadline (on which certain pre-2012 matters will be automatically dismissed as a result of the new Rule 48 of the Rules of Civil Procedure) could result in more clusters of administrative dismissal claims. LAWPRO strongly encourages lawyers to stay on top of their civil litigation files and to refer to the Rule 48.14 Transition Toolkit (available on the practicePRO.ca website) for ways to lessen the risk of a claim under the new rule. However, these kinds of time management issues are not our only concern.

Communication errors continue to be common. Twenty-eight per cent of claims arise from these misunderstandings, which demonstrate that finding the time for human interaction and understanding continues to challenge our insureds.

A concerted effort by our claims departments led to a 16 per cent increase in closed claims in the primary program and a 68 per cent increase in the TitlePLUS program. Closed claims files contribute significantly to the sustained security mentioned by our Chair on the opposite page. When a matter is closed, we can release any reserve funds not needed for the claim and the insured can focus on the continued success of his or her practice.

The ongoing need to provide affordable and accessible justice for all Ontarians has not escaped our notice. Within the primary professional liability program, LAWPRO has provided insurance program enhancements since 2002 that benefit lawyers participating in approved Pro Bono Law Ontario (PBLO) projects. Like all legal work, *pro bono* services involve risk to the insurance program. In 2015, LAWPRO worked with PBLO to develop guiding principles to help manage our relationship and smooth the way for efficient and timely approvals of programs.

By streamlining our process with PBLO, our lawyer insureds have easier access to relevant training and support while providing LAWPRO with the assurance that *pro bono* programs which entitle the lawyer to special insurance terms have been carefully evaluated and developed to allow for risk management methods that can lower the risk for our insureds and their clients.

As you look through our Annual Report for 2015, you will see the quantitative results of our hard work to care for and protect our insureds, nourish the growth of the legal profession, and serve the many communities we are privileged to inhabit. Thank you to the Board of Directions for their leadership and knowledge and to my employees-colleagues who continue to inspire me with their ideas and determination.

*Kathleen A. Waters*

Kathleen A. Waters  
President and CEO



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

The following Management Discussion and Analysis provides a review of the activities, results of operations and financial condition of Lawyers' Professional Indemnity Company ("LAWPRO" or the "Company") for the year ended December 31, 2015, in comparison with the year ended December 31, 2014. These comments should be read in conjunction with the corresponding audited financial statements, including the accompanying notes.

## Financial highlights

### Statement of profit or loss and other comprehensive income

During 2015 the Company generated a net income of \$28.4 million, an increase in earnings of \$11.4 million over 2014, and earned comprehensive income of \$29.4 million compared to \$18.8 million during the prior year.

### Net premiums earned

Premiums earned, net of reinsurance ceded, increased by \$5.8 million to \$120.7 million in 2015. Premiums from the mandatory Ontario errors and omissions ("E&O") insurance program were \$4.9 million higher than 2014 results, driven in part by the net increase in the number of insured lawyers purchasing insurance coverage in 2015. The optional excess insurance program premiums remained relatively steady in the year, while title insurance premiums increased by \$0.8 million.

### Net claims and adjustment expenses

Incurred claims and adjustment expenses in 2015, net of reinsurance recoveries, decreased by \$18.8 million from 2014. The 2015 results benefitted from a \$27.5 million net reduction to reserves due to favourable development of prior Fund Years' loss experience, compared to \$19.7 million in 2014, as well as \$3.9 million of income relating to the effect of the slight increase in the market interest yields during the year on reserve discounting, compared with \$10.1 million expense in 2014 due to a significant drop in yields in that year.

### Reinsurance

In addition to the excess-of-loss clash reinsurance coverage the Company has purchased over the years, which limits its exposure to one or more large aggregations of multiple claims arising from the same proximate cause, during 2015 the Company renewed an additional layer of coverage relating specifically to class action proceedings. Furthermore, the Company maintained its 10 per cent retention in the optional excess program, whereas prior to 2011 the program was fully reinsured. The high level of reinsurance significantly mitigates exposure to the Company from claims in this program.

### General expenses

LAWPRO's general expenses in 2015 were \$1.2 million higher than 2014, though on par with budget, primarily due to general inflationary pressures on the operating costs utilized in the Company's day-to-day operations.

### Commissions earned

The Company earned reinsurance commissions of \$1.5 million on premium ceded in respect of its 2015 optional excess insurance program, a similar result to 2014. In addition, the Company also earned \$0.3 million of profit commissions for favourable claims development on the quota share reinsurance arrangements that it had prior to January 1, 2003, up slightly from \$0.2 million in 2014. As claims estimates become more certain with time, there is generally less potential for favourable development on claims relating to older fund years, resulting in a tendency towards lower profit commissions.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

## Investment income

Income generated from investments decreased by \$7.9 million to \$18.5 million in 2015, though these results exceeded budget by \$0.3 million. Investment income from interest and dividend receipts increased by \$1.9 million to \$20.4 million, primarily due to an overall increase in the Company's investment portfolio. As a result of the slightly higher market yields during 2015, the Company experienced a \$2.7 million decrease in net unrealized gains on its fixed income security portfolio used to match its claims liabilities, compared to an increase of \$2.4 million in 2014 due to slightly lower yields. The 2015 results also included net capital gains of \$5.7 million realized on disposition of investments, compared to \$7.6 million in 2014. In addition, during 2015 the Company recognized \$3.7 million of unrealized losses as an impairment due to the significant or prolonged decline of some of its equity securities, compared to \$0.9 million in 2014.

## Other comprehensive income

During 2015, LawPRO experienced other comprehensive income of \$1.0 million, primarily due to an increase in net unrealized gains on its surplus investments generated in the world equity markets. These results compare to the other comprehensive income of \$1.7 million experienced during 2014.

## Statement of financial position

Overall, the Company ended the year of 2015 in a favourable position, with shareholder's equity up by \$29.4 million year over year, as the net income achieved during the year was buttressed by the solid other comprehensive income experienced during the same period.

## Investments

As at December 31, 2015, the market value of the Company's investment portfolio exceeded its cost by \$39.8 million, compared to 2014 when the market value exceeded cost by \$42.7 million. Investment assets, inclusive of cash and cash equivalents and investment income due and accrued, increased by \$21.3 million to \$637.9 million as at December 31, 2015. The increase was primarily the result of the positive cash flow provided by operations and investment income generated by the portfolio.

The investment portfolio is managed in accordance with the investment policy approved by the Company's Board of Directors in diversified, high-quality assets. A portion of the investment portfolio, which is composed of primarily fixed income securities, is invested in a manner that is expected to substantially match in maturity to the payment of claims liabilities in future years. The portion of the Company's investment portfolio which is considered surplus to the requirements of settling claims liabilities is managed separately and includes fixed income securities and equity investments in publicly traded companies, the values of which are more subject to market volatility.

## Provision for unpaid claims and adjustment expenses and reinsurers' share thereof

The provision for unpaid claims represents the amount required to satisfy all of the Company's obligations to claimants prior to reinsurance recoveries. This balance has decreased by \$8.3 million. Reinsurance recoverables have decreased by \$0.8 million and accordingly the net decrease in the provision is \$7.5 million. This decrease is attributable to the fact that the reductions to the claims provision from both the settlement of claims during 2015 and the net favourable development of prior years' reserves experienced during the year more than offset the claims expense relating to the additional risk associated with underwriting the 2015 program.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

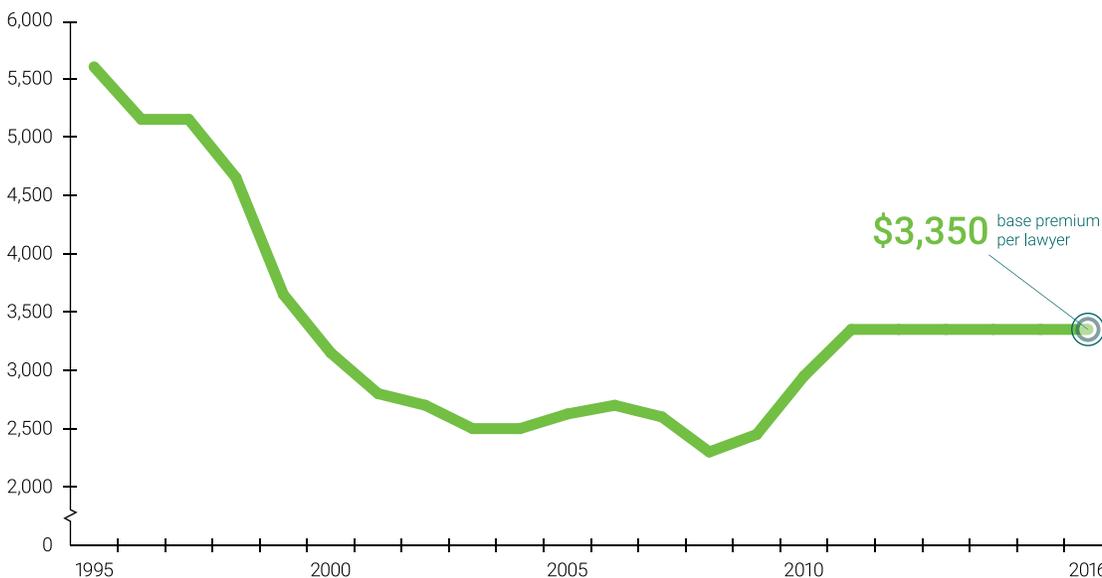
## Report on LAWPRO operations

LAWPRO is an insurance company with three product lines: a mandatory E&O insurance program, as required by the Law Society for all lawyers in private practice in Ontario; an optional excess insurance program that enables Ontario law firms to increase their 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 mandatory E&O program; and an optional TitlePLUS title insurance product that real estate practitioners across Canada can make available to their clients.

### The mandatory E&O insurance program

In each of the last two years, the number of lawyers insured under the LAWPRO program has increased by just under three per cent. In 2015, the Company provided E&O coverage to just over 25,500 lawyers, up from about 24,900 in 2014. The E&O base premium has varied since the Company assumed active responsibility for the Law Society's insurance operations in 1995 (see graph 1), depending on the outlook of key factors such as claims costs and investment income. In order to address rising claims trends, the base premium was increased by \$400 to \$3,350 per lawyer in 2011. For 2012 through 2016, the base premium has been held at \$3,350 per lawyer – a level selected with a view to the longer-term stability and sustainability of the program.

Graph 1 – Base premium per lawyer



One of the hallmarks of the mandatory LAWPRO E&O insurance program is its flexibility. Lawyers have a number of options to tailor their insurance coverage to their specific needs – often with the added benefit of reducing the actual premium payable below the base premium level. As indicated on the next page, the number of lawyers availing themselves of these options continues to increase. LAWPRO's sustainability initiative, combined with its program of encouraging lawyers to use its comprehensive website to access information and complete insurance-related filings, also continues to yield solid results. At renewal, an impressive 98 per cent of lawyers – 24,880 – filed their insurance applications online for the 2015 insurance program; 80 per cent of them did so in time to qualify for the \$25 per lawyer e-filing discount. For the 2016 program renewal, the number of lawyers e-filing increased again, maintaining the rate of approximately 98 per cent of lawyers choosing to e-file applications.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

COVERAGE OPTION	FEATURE	NO. OF LAWYERS PARTICIPATING AS OF JAN. 31, 2015	NO. OF LAWYERS PARTICIPATING AS OF JAN. 31, 2016
New call discount	20 to 50 per cent base premium discount for those called in the last one to four years	4,575	4,812
Part-time practice	50 per cent base premium discount for eligible lawyers	1,772	1,856
Restricted area of practice option	50 per cent base premium discount for immigration/criminal law practitioners	1,556	1,569
Innocent Party buy-up	Increase in Innocent Party sublimits up to as much as \$1 million per claim/aggregate	3,394 (based on \$249/lawyer)	3,390 (based on \$249/lawyer)
Run-Off buy-up	Increase limits for past services from \$250,000 per claim/aggregate to as much as \$1 million per claim/\$2 million aggregate	1,027	1,107
Real Estate practice coverage	Required for all lawyers practising real estate law in Ontario. Sublimit coverage of \$250,000 per claim/\$1 million aggregate	7,676	7,861

## ESD claims THE NUMBERS

The 2015 claim figures reflect a concerning ongoing trend – elevated claims counts and costs. The number of claims reported to LAWPRO during the calendar has exceeded 2,500 for the fourth straight year (see graph 2). Looking more closely at the underlying cause of claims by policy year, we are seeing disconcertingly high levels in types such as time management, failure to either know or apply the law, as well as inadequate investigation (see graph 3). As the result of a concerted and successful effort on the part of the Company's claims group to close more files than the previous year, the number of open files managed by the claims team now stands at just over 3,600 – appreciably lower than last year's peak but still higher than it has been in recent years (see graph 4).

A very important measure is to compare the average cost of claims for each policy year at a specific point in time: as graph 5 shows, the average severity (i.e., the average cost per claim) continues to rise towards \$40,000, compared to an average severity at the beginning of the millennium of less than \$30,000. These figures have been affected by the growing number of large claims received by the Company, which continues to exceed 200 per annum (see graph 6). As a result of these pressures, since 2007 the annual programs are typically costing in the \$80 to \$90 million range in claims expenses; the 2015 program's ultimate cost is projected to significantly exceed this range.

Although the estimated costs attached to 2015 claims are still relatively new at this point, a clear trend is evident. As in the past, real estate and litigation claims continue to account for the bulk of claims costs, with real estate claims representing approximately 30 per cent of claims costs, on average, for the past seven years. The high cost of real estate claims is a reflection of both the more complex practice environment and the high underlying values associated with alleged errors in these areas (see graph 7).

## MANAGING COSTS

LAWPRO's focused claims management philosophy – which sees us resolve claims quickly in situations where there is liability, defend vigorously if the claim has no merit and avoid economic settlements – yielded solid results.

In 2015, LAWPRO won 11 of the 12 matters that the Company took to trial and on which a decision was rendered; was successful on 6 of 8 appeal decisions; and won 27 of 31 summary judgment applications.



# Management Discussion and Analysis

Another important tool – and a measure of success – is feedback the Company receives from lawyers. A survey conducted of insured lawyers with a closed claim demonstrates that the Company is meeting lawyers' needs and expectations.

## LAWPRO survey results

The annual survey of LAWPRO E&O insureds with a closed claim indicated the following:

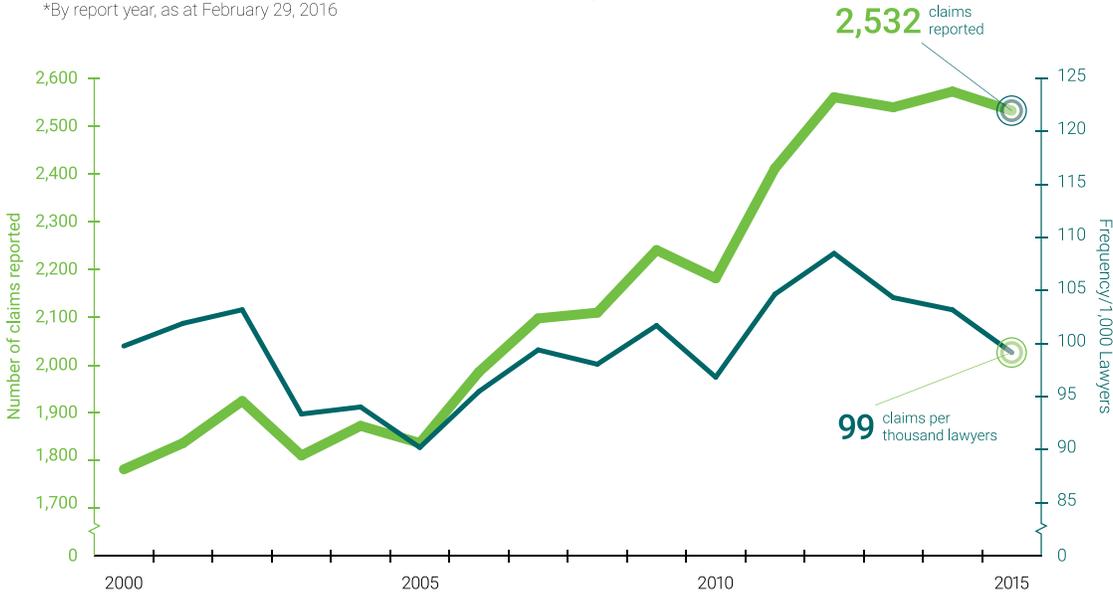
**97%** said that they were satisfied with how LAWPRO handled the claim

**88%** said they would have the defence counsel firm represent them again

**89%** said they were satisfied with our selection of counsel

**87%** said LAWPRO received good value for defence monies spent

Graph 2 – Number of claims reported and frequency\*  
\*By report year, as at February 29, 2016

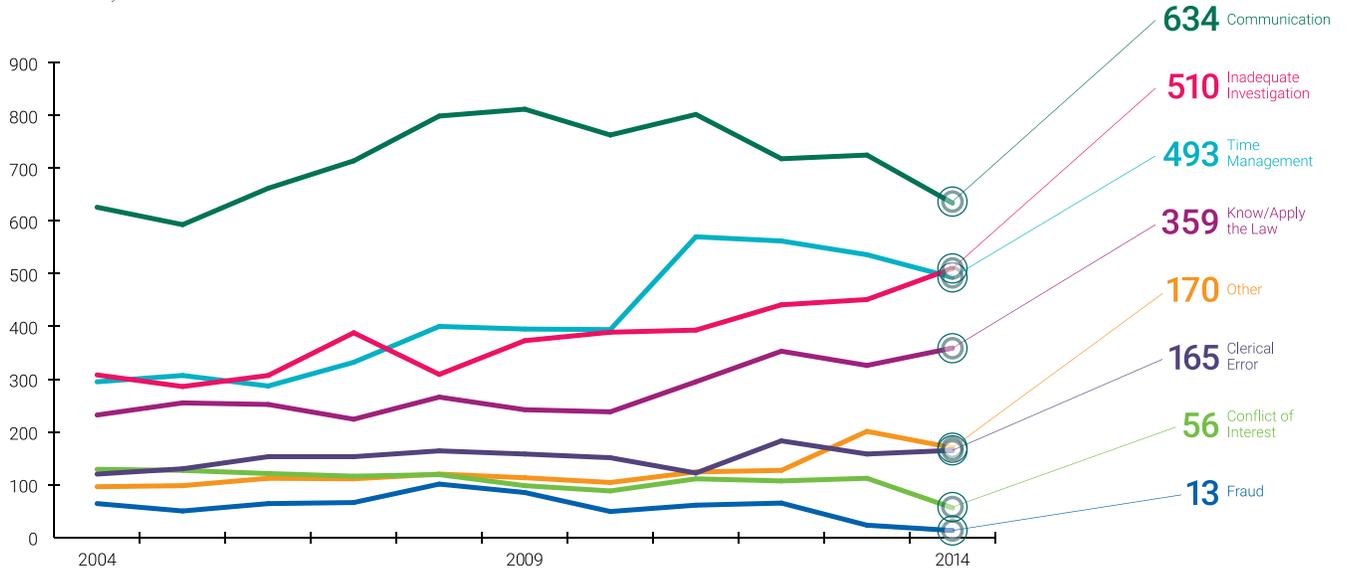


# Management Discussion and Analysis

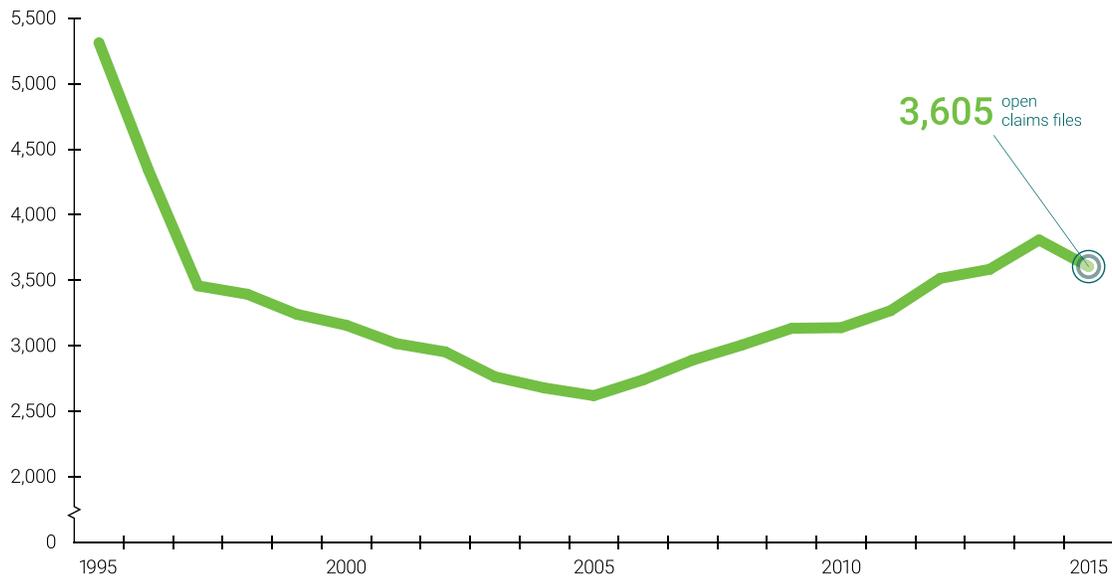
2015 Annual Report

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Graph 3 – Reported claim count by cause of loss by fund year\*  
 \*As at February 29, 2016

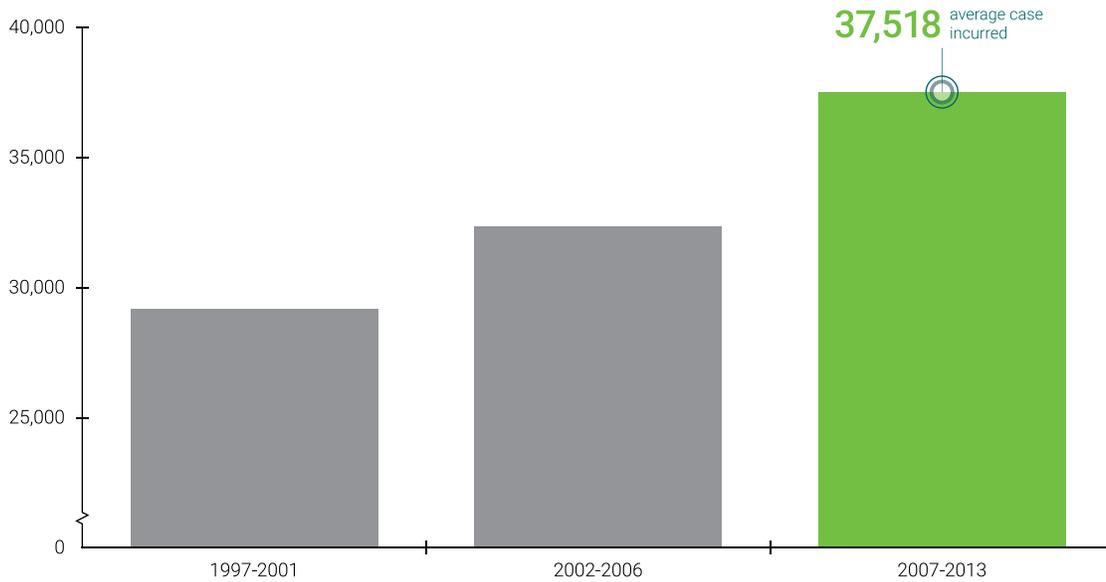


Graph 4 – Number of open claims files

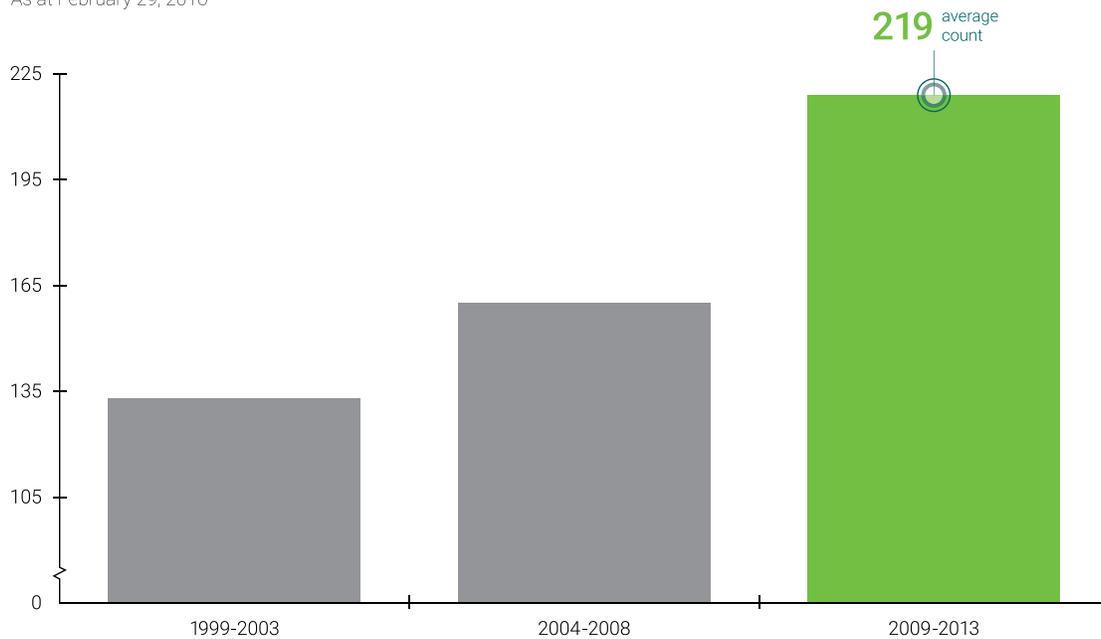


# Management Discussion and Analysis

Graph 5 – Average cost per claim at 38 months after start of year in which claim was reported\*  
 \*As at February 29, 2016

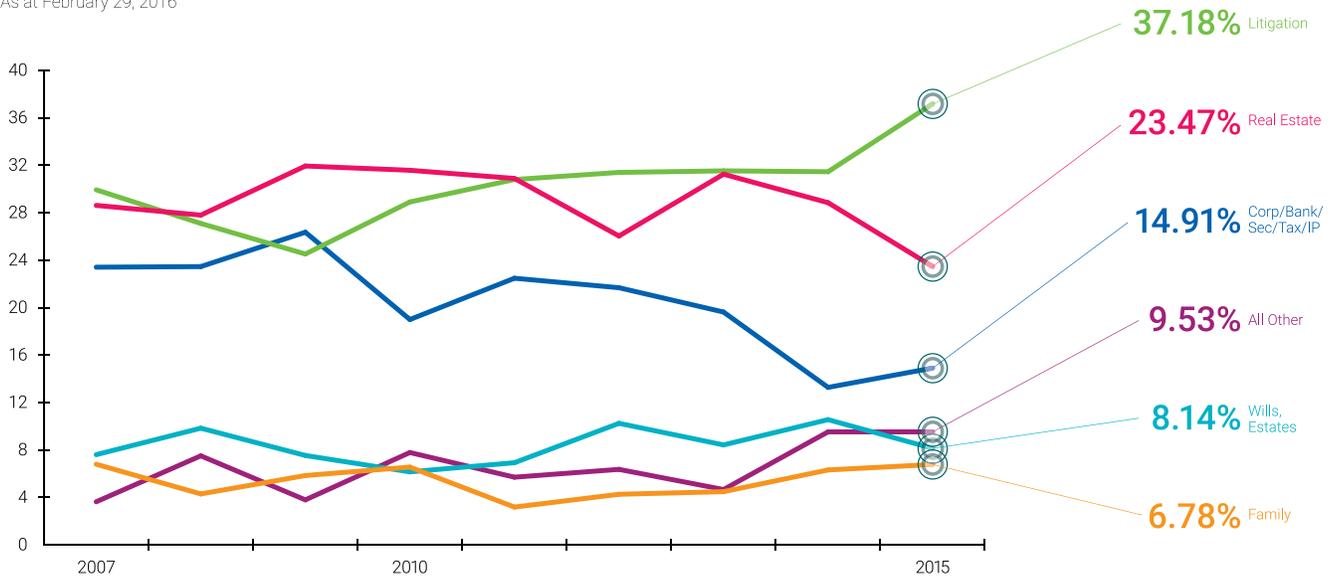


Graph 6 – Number of claims reported with a value greater than \$100,000\*  
 \*As at February 29, 2016



# Management Discussion and Analysis

Graph 7 – Distribution of claims by area of practice\* (% of gross claims costs)  
 \*As at February 29, 2016



## HELPING LAWYERS AVOID CLAIMS

An important focus for LAWPRO is to help lawyers avoid claims before they happen. LAWPRO’s practicePRO risk management initiative has become a widely-recognized and well-respected provider of tools and resources to help members of the practising bar identify practice risks and take steps to minimize their claims exposure.

The prevention of administrative dismissal claims under the new Rule 48 was a major focus in 2015. We developed *The Rule 48 Transition Toolkit* to build awareness of Rule 48 changes, offer practical advice to help lawyers better manage their files and prevent claims. It included a Firm Transition Checklist; an Individual File Checklist; a File Progress Plan; and a presentation firms can use for their internal education efforts.

A principal tool to communicate risk management content is *LAWPRO Magazine*, which was distributed to all practising insured lawyers four times in 2015. The September issue of *LAWPRO Magazine* entitled, “Finding your Blue Sky”, was one of our most talked about magazines this year. It outlined the unique stressors faced by lawyers and law firms, strategies to address them and how to access help.

Throughout the year, representatives of LAWPRO visited many regions of Ontario, completing 86 presentations about risk management and claims prevention at Continuing Professional Development programs, law association events and law firms. Fifteen presentations addressed administrative dismissal claims and seventeen focused on cyber risks and how to avoid them.

Complementing the printed magazine were extensive web-based materials, electronic webzines and email alerts on topics including active frauds, evolving risks, and insurance program-related information. We created and distributed several Claims Fact Sheets. These handy two-page resources include claims statistics, common claims scenarios, and tips for avoiding claims in a specific area of law.

The bar’s reliance on the practicePRO program as a key source of risk management information is evidenced by the growth, each year, in the program’s online reach and influence. In 2015, the practicePRO website averaged over 1,210 visits per day and more than 611,000 copies of articles and other resources were downloaded.



# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

The AvoidAClaim blog provides lawyers with tips and insights into risk and practice issues as they develop, including real-time warnings on active frauds targeting lawyers. In 2015, the blog posted 168 fraud-related articles based on almost 2,000 emails from lawyers. It continues to be the go-to site for fraud prevention and helps Ontario lawyers avoid being duped by bad cheque frauds, real estate fraud and other scams.

LAWPRO also worked behind the scenes to ensure the risk management message was being heard. As a result of the LAWPRO Risk Management Credit, LAWPRO has worked to ensure that Continuing Professional Development providers include a significant risk management component in their programs. For the 2015 policy year, LAWPRO approved 287 programs attended by more than 50,000 lawyers, paralegals and law office staff. We also promoted the Homewood Human Solutions e-learning courses offered through the Law Society of Upper Canada Member Assistance Program as being eligible for the Risk Management Credit.

## The LAWPRO Excess program

Since it was established in 1997, LAWPRO's optional Excess insurance program has posted consistent annual growth in revenues and numbers of law firms (and lawyers) insured under the program. An impressive 1,448 firms representing 3,797 lawyers elected LAWPRO as their excess insurance provider for 2015 (see graph 8); 165 firms chose the maximum \$9 million limit option.

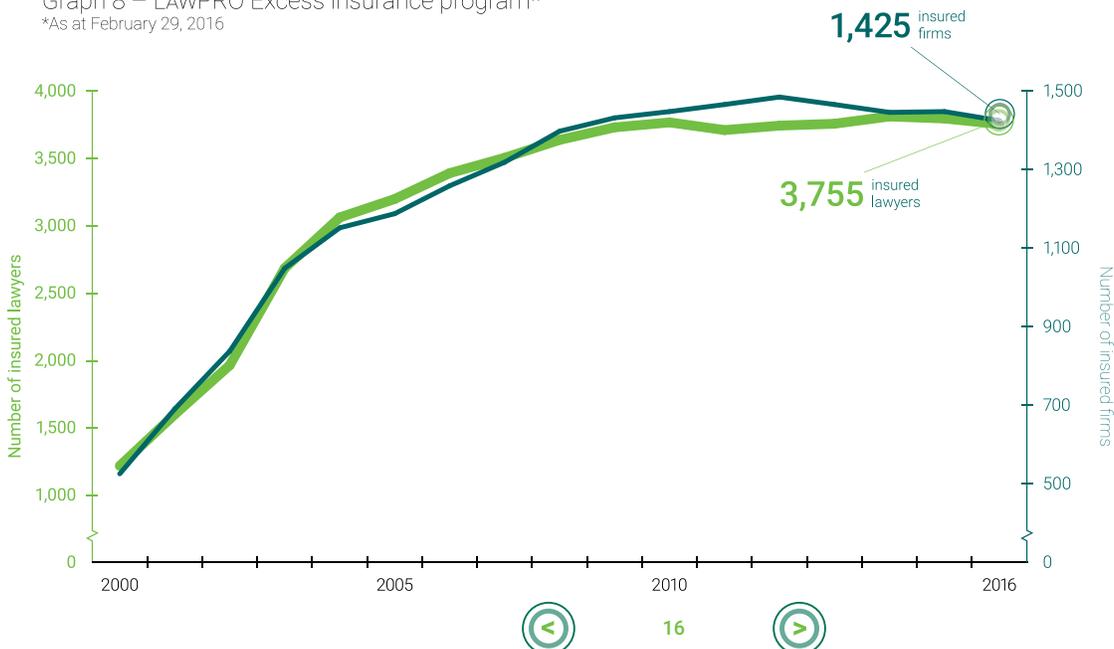
To date we have seen a slight moderation in the 2016 program, with the number of firms insured under the LAWPRO Excess program for 2016 decreasing slightly to 1,425, and the number of lawyers being represented decreasing to 3,755. Of 15 new firms opting to buy excess coverage from LAWPRO for 2016, 73 per cent did not already carry excess coverage. The Company's retention rate on excess business was an impressive 98 per cent, a clear indication that this program meets the needs of the market it is aimed at – small and medium-sized firms of fewer than 50 lawyers. LAWPRO's Excess program insures, on average, 15 per cent of the lawyers employed in firms of 50 or fewer lawyers.

### Excess claims

As of December 31, 2015, the Company has paid only three indemnity amounts under its Excess program, a reflection of LAWPRO's ability to generally manage costs within the insurance program's primary limits. Prudent underwriting and solid claims management have helped ensure that our Excess program is a profitable line of business for LAWPRO.

Graph 8 – LAWPRO Excess insurance program\*

\*As at February 29, 2016

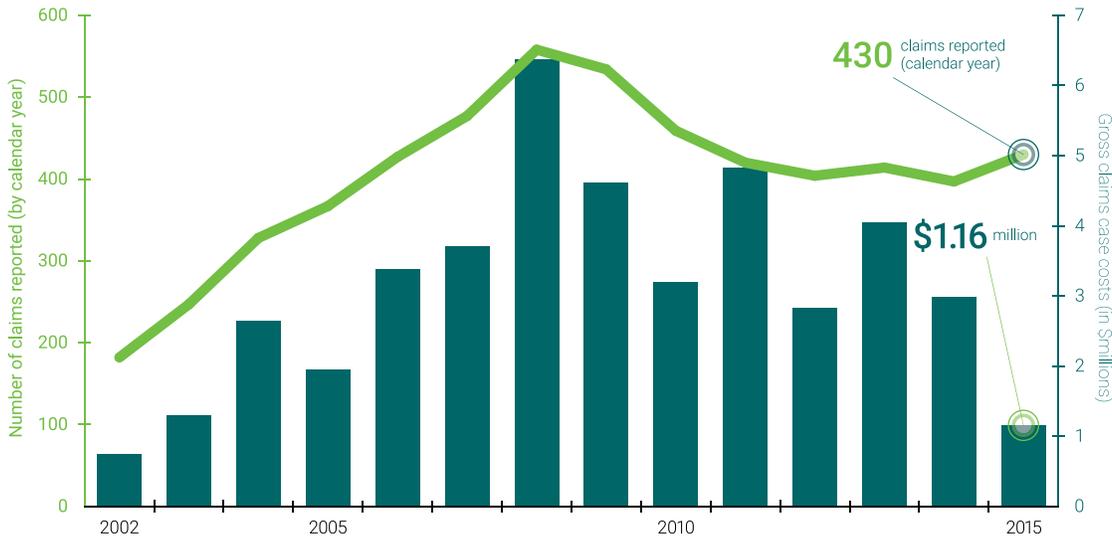


# Management Discussion and Analysis

2015 Annual Report

Lawyers' Professional Indemnity Company

Graph 9 – TitlePLUS claims\*  
\*As at February 29, 2016



## The TitlePLUS program

As a result of enhanced marketing and underwriting initiatives, the TitlePLUS title insurance program posted an appreciable increase in gross written premiums in 2015 compared to 2014. In addition, sales momentum was strong, as there was a marked increase in policy sales in the second half of 2015. Our subscriber base at December 31, 2015, remained solid at more than 3,250 lawyers and Quebec notaries, with new applications continuing to be received, and the Company issuing TitlePLUS policies for over 1,000 lenders across Canada. These results indicate that our vision of real estate practice resonates with legal professionals and the lending community: the higher level of legal expertise and professionalism that LAWPRO expects from both lawyer/notary subscribers and our TitlePLUS staff sets it apart from other providers.

### TitlePLUS claims

The legal expertise and experience of the TitlePLUS team referenced earlier not only helped alert lawyers to potential claims issues, but also strengthened its stringent underwriting measures. The result: approximately 90 per cent of TitlePLUS claims are minor with total costs of less than \$10,000, and the average indemnity payment on a TitlePLUS claim is approximately \$6,000 (based on claims closed as of December 31, 2015).

Building compliance-related claims continue to have a significant impact on the program. For policies sold in the years since 2000, the TitlePLUS program has had 1,409 building compliance-related claims, costing a total of \$22.5 million (payments plus reserves on claims in progress). So, although only 25 per cent of the TitlePLUS claims by count arise from this area of coverage, 50 per cent of the claims costs reside here. However, the significant pressures that these trends placed on the program's claims costs have been appreciably mitigated through various underwriting and risk management programs (see graph 9). The TitlePLUS underwriting team continues to work on methods to better detect building compliance risks before a policy is approved. Also, the TitlePLUS claims team is focusing additional efforts on recovery initiatives where a past property owner should be bearing responsibility for the problem, as well as on salvage opportunities.



# Management Statement on Responsibility for Financial Information

Lawyers' Professional Indemnity Company

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 judgements. 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, PricewaterhouseCoopers 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 24, 2016

*K. Waters*  
Kathleen A. Waters  
President & CEO

*Steve Jorgensen*  
Steven W. Jorgensen  
Chief Financial Officer



# Independent Auditor's Report

2015 Annual Report

Lawyers' Professional Indemnity Company



PricewaterhouseCoopers LLP  
PwC Tower  
18 York Street, Suite 2600,  
Toronto, Ontario, Canada  
M5J 0B2

T: +1 416 863 1133  
F: +1 416 365 8215

February 24, 2016

## 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, 2015 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Other Matters

The financial statements of Lawyers' Professional Indemnity Company for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on February 25, 2015.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



# Appointed Actuary's Report

2015 Annual Report

Lawyers' Professional Indemnity Company

## Eckler

Eckler Ltd.  
110 Sheppard Avenue East, Suite 900  
Toronto, Ontario  
M2N 7A3

February 24, 2016

I have valued the policy liabilities including reinsurance recoverables of Lawyers' Professional Indemnity Company for its statement of financial position as at December 31, 2015, 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



Brian G. Pelly  
Fellow, Canadian Institute of Actuaries



## Statement of Financial Position

Stated in thousands of Canadian dollars

Lawyers' Professional Indemnity Company

AS AT	DECEMBER 31, 2015	DECEMBER 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 22,597	17,328
Investments (note 5)	613,057	597,280
Investment income due and accrued	2,262	2,012
Due from reinsurers	539	726
Due from insureds	2,127	1,909
Due from the Law Society of Upper Canada (note 12)	7,569	6,623
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	44,057	44,900
Other receivables	1,727	1,404
Other assets	1,217	1,984
Property and equipment (note 7)	1,474	1,658
Intangible asset (note 8)	1,097	1,028
Deferred income tax asset (note 14)	5,259	5,057
<b>Total assets</b>	<b>\$ 702,982</b>	<b>681,909</b>
<b>Liabilities</b>		
Provision for unpaid claims and adjustment expenses (note 9)	\$ 460,146	468,493
Unearned premiums (note 10)	860	769
Due to reinsurers	658	612
Due to insureds	359	265
Expenses due and accrued	2,087	1,635
Income taxes due and accrued	300	1,054
Other taxes due and accrued	519	456
	<b>\$ 464,929</b>	<b>473,284</b>
<b>Equity</b>		
Capital stock (note 17)	\$ 5,000	5,000
Contributed surplus (note 17)	30,645	30,645
Retained earnings	173,484	145,566
Accumulated other comprehensive income	28,924	27,414
	<b>238,053</b>	<b>208,625</b>
<b>Total liabilities and equity</b>	<b>\$ 702,982</b>	<b>681,909</b>

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

*Susan T. McGrath*

Susan T. McGrath  
Director

*K. Waters*

Kathleen A. Waters  
Director



# Statement of Profit or Loss

Stated in thousands of Canadian dollars

**2015** Annual  
Report

Lawyers' Professional Indemnity Company

<b>FOR THE YEAR ENDED DECEMBER 31</b>	<b>2015</b>	<b>2014</b>
<b>Income</b>		
Gross written premiums	\$ 127,842	122,149
Premiums ceded to reinsurers (note 11)	(7,081)	(7,229)
Net written premiums	120,761	114,920
(Increase) decrease in unearned premiums (note 10)	(91)	(20)
Net premiums earned	<b>120,670</b>	<b>114,900</b>
Net investment income (note 5)	18,541	26,472
Ceded commissions	1,828	1,679
	<b>\$ 141,039</b>	<b>143,051</b>
<b>Expenses</b>		
Gross claims and adjustment expenses (note 9)	\$ 80,372	104,847
Reinsurers' share of claims and adjustment expenses	373	(5,262)
Net claims and adjustment expenses	80,745	99,585
Operating expenses (note 15)	17,999	16,830
Premium taxes	3,836	3,665
	<b>102,580</b>	<b>120,080</b>
<b>Profit (loss) before income taxes</b>	<b>\$ 38,459</b>	<b>22,971</b>
Income tax expense (recovery) (note 14)		
Current	\$ 10,027	6,220
Deferred	(12)	(309)
	<b>10,015</b>	<b>5,911</b>
<b>Profit (loss)</b>	<b>\$ 28,444</b>	<b>17,060</b>

Accompanying notes are an integral part of the financial statements.



# Statement of Comprehensive Income

Stated in thousands of Canadian dollars

2015 Annual Report

Lawyers' Professional Indemnity Company

FOR THE YEAR ENDED DECEMBER 31	2015	2014
<b>Profit (loss)</b>	<b>\$ 28,444</b>	<b>17,060</b>
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 (\$190) [2014: (\$206)]	(526)	(570)
<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 \$1,054 (2014: \$2,517)	2,923	6,979
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,489) [2014: (\$1,929)]	(4,129)	(5,349)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$979 (2014: \$227) (note 5)	2,716	630
<b>Other comprehensive income (loss)</b>	<b>\$ 984</b>	<b>1,690</b>
<b>Comprehensive income</b>	<b>\$ 29,428</b>	<b>18,750</b>

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
<b>Balance at December 31, 2013</b>	<b>\$ 5,000</b>	<b>30,645</b>	<b>129,076</b>	<b>25,154</b>	<b>189,875</b>
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
<b>Balance at December 31, 2014</b>	<b>5,000</b>	<b>30,645</b>	<b>145,566</b>	<b>27,414</b>	<b>208,625</b>
Total comprehensive income for the year	-	-	28,444	984	29,428
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(526)	526	-
<b>Balance at December 31, 2015</b>	<b>\$ 5,000</b>	<b>30,645</b>	<b>173,484</b>	<b>28,924</b>	<b>238,053</b>

The aggregate of retained earnings and accumulated other comprehensive income as at December 31, 2015 is \$202,408 (December 31, 2014: \$172,980).

Accompanying notes are an integral part of the financial statements.



# Statement of Cash Flows

Stated in thousands of Canadian dollars

2015 Annual Report

Lawyers' Professional Indemnity Company

<b>FOR THE YEAR ENDED DECEMBER 31</b>	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Profit (loss)	\$ 28,444	17,060
Items not affecting cash:		
Deferred income taxes	(12)	(309)
Amortization of property and equipment	694	728
Amortization of intangible asset	146	-
Realized (gains) losses on disposition or impairment	(2,306)	(6,588)
Amortization of premiums and discounts on bonds	(131)	(2,159)
Changes in unrealized (gains) losses	2,983	(2,333)
	29,818	6,399
Changes in non-cash working capital balances:		
Investment income due and accrued	(250)	124
Due from reinsurers	233	(396)
Due from insureds	(124)	317
Due from the Law Society of Upper Canada	(946)	(6,626)
Reinsurers' share of provision for unpaid claims and adjustment expenses	843	(4,413)
Other receivables	(323)	15
Other assets	51	(2)
Income taxes due and accrued (recoverable)	(1,298)	(4,073)
Provision for unpaid claims and adjustment expenses	(8,347)	20,581
Unearned premiums	91	20
Expenses due and accrued	452	109
Other taxes due and accrued	63	54
<b>Net cash inflow from operating activities</b>	<b>\$ 20,263</b>	<b>12,109</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(510)	(193)
Purchases of intangible asset	(215)	(1,028)
Purchases of investments	(316,988)	(226,092)
Proceeds from sales and maturities of investments	302,719	218,007
<b>Net cash outflow from investing activities</b>	<b>\$ (14,994)</b>	<b>(9,306)</b>
Net change in cash and cash equivalents during the year	5,269	2,803
Cash and cash equivalents, beginning of year	17,328	14,525
<b>Cash and cash equivalents, end of year</b>	<b>\$ 22,597</b>	<b>17,328</b>
<b>Cash and cash equivalents at end of year consists of:</b>		
Cash	13,858	9,353
Cash equivalents	8,739	7,975
	<b>\$ 22,597</b>	<b>17,328</b>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid (operating activity)	11,326	10,293
Interest received (investing activity)	16,148	13,614
Dividends received (investing activity)	3,918	2,825

Accompanying notes are an integral part of the financial statements.



# Notes to Financial Statements

2015 Annual Report

For the year ended December 31, 2015  
Amounts stated in Canadian dollars (amounts in tables in thousands)

Lawyers' Professional Indemnity Company

## 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, 2015. 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 24, 2016.

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 that are measured at the end of each reporting period, except for certain financial instruments and the provision for unpaid claims and adjustment expenses, 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 judgment 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.

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



# Notes to Financial Statements

For the year ended December 31, 2015  
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Lawyers' Professional Indemnity Company

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

2015 Annual Report

For the year ended December 31, 2015  
Amounts stated in Canadian dollars (amounts in tables in thousands)

Lawyers' Professional Indemnity Company

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.



# Notes to Financial Statements

For the year ended December 31, 2015  
Amounts stated in Canadian dollars (amounts in tables in thousands)

Lawyers' Professional Indemnity Company

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.

## 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 amortisation and accumulated impairment losses. Once an acquired intangible asset is available for use, amortisation is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortisation 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



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between the net disposal proceeds and the carrying cost of the asset, are recognized in profit and loss when the asset is derecognized.

## 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 per cent for a continuous nine-month period or more than 40 per cent 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. If a gain or loss on a non-monetary asset and liability is recognized in OCI, any exchange component of that gain or loss is also recognized in OCI, and conversely, if a gain or loss on a non-monetary asset and liability is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss.



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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



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are recorded separately. 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.



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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 the following revised IFRS issued by the IASB that is mandatorily effective for an accounting period that begins on or after July 1, 2014.

#### a) 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. The Company did not experience any significant impact from the implementation of these amendments.

### 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) Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure Initiative

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.

#### b) Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization

These amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 and IAS 38 prohibit the use of revenue-based depreciation for property, plant and equipment and significantly limit the use of revenue-based amortization for intangible assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have significant impact on the Company's financial statements.

#### c) Annual improvements to IFRSs 2012-2014

These improvements to IFRSs consist of amendments to four IFRSs, including IFRS 7 "Financial Instruments: Disclosures" and IAS 19 "Employee Benefits". The amendments clarify existing guidance. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.



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## d) IFRS 16 "Leases"

In January 2016, the IASB issued a new leases standard, IFRS 16, which replaces the previous leases standard, IAS 17 *Leases*, and related Interpretations, and completes the IASB's project to improve the financial reporting of leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. the customer ('lessee') and the supplier ('lessor'). Subject to certain exemptions, lessees will be required to capitalize all leases, by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment, and its obligation to make future lease payments as a financial liability. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact on its financial statements.

## e) 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.

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, subject to a possible election to defer implementation until January 1, 2021 pursuant to recent proposed revisions to the draft amended IFRS 4 "*Insurance Contracts*" standard. 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.



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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:

<b>DECEMBER 31, 2015</b>				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<b>Available-for-sale</b>				
Fixed income securities	\$ 148,823	4,763	(190)	153,396
Common equities	70,046	32,821	(4,875)	97,992
	<b>\$ 218,869</b>	<b>37,584</b>	<b>(5,065)</b>	<b>251,388</b>
<b>Designated as FVTPL</b>				
Fixed income securities	\$ 353,801	9,936	(2,418)	361,319
Preferred equities	615	-	(265)	350
	<b>354,416</b>	<b>9,936</b>	<b>(2,683)</b>	<b>361,669</b>
<b>Total</b>	<b>\$ 573,285</b>	<b>47,520</b>	<b>(7,748)</b>	<b>613,057</b>
<b>Reconciled in aggregate to asset classes as follows:</b>				
Fixed income securities	\$ 502,624	14,699	(2,608)	514,715
Equities	70,661	32,821	(5,140)	98,342
<b>Total</b>	<b>\$ 573,285</b>	<b>47,520</b>	<b>(7,748)</b>	<b>613,057</b>

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



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In the above tables, the gross unrealized figures for common equities securities includes recognized impairments. As at December 31, 2015, of the total cumulative impairments of \$7,327,592 (December 31, 2014: \$5,339,916) an amount of \$3,781,353 is included in gross unrealized losses (December 31, 2014: \$3,975,633) and an amount of \$3,546,239 is included in gross unrealized gains (December 31, 2014: \$1,364,283). For additional details, see note 5c.

## 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, 2015			Total
	Within 1 year	1 to 5 years	Over 5 years	
<b>Available-for-sale</b>				
Issued or guaranteed by:				
Canadian federal government	\$ 554	26,594	285	27,433
Canadian provincial and municipal governments	10,388	77,817	12,347	100,552
Mortgage backed securities	-	1,493	-	1,493
Corporate debt	2,203	15,424	6,291	23,918
	\$ 13,145	121,328	18,923	153,396
<b>Designated as FVTPL</b>				
Issued or guaranteed by:				
Canadian federal government	\$ 16,303	18,215	20,541	55,059
Canadian provincial and municipal governments	16,953	38,810	32,298	88,061
Mortgage backed securities	13,537	12,666	-	26,203
Corporate debt	22,286	44,534	125,176	191,996
	69,079	114,225	178,015	361,319
<b>Total fixed income securities</b>	<b>\$ 82,224</b>	<b>235,553</b>	<b>196,938</b>	<b>514,715</b>
<b>Percent of total</b>	<b>16%</b>	<b>46%</b>	<b>38%</b>	<b>100%</b>



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	DECEMBER 31, 2014			Total
	Within 1 year	1 to 5 years	Over 5 years	
<b>Available-for-sale</b>				
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
<b>Designated as FVTPL</b>				
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
<b>Total fixed income securities</b>	<b>\$ 83,736</b>	<b>252,457</b>	<b>165,902</b>	<b>502,095</b>
<b>Percent of total</b>	<b>17%</b>	<b>50%</b>	<b>33%</b>	<b>100%</b>

The weighted average duration of fixed income securities as at December 31, 2015 is 2.87 years (December 31, 2014: 2.77 years). The effective yield on fixed income securities as at December 31, 2015 is 3.02% (December 31, 2014: 2.67%).

## 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;



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- 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, \$3,695,227 in write-downs to various equity securities were required for the year ended December 31, 2015 (2014: \$857,061).

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

	2015	2014
Balance, as at January 1	\$ 5,340	5,336
Increase for the year charged to the income statement	3,695	857
Release upon disposition	(1,707)	(853)
<b>Balance, as at December 31</b>	<b>\$ 7,328</b>	<b>5,340</b>

## 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:

	2015			2014		
	Designated as FVTPL	Available- for-sale	Total	Designated as FVTPL	Available- for-sale	Total
Interest	\$ 12,977	3,551	16,528	12,166	3,480	15,646
Dividends	21	3,887	3,908	21	2,817	2,838
Net realized gains (losses)	130	5,618	5,748	307	7,278	7,585
Change in net unrealized gains (losses)	(2,983)	275	(2,708)	2,333	97	2,430
Impairments	-	(3,695)	(3,695)	-	(857)	(857)
	10,145	9,636	19,781	14,827	12,815	27,642
Less: Investment expenses	(396)	(844)	(1,240)	(389)	(781)	(1,170)
<b>Net investment income</b>	<b>\$ 9,749</b>	<b>8,792</b>	<b>18,541</b>	<b>14,438</b>	<b>12,034</b>	<b>26,472</b>



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## 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:

	2015					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 68	(18)	50	7	(2)	5
Equities	5,550	(1,471)	4,079	3,970	(1,052)	2,918
<b>Total</b>	<b>\$ 5,618</b>	<b>(1,489)</b>	<b>4,129</b>	<b>3,977</b>	<b>(1,054)</b>	<b>2,923</b>

	2014					
	Net realized gains (losses)			Increase (decrease) in unrealized gains and losses		
	Gross	Tax	Net	Gross	Tax	Net
Fixed income securities	\$ 415	(110)	305	2,320	(615)	1,705
Equities	6,863	(1,819)	5,044	7,176	(1,902)	5,274
<b>Total</b>	<b>\$ 7,278</b>	<b>(1,929)</b>	<b>5,349</b>	<b>9,496</b>	<b>(2,517)</b>	<b>6,979</b>



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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, 2015	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
<b>Financial assets measured at fair value (recurring basis)</b>									
Cash and cash equivalents	\$ 22,600	-	-	-	22,600	22,600	-	-	22,600
Fixed income securities	362,760	-	153,920	-	516,680	265,213	251,467	-	516,680
Common equities	-	-	98,281	-	98,281	98,281	-	-	98,281
Preferred equities	355	-	-	-	355	-	355	-	355
	385,715	-	252,201	-	637,916	386,094	251,822	-	637,916
<b>Financial assets measured at fair value (non-recurring basis)</b>									
Due from reinsurers	-	539	-	-	539	-	539	-	539
Due from insureds	-	2,127	-	-	2,127	-	2,127	-	2,127
Due from the Law Society of Upper Canada	-	7,569	-	-	7,569	-	7,569	-	7,569
Other receivables	-	1,727	-	-	1,727	-	1,727	-	1,727
Other assets	-	327	-	-	327	-	327	-	327
	-	12,289	-	-	12,289	-	12,289	-	12,289
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
Due to reinsurers	-	-	-	658	658	-	658	-	658
Due to insureds	-	-	-	359	359	-	359	-	359
Expenses due and accrued	-	-	-	2,087	2,087	-	2,087	-	2,087
Other taxes due and accrued	-	-	-	519	519	-	519	-	519
	-	-	-	3,623	3,623	-	3,623	-	3,623
<b>Total</b>	<b>\$ 385,715</b>	<b>12,289</b>	<b>252,201</b>	<b>(3,623)</b>	<b>646,582</b>	<b>386,094</b>	<b>260,488</b>	<b>-</b>	<b>646,582</b>



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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
<b>Financial assets measured at fair value (recurring basis)</b>									
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
<b>Financial assets measured at fair value (non-recurring basis)</b>									
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
<b>Financial liabilities measured at fair value (non-recurring basis)</b>									
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
<b>Total</b>	<b>\$ 378,253</b>	<b>10,956</b>	<b>238,367</b>	<b>(2,968)</b>	<b>624,608</b>	<b>351,148</b>	<b>273,460</b>	<b>-</b>	<b>624,608</b>

There were no transfers between any levels during the year ended December 31, 2015 (2014: none). Note that for financial instruments, such as short term trade receivables and payables, as well as the non-recurring financial assets and liabilities, the Company believes that their carrying amounts are reasonable approximations of fair value.

## 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, 2014	\$ 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
Additions	8	281	37	184	510
Amortization	(18)	(182)	(75)	(419)	(694)
<b>December 31, 2015</b>	<b>\$ 44</b>	<b>268</b>	<b>91</b>	<b>1,071</b>	<b>1,474</b>



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

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Furniture and fixtures	\$ 1,415	(1,371)	44	1,407	(1,353)	54
Computer equipment	2,346	(2,078)	268	2,065	(1,896)	169
Computer software	769	(678)	91	732	(603)	129
Leasehold improvements	3,625	(2,554)	1,071	3,441	(2,135)	1,306
<b>Total</b>	<b>\$ 8,155</b>	<b>(6,681)</b>	<b>1,474</b>	<b>7,645</b>	<b>(5,987)</b>	<b>1,658</b>

## 8. Intangible Asset

The Company's recognized intangible asset consists of a license. The associated software became available for use during the current year, and as a result, is being amortized over its expected useful life of 68 months. During the years ending December 31, details of the movement in the carrying values are as follows:

	2015	2014
<b>Cost</b>		
Balance, beginning of year	\$ 1,028	-
Additions from separate acquisitions	215	1,028
Additions from internal developments	-	-
Disposals or classified as held for sale	-	-
Balance, end of year	\$ 1,243	1,028
<b>Accumulated amortization and impairment</b>		
Balance, beginning of year	-	-
Amortization expense	\$ (146)	-
Disposals or classified as held for sale	-	-
Impairment losses	-	-
Balance, end of year	(146)	-
<b>Carrying amount</b>	<b>\$ 1,097</b>	<b>1,028</b>

## 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.



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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.

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.



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## 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, 2015, which was 2.18% (December 31, 2014: 1.95%). 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, 2015 the PfAD was calculated at 15% (December 31, 2014: 15%) of the net discounted claim liabilities, 1.5% (December 31, 2014: 1.5%) of the ceded discounted claim liabilities, and a 0.50% reduction to the discount rate (December 31, 2014: 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, 2015		DECEMBER 31, 2014	
	Undiscounted	Discounted	Undiscounted	Discounted
Unpaid claims and adjustment expenses	\$ 422,542	460,146	426,622	468,493
Recoverable from reinsurers	(40,863)	(44,057)	(41,349)	(44,900)
<b>Net</b>	<b>\$ 381,679</b>	<b>416,089</b>	<b>385,273</b>	<b>423,593</b>



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Details of the provision for unpaid claims and adjustment expenses, by line of business, are summarized as follows:

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Professional liability	\$ 444,235	(43,984)	<b>400,251</b>	453,626	(44,814)	<b>408,812</b>
Title	15,911	(73)	<b>15,838</b>	14,867	(86)	<b>14,781</b>
<b>Total</b>	<b>\$ 460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Case reserves	\$ 278,175	(2,887)	<b>275,288</b>	287,235	(3,056)	<b>284,179</b>
IBNR	181,971	(41,170)	<b>140,801</b>	181,258	(41,844)	<b>139,414</b>
<b>Total</b>	<b>\$ 460,146</b>	<b>(44,057)</b>	<b>416,089</b>	<b>468,493</b>	<b>(44,900)</b>	<b>423,593</b>

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, 2015 and December 31, 2014.

In 2015, 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. The net impact of these changes was a \$9,259,000 decrease in the provision, before reinsurance, as at December 31, 2015. This impact amount is attributable to severity assumptions, the professional liability line of business, and changes in the prior years.

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.



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

	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
Claims & external adjustment expenses paid	\$ 80,456	470	<b>79,986</b>	76,408	849	<b>75,559</b>
Change in case reserves	(6,122)	(236)	<b>(5,886)</b>	10,501	(500)	<b>11,001</b>
Change in IBNR	2,072	(250)	<b>2,322</b>	(2,176)	3,786	<b>(5,962)</b>
Discount expense	(4,267)	(357)	<b>(3,910)</b>	11,190	1,127	<b>10,063</b>
IAE paid	8,263	-	<b>8,263</b>	7,858	-	<b>7,858</b>
Change in provision for IAE	(30)	-	<b>(30)</b>	1,066	-	<b>1,066</b>
	<b>\$ 80,372</b>	<b>(373)</b>	<b>80,745</b>	<b>104,847</b>	<b>5,262</b>	<b>99,585</b>

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:

	2015	2014
Provision for unpaid claims and adjustment expenses – January 1 – net	\$ 423,593	407,425
Change in net provision for claims and adjustment expenses due to:		
Prior years' incurred claims	(27,559)	(19,658)
Current year's incurred claims	112,214	109,180
Net claims and adjustment expenses paid in relation to:		
Prior years	(78,575)	(74,147)
Current year	(9,674)	(9,270)
Impact of discounting	(3,910)	10,063
Provision for unpaid claims and adjustment expenses – December 31 – net	416,089	423,593
Reinsurers' share of provisions for unpaid claims and adjustment expenses	44,057	44,900
<b>Provision for unpaid claims and adjustment expenses – December 31 – gross</b>	<b>\$ 460,146</b>	<b>468,493</b>

## 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, 2015, 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:

	All Prior Years	POLICY YEAR										Total
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Estimate of Ultimate Claims</b>												
At end of Policy year	\$	82,043	88,720	91,567	94,936	90,778	98,870	110,380	102,937	103,962	106,879	
One Year Later		81,820	90,139	99,776	95,781	90,585	100,573	93,630	95,423	92,844		
Two Years Later		82,040	95,375	94,086	97,708	89,394	97,841	90,749	91,649			
Three Years Later		78,097	93,715	93,942	96,541	87,128	96,265	88,237				
Four Years Later		72,438	93,424	92,322	94,258	87,341	87,906					
Five Years Later		70,399	90,823	89,566	91,157	84,680						
Six Years Later		71,942	91,450	88,292	94,402							
Seven Years Later		71,364	90,168	86,719								
Eight Years Later		70,799	88,798									
Nine Years Later		70,307										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,743)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(30,885)	(26,124)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,488)	(44,452)	(36,429)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,208)	(54,632)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,445)	(61,111)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,230)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		70,307	88,798	86,719	94,402	84,680	87,906	88,237	91,649	92,844	106,879	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,230)	(61,111)	(54,632)	(36,429)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	10,301	6,684	10,995	14,824	19,172	23,569	33,274	51,808	60,981	74,721	100,983	<b>407,312</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	1,100	656	1,049	1,364	1,792	2,247	3,180	4,970	5,808	6,832	8,606	<b>37,604</b>
Present Value recognized in the Statement of Financial Position	\$ 11,555	7,414	12,235	16,475	21,332	26,276	37,298	58,373	68,854	84,843	115,491	<b>460,146</b>



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

	All Prior Years	POLICY YEAR										Total
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Estimate of Ultimate Claims</b>												
At end of Policy year	\$	78,076	84,240	86,762	89,886	86,458	94,874	106,381	98,696	99,579	102,534	
One Year Later		77,873	85,659	94,971	91,732	86,265	96,577	89,631	91,183	88,460		
Two Years Later		78,093	90,895	90,242	93,660	85,075	93,845	86,750	87,409			
Three Years Later		74,150	90,130	90,098	92,492	82,808	92,269	84,238				
Four Years Later		69,280	89,840	88,478	90,209	83,022	83,910					
Five Years Later		67,241	87,238	85,722	87,108	80,361						
Six Years Later		68,785	87,866	84,448	90,353							
Seven Years Later		68,207	86,584	82,875								
Eight Years Later		67,641	85,214									
Nine Years Later		67,150										
<b>Cumulative Claims Paid</b>												
At end of Policy year		(4,811)	(4,100)	(5,593)	(6,726)	(4,628)	(6,868)	(4,744)	(4,167)	(5,516)	(5,896)	
One Year Later		(15,829)	(21,723)	(19,886)	(21,366)	(16,553)	(17,678)	(15,741)	(18,406)	(18,123)		
Two Years Later		(25,463)	(37,033)	(32,641)	(35,997)	(30,239)	(29,976)	(26,122)	(30,668)			
Three Years Later		(35,114)	(51,509)	(47,582)	(48,477)	(42,466)	(43,542)	(36,421)				
Four Years Later		(44,050)	(59,136)	(55,086)	(59,669)	(54,111)	(53,722)					
Five Years Later		(49,252)	(65,553)	(63,348)	(67,409)	(61,000)						
Six Years Later		(56,997)	(71,553)	(66,017)	(75,193)							
Seven Years Later		(60,476)	(75,582)	(71,895)								
Eight Years Later		(61,965)	(77,803)									
Nine Years Later		(63,623)										
Estimate of Ultimate Claims		67,150	85,214	82,875	90,353	80,361	83,910	84,238	87,409	88,460	102,534	
Cumulative Claims Paid		(63,623)	(77,803)	(71,895)	(75,193)	(61,000)	(53,722)	(36,421)	(30,668)	(18,123)	(5,896)	
Undiscounted Claims Liabilities	8,289	3,527	7,411	10,980	15,160	19,361	30,188	47,817	56,741	70,337	96,638	<b>366,449</b>
Provision for IAE	154	74	191	287	368	460	844	1,595	2,065	3,290	5,902	<b>15,230</b>
Discounting (including PfAD)	903	395	764	1,070	1,478	1,909	2,934	4,654	5,476	6,509	8,318	<b>34,410</b>
Present Value recognized in the Statement of Financial Position	\$ 9,346	3,996	8,366	12,337	17,006	21,730	33,966	54,066	64,282	80,136	110,858	<b>416,089</b>



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## 10. Unearned Premiums

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

	2015	2014
Balance, as at January 1	\$ 769	749
Net premiums written during the year	120,761	114,920
Less: Net premiums earned during the year	(120,670)	(114,900)
Increase (decrease) in unearned premiums	91	20
<b>Balance, as at December 31</b>	<b>\$ 860</b>	<b>769</b>

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 (2014: 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 (2014: \$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, 2015 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.

For the year ended December 31, 2015, \$115,603,310 of the gross premiums written related to mandatory insurance coverage provided to the Law Society and its members (2014: \$110,871,667). As at December 31, 2015, the Company had a balance due from the Law Society of \$7,569,044 (December 31, 2014: \$6,622,607 due from Law Society).



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For the year ended December 31, 2015, the Company contributed to the Law Society \$188,204 in regards to a wellness program to be made available to the insureds of the Company's primary liability policy (2014: \$231,194). 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:

	2015	2014
Short-term compensation and benefits	\$ 3,429	3,372
Post employment benefits	274	246
	<b>\$ 3,703</b>	<b>3,618</b>

## 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 2015, the Company made payments of \$678,900 (2014: \$641,012) and recorded pension expense of \$714,685 (2014: \$675,910).

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 contributions made in 2015 (2014: nil) and recorded pension expenses of \$84,219 in 2015 (2014: \$11,865). 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, 2014. Management's preliminary estimate is that \$850,000 is the required contribution to the plan during the year ending December 31, 2016.

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*

	2015	2014
<b>Accrued benefit obligation</b>		
Balance, as at January 1	\$ 7,158	6,253
Current service cost	143	120
Interest cost	272	287
Remeasurement (gains) losses:		
Actuarial (gains) losses – demographic assumptions	-	72
Actuarial (gains) losses – financial assumptions	107	704
Actuarial (gains) losses – experience adjustments	269	(5)
Benefits paid	(273)	(273)
<b>Balance, as at December 31</b>	<b>\$ 7,676</b>	<b>7,158</b>



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*Defined benefit plan assets*

	2015	2014
<b>Plan assets</b>		
Fair value, as at January 1	\$ 8,848	8,731
Interest income on plan assets	331	395
Remeasurement gains (losses):		
Return on plan assets greater (less) than discount rate	(341)	(5)
Benefits paid	(273)	(273)
Employer contribution	-	-
<b>Fair value, as at December 31</b>	<b>\$ 8,565</b>	<b>8,848</b>

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, 2015	DECEMBER 31, 2014
Equity securities	34.43%	33.21%
Fixed income securities	18.48%	17.32%
Cash and cash equivalents	1.16%	4.55%
Refundable-tax account	45.93%	44.92%
	<b>100%</b>	<b>100%</b>

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
Fair value of plan assets	\$ 8,565	8,848
Accrued benefit obligation	(7,676)	(7,158)
Funded status surplus	889	1,690
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Accrued benefit asset</b>	<b>\$ 889</b>	<b>1,690</b>

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



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

	2015	2014
Service cost:		
Current service cost	\$ 143	120
Past service cost and (gain) loss from settlements	-	-
Net interest (income) expense	(59)	(108)
Components of defined benefit costs recognized in profit or loss	<b>\$ 84</b>	<b>12</b>
Remeasurement on the net defined benefit liability		
Actuarial (gain) loss due to liability experience	\$ 268	(5)
Actuarial (gain) loss due to liability assumption changes	107	776
Actuarial (gain) loss arising during year	375	771
Return on plan assets (greater) less than discount rate	341	5
Change in irrecoverable surplus (effect of asset ceiling)	-	-
Components of defined benefit costs recognized in OCI	<b>716</b>	<b>776</b>
<b>Total</b>	<b>\$ 800</b>	<b>788</b>

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

	2015	2014
Discount rate	3.85%	3.80%
Rate of compensation increase	4.50%	3.50%
Mortality	CPM 2014 Priv 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 2014 Priv mortality table with generational mortality improvements following Scale CPM-B pension size adjustment factors of 0.83 for males and 0.88 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2015, if the discount rate was 1% higher/(lower) the defined benefit obligation would decrease by \$905,700 (increase by \$1,108,600). 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.



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The expected maturity profile of the defined benefit obligation as at December 31, 2015 is as follows:

	2016	2017	2018	2019	2020	Thereafter
Expected benefit payments	\$ 273	277	276	454	453	2,244

The defined benefit obligation as at December 31, 2015 by participant category is as follows:

Active participants	3,038
Pensioners	4,638

## 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:

	2015	2014
<b>Current income tax</b>		
(Recovered) expensed during the year	\$ 10,029	6,220
Prior year adjustments	(2)	-
<b>Total current income tax expense (recovery)</b>	<b>10,027</b>	<b>6,220</b>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(12)	(309)
Changes in statutory tax rates	-	-
<b>Total deferred income tax expense (recovery)</b>	<b>(12)</b>	<b>(309)</b>
<b>Total income tax expense (recovery)</b>	<b>\$ 10,015</b>	<b>5,911</b>

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

	2015	2014
Unpaid claims and adjustment expenses	\$ 100	(214)
Investments	(40)	(40)
Pensions	(32)	(12)
Property and equipment	(40)	(43)
<b>\$</b>	<b>(12)</b>	<b>(309)</b>



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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:

	2015	2014
<b>Current income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	\$ 544	815
Pensions	-	-
<b>Total current income tax expense</b>	<b>\$ 544</b>	<b>815</b>
<b>Deferred income tax</b>		
Unrealized investment gains and losses on available-for-sale portfolio	-	-
Pensions	(190)	(206)
<b>Total deferred income tax expense</b>	<b>(190)</b>	<b>(206)</b>
<b>Total income tax expense in OCI</b>	<b>\$ 354</b>	<b>609</b>

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.

	2015	2014
Profit or loss before income taxes	38,459	22,971
Statutory income tax rate	26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates	10,192	6,087
Increase (decrease) resulting from:		
Investments	(197)	(198)
Non-deductible meals and entertainment	14	13
Other non-deductible items	6	9
<b>Provision for (recovery of) income taxes</b>	<b>10,015</b>	<b>5,911</b>

The statutory rate applicable to the Company at December 31, 2015 is same as at December 31, 2014.

During the year, the Company made income tax payments of \$11,325,581 (2014: \$10,293,132) and received no income tax refunds (2014: nil) from the various taxing authorities.



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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, 2015	DECEMBER 31, 2014
<b>Deferred tax assets</b>		
Net provision for unpaid claims and adjustment expenses	\$ 5,513	5,613
Property and equipment	332	292
	5,845	5,905
<b>Deferred tax liabilities</b>		
Investments	(393)	(433)
Pension	(193)	(415)
	(586)	(848)
<b>Total net deferred tax assets</b>	<b>\$ 5,259</b>	<b>5,057</b>

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:

	2015	2014
Salaries and benefits	\$ 10,818	9,755
Professional fees	1,665	1,746
Occupancy lease	1,096	1,047
Financial processing fees	941	874
Directors remuneration	893	809
Information systems	833	746
Office and administrative expenses	673	948
Amortization of property and equipment	569	442
Communication	511	463
<b>Total</b>	<b>\$ 17,999</b>	<b>16,830</b>

Included in salaries and benefits are amounts for future employee benefits under a defined contribution plan of \$678,900 (2014 - \$641,012) and a supplementary defined benefit plan of \$84,219 (2014 - \$11,865).



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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, 2015, lease obligations on office premises were as follows:

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 \$1,228,611 as at December 31, 2015 (December 31, 2014: \$1,238,354) which are held as security for amounts recoverable from unregistered reinsurers of \$382,026 (2014: \$511,096). 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, 2014: nil).

## 19. Capital Management

Capital is comprised of the Company’s equity. As at December 31, 2015 the Company’s equity was \$238,052,956 (December 31, 2014: \$208,625,233). 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.

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 mandates the 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% (2014: 180%) in excess of which, under normal circumstances, the Company will maintain its capital. During the year ended December 31, 2015, the Company complied with the various provincial regulators’ guidelines and as at December 31, 2015, the Company has a MCT ratio of 268% (December 31, 2014: 251%). Annually, the Company’s Appointed Actuary prepares a



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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, 2015 and 2014. 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.

### 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.



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## 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 (2014: 99%) and 95% in professional liability (2014: 96%), 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:

	2015			2014		
	Ontario	All other provinces	Total	Ontario	All other provinces	Total
Gross written premium						
Professional liability	\$ 121,729	-	121,729	116,979	-	116,979
Title	5,895	218	6,113	4,966	204	5,170
<b>Total</b>	<b>\$ 127,624</b>	<b>218</b>	<b>127,842</b>	<b>121,945</b>	<b>204</b>	<b>122,149</b>

## 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.

## 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



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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, 2015		DECEMBER 31, 2014	
	Net provision for unpaid claims and adjustment expenses	Equity	Net provision for unpaid claims and adjustment expenses	Equity
Unreported claims +20%	4,962	(3,647)	5,283	(3,883)
Average claim severities +1%	4,460	(3,278)	5,299	(3,895)

## 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.



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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, 2015							
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	\$ 5,881	-	-	-	-	16,716	22,597
Fixed income securities	131,313	85,315	204,140	68,979	-	24,968	514,715
Investment income due and accrued	284	294	1,074	481	2	127	2,262
Due from reinsurers	-	-	532	-	7	-	539
Due from insureds	-	-	-	-	-	2,127	2,127
Due from the Law Society of Upper Canada	-	-	-	-	-	7,569	7,569
Reinsurers' share of provisions for unpaid claims and adjustment expenses	-	-	44,056	-	-	1	44,057
Other receivables	-	-	-	-	-	1,727	1,727
Other assets	\$ -	-	-	-	-	1,217	1,217

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

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.



# Notes to Financial Statements

**2015** Annual Report

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Lawyers' Professional Indemnity Company

## 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.

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, 2015					Total
	Within one year	One to five years	More than five years	No fixed maturity		
<b>Assets</b>						
Cash and cash equivalents	\$ 22,597	-	-	-	-	22,597
Investments – designated as FVTPL	69,079	114,225	178,015	350	-	361,669
Investments – available-for-sale	13,145	121,328	18,923	97,992	-	251,388
Investment income due and accrued	2,262	-	-	-	-	2,262
Due from reinsurers	539	-	-	-	-	539
Due from insureds	2,127	-	-	-	-	2,127
Reinsurers' share of unpaid claims	10,663	22,178	8,022	3,194	-	44,057
Due from Law Society	7,569	-	-	-	-	7,569
Other receivable	1,727	-	-	-	-	1,727
Other assets	328	-	-	889	-	1,217
<b>Total</b>	<b>\$ 130,036</b>	<b>257,731</b>	<b>204,960</b>	<b>102,425</b>	<b>-</b>	<b>695,152</b>
<b>Liabilities</b>						
Provision for unpaid claims	\$ 100,446	233,586	88,511	37,603	-	460,146
Due to reinsurers	658	-	-	-	-	658
Due to insureds	359	-	-	-	-	359
Expenses due and accrued	2,087	-	-	-	-	2,087
<b>Total</b>	<b>\$ 103,550</b>	<b>233,586</b>	<b>88,511</b>	<b>37,603</b>	<b>-</b>	<b>463,250</b>



## Notes to Financial Statements

2015 Annual Report

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

Lawyers' Professional Indemnity Company

	DECEMBER 31, 2014				Total
	Within one year	One to five years	More than five years	No fixed maturity	
<b>Assets</b>					
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	294	-	-	1,690	1,984
<b>Total</b>	<b>\$ 124,722</b>	<b>277,614</b>	<b>173,399</b>	<b>98,431</b>	<b>674,166</b>
<b>Liabilities</b>					
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
<b>Total</b>	<b>\$ 114,066</b>	<b>262,493</b>	<b>78,213</b>	<b>16,233</b>	<b>471,005</b>

## 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.



## Notes to Financial Statements

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Lawyers' Professional Indemnity Company

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, 2015			DECEMBER 31, 2014		
		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%	(11,245)	(12,933)	(2,467)	(9,224)	(12,741)	(2,951)
	-1%	11,800	13,538	2,469	9,664	13,428	3,092

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.

		2015	2014
		After-tax	OCI
Equity prices	+10%	7,202	6,958
	-10%	(7,202)	(6,958)

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	2015		2014	
	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)	Effect on profit (loss) before taxes (+/-)	Effect on OCI (+/-)
US Dollar	767	3,362	356	3,081
Euro	-	1,115	-	1,142
Other	-	785	-	830
	767	5,262	356	5,053



# Notes to Financial Statements

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For the year ended December 31, 2015  
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Lawyers' Professional Indemnity Company

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, 2015					
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	\$ 14,924	505,265	24,901	1,998	547,088	85.8%
USA	7,673	6,146	42,746	92	56,657	8.9%
France	-	-	9,199	19	9,218	1.4%
Netherlands	-	-	4,579	-	4,579	0.7%
Others	-	3,304	16,917	153	20,374	3.2%
<b>Total</b>	<b>\$ 22,597</b>	<b>514,715</b>	<b>98,342</b>	<b>2,262</b>	<b>637,916</b>	<b>100.0%</b>

	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%
<b>Total</b>	<b>\$ 17,328</b>	<b>502,095</b>	<b>95,185</b>	<b>2,012</b>	<b>616,620</b>	<b>100.0%</b>

## 21. 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 2014 the Company began filing 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 \$76,813,361. 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.

## 22. Comparative Figures

The Company has restated the prior year's note 5d, 5e, 15 and 20c to conform to the current year's presentation.



# Board of Directors

2015 Annual Report

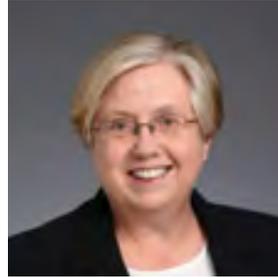
Lawyers' Professional Indemnity Company



Susan T. McGrath\*  
Board Chair  
Principal, Susan T. McGrath



Ian D. Croft  
Board Vice Chair  
Chartered Professional Accountant



Kathleen A. Waters  
President & CEO  
LawPRO



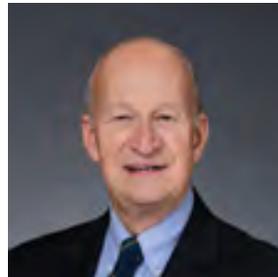
George D. Anderson, C.M.  
Retired President and CEO  
Insurance Bureau of Canada



Clare A. Brunetta  
Principal  
Clare A. Brunetta



Douglas F. Cutbush  
Insurance Consultant  
Arbitrator & Mediator



Robert F. Evans, Q.C.\*  
Partner  
Evans de Vries Higgins LLP



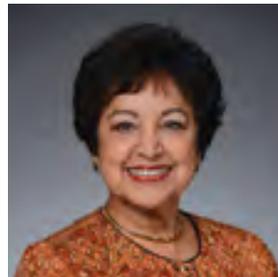
Frederick W. Gorbet, O.C.



Carol Hartman\*  
Partner  
Miller Maki LLP



Malcolm L. Heins, LSM  
Lawyer & Director



Rita Hoff  
President  
R. Hoff Financial Management Ltd.



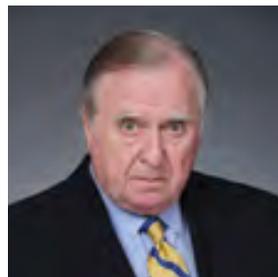
Robert G. W. Lapper, Q.C.  
Chief Executive Officer  
Law Society of Upper Canada



Barbara J. Murchie\*  
Partner  
Bennett Jones LLP



Andrew N. Smith  
President  
Natnook Inc.



John C. Thompson, FCPA, FCA  
Chartered Accountant  
Retired KPMG partner

\* Bencher, Law Society of Upper Canada  
CM denotes Member of the Order of Canada  
FCA denotes Fellow Chartered Accountant  
FCPA denotes Fellow Chartered Professional Accountant  
LSM denotes Law Society Medal  
OC denotes Officer of the Order of Canada



# Management

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Lawyers' Professional Indemnity Company



Kathleen A. Waters  
President & CEO  
LAWPRO



Duncan D. Gosnell  
Executive Vice President  
& Secretary



Steven W. Jorgensen  
Chief Financial Officer



Stephen R. Freedman  
General Counsel &  
Chief Privacy Officer



Daniel E. Pinnington  
Vice President, Claims Prevention  
& Stakeholder Relations



David M. Reid  
Chief Information Officer



Lisa Weinstein  
Vice President,  
TitlePLUS



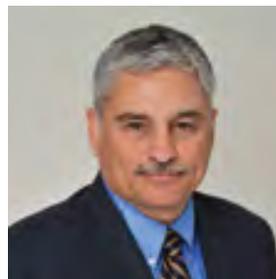
Simon D. Bernstein  
Vice President, Specialty Claims



Jack N. Daiter  
Vice President, Primary  
Professional Liability Claims



Straughn Inman  
Director, Human Resources



Raymond G. Leclair  
Vice President, Public Affairs

# Committees of the Board

## EXECUTIVE COMMITTEE

Ian D. Croft\*  
George D. Anderson  
Douglas F. Cutbush  
Malcolm L. Heins  
Kathleen A. Waters (A)

## AUDIT COMMITTEE

Frederick W. Gorbet\*  
Douglas F. Cutbush  
Malcolm L. Heins  
Robert G. W. Lapper,  
Q.C. (A)  
Andrew N. Smith  
John C. Thompson

## CONDUCT REVIEW COMMITTEE

Frederick W. Gorbet\*  
Douglas F. Cutbush  
Malcolm L. Heins  
Andrew N. Smith  
John C. Thompson

## GOVERNANCE COMMITTEE

George D. Anderson\*  
Clare A. Brunetta  
Frederick W. Gorbet  
Malcolm L. Heins  
Rita Hoff  
Barbara J. Murchie

## INVESTMENT COMMITTEE

Rita Hoff\*  
Robert F. Evans, Q.C.  
Malcolm L. Heins  
Andrew N. Smith

## RISK COMMITTEE

Malcolm L. Heins\*  
George D. Anderson  
Frederick W. Gorbet  
Rita Hoff  
Andrew N. Smith  
John C. Thompson

\* Committee Chair

(A) Affiliated Director within meaning of Ontario *Insurance Act*



# Corporate Governance

2015 Annual Report

Lawyers' Professional Indemnity Company

The Board of Directors, either directly or through its committees, bears responsibility for the stewardship of the Company. To discharge that responsibility, the Board supervises the management of the business and the affairs of the Company, including the oversight or monitoring of all significant aspects of the operation, so that the Company effectively and efficiently fulfills its mission, vision and values.

The Company's corporate governance processes, structures and information are designed to strengthen the ability of the Board to oversee management, and to enhance long-term policyholder value. Every director has a duty to guide the Company's affairs in a manner that achieves the Company's objectives.

The corporate governance processes and mandate are derived, in part, from the Ontario *Insurance Act* and regulatory "best practices."

## Board independence

Demonstrable evidence of independence is at the heart of effective governance. Independence is normally a matter of a board demonstrating its ability to act independently of management when appropriate. Currently, only the chief executive officers of LAWPRO and the Law Society of Upper Canada are "affiliated" to the Company within the meaning of applicable legislation. A minority of directors are Benchers or employees of the Law Society of Upper Canada.

## Board composition

Annually, the Board reviews its composition to determine whether or not the Board is optimally structured to ensure the achievement of the corporate strategy and business plan. Also important is a regular assessment of the skills, experience and independence of those on the Board.

## Board responsibilities

The basic oversight responsibilities of the Board include:

- **Corporate performance oversight:** The Board ensures that corporate management continuously and effectively strives to meet the two opposing goals of minimizing premiums and achieving a satisfactory financial result, taking account of risk.
- **Appointment of CEO and related human resources issues:** The Board appoints the CEO and approves the CEO's objectives, assesses his or her performance and determines compensation of the CEO. As well, the Board approves key appointments reporting to the CEO, reviews key executive performance and approves compensation policy and succession plans.
- **Strategic direction and policy:** The Board reviews and approves management's proposed strategic direction and policy matters, and ensures that policies on key issues, including exposure to various risks, are in place, are appropriate and are reviewed to ensure compliance with same.
- **Budgeting and planning:** The Board approves the Company's proposed budgets and other performance goals, reviews performance against goals and recommends corrective actions.
- **Risk Management:** The Board monitors all categories of risk affecting the Company's operations, approves risk management strategies and assesses risk management performance.



# Corporate Governance

2015 Annual Report

Lawyers' Professional Indemnity Company

- **Regulatory compliance and financial monitoring:** Through an independent audit committee, the Board requires and monitors regulatory compliance, appoints the auditor, oversees the audit process and reviews and approves financial reports. The Board also ensures that financial systems produce accurate and timely information, and that appropriate controls are in place.
- **Ensuring its own effectiveness:** The Board establishes committee structures that assist the effective operations of the Board, and enable a review and assessment of the Board's own performance.
- **Setting an appropriate cultural tone:** Through its support for the corporation's vision, mission and values and corporate social responsibility statement and its adherence to the Code of Business Conduct, the Board promotes a culture of integrity, exemplary business conduct, and due regard for the fair treatment of customers while acting in a commercially reasonable manner.

## Board committees

The members of the Board are assisted in fulfilling the responsibilities explained above through the following committees:

### Audit Committee

The audit committee assists the Board in monitoring:

- the integrity of the Company's financial reporting process;
- the financial and solvency risks that the Company is exposed to;
- the controls for managing those risks; and
- the independence and performance of the Company's external auditor and actuary.

### Conduct Review Committee

The conduct review committee oversees the Company's compliance with the related party provisions of the Ontario insurance legislation.

### Executive Committee

The executive committee has the authority of the Board, subject to the limitations of law and those set forth in the Company's bylaws, to consider urgent matters that require action prior to the next Board meeting. Actions taken by the executive committee are reported to the full Board at the next meeting.



# Corporate Governance

2015 Annual Report

Lawyers' Professional Indemnity Company

## Governance Committee

The governance committee:

- assists the Board in its oversight role with respect to: a) the development of the Company's corporate governance policies, practices and processes; and b) the effectiveness of the Board and its committees;
- identifies individuals qualified and suitable to become Board members and recommends the director nominees to each annual meeting of the shareholder;
- assists the Board in its oversight role with respect to: a) the Company's human resources strategy, policies and programs; and b) all matters relating to proper utilization of human resources within the Company, with special focus on management succession, development and compensation;
- oversees procedures for resolving conflicts of interest; and
- assists the Board in liaising with the shareholder.

## Investment Committee

The investment committee:

- assists the Board and management in managing the invested assets of the Company;
- develops and monitors investment policies and guidelines;
- provides recommendations to the Board in connection with the hiring of external investment managers; and
- meets with and monitors the performance of external investment managers.

## Risk Committee

The risk committee assists the Board in monitoring all risks (other than financial and solvency risks) to which the Company is subject and overseeing the development and implementation of appropriate risk management policies and programs.



This report is available on the LAWPRO web site: lawpro.ca. To obtain copies of this report, please contact the Claims Prevention and Stakeholder Relations Department.

Pour obtenir une copie de ce rapport annuel, veuillez contacter le département de la prévention de réclamations et relations avec les intervenants.



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The Law Society of  
Upper Canada | Barreau  
du Haut-Canada

**TAB 4**

**MENTAL HEALTH STRATEGY TASK FORCE  
April 28, 2016**

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**Final Report to Convocation**

**Task Force Members**

Will McDowell (Chair)  
Cathy Strosberg (Vice-Chair)  
Jack Braithwaite  
John Callaghan  
Suzanne Clément  
Cathy Corsetti  
Teresa Donnelly  
Julian Falconer  
Janet Leiper  
Isfahan Merali  
Judith Potter  
Susan Richer  
Joanne St. Lewis

**Purpose of Report:      Decision**

**Prepared by the Policy Secretariat  
(Sophia Sperdakos 416-947-5209)**

## **MENTAL HEALTH STRATEGY TASK FORCE EXECUTIVE SUMMARY**

Mental illness and addictions issues are present in significant numbers within the general Canadian population. There is increasing evidence suggesting that legal professionals may be at an even higher risk than the general population of experiencing career and life challenges and struggles with mental illness and addictions. The culture of and stressors on the legal professions raise barriers to openly addressing these issues for those who may be affected by them and those with whom they work and interact. The stigma surrounding mental illness and addictions, the too common confusion of diagnosis with impairment and the concerns that careers will be permanently and negatively affected by disclosure have a particular impact on lawyers' and paralegals' willingness to reveal such illness or addictions.

Regulators must reflect on the relevance and importance of mental health to the ability of individuals to meet their professional responsibilities and to serve the public.

In this vein, the Law Society has been engaged in addressing wellness, mental illness and addictions issues among licensees for some time. It recognizes that its ability to meet its obligation to ensure that the public of Ontario is served by licensees who meet standards of learning, professional competence and professional conduct may be affected by these issues. It has made many important, but incremental additions to its activities, as reflected in the Inventory of Law Society Initiatives Addressing Wellness, Mental Illness and Addictions referenced in this Report. In June 2015, however, Convocation established a Task Force to articulate a Mental Health Strategy (the "Strategy") for the Law Society's approach to wellness and mental illness and addictions issues. The Strategy would support the efforts the Law Society is already undertaking and enable it to consider and implement other initiatives in this area, linked to its mandate to regulate lawyers and paralegals in the public interest. Convocation also determined that the development of mental health initiatives should be included as part of its Strategic Plan for the 2015-2019 term. By including the Strategy in the Plan it would actively monitor implementation.

The Strategy includes a Vision and Commitment to underpin the Law Society's work, two Strategic Directions with a focus on preventive/management strategies and regulatory strategies and a number of Key Elements and Initiatives that will advance those Directions. Included among the Key Elements is consideration of the role that diversionary and confidential processes, including capacity proceedings held in the absence of the public, may play in appropriate circumstances.

The Strategy is a long-term process that will evolve as attitudes toward mental illness and addictions issues continue to shift. It recognizes that it is beyond the scope of any single group or body to address all the complexities of wellness, mental illness and addictions issues. Successful efforts may be more likely when organizations, such as the Law Society, focus on those areas in which they are able to make a difference, relevant to their mandates.

At the same time, efforts must exist across groups to address gaps, assist in providing information on appropriate sources of assistance and continue a broader conversation addressing mental health and addictions in the legal professions. The Task Force urges the Law Society, law schools and paralegal colleges, legal organizations and associations, law and paralegal firms and other entities, government, Legal Aid Ontario, legal clinics and licensees, while each focusing on their individual roles, to engage in an ongoing conversation that will bring these multi-layered streams together. In this context, the Law Society may also play a valuable role in facilitating such dialogue and discussion.

## **PROPOSED MENTAL HEALTH STRATEGY (Discussed in the Report that follows)**

### **VISION AND COMMITMENT**

To further address licensee mental health and addictions issues to improve professional outcomes, in the public interest.

### **STRATEGIC DIRECTIONS**

#### **(a) Preventive and Management Strategies**

- Increase awareness of *wellness strategies* among the Ontario legal professions and those with whom they work (employers, partners, associates and staff).
- Increase awareness of *mental illness and addictions* issues among the Ontario legal professions and those with whom they work (employers, partners, associates and staff).
- Address the existence and impact of stigma on those licensees experiencing mental illness and addictions issues and reduce stigma.
- Enhance knowledge of and improve access to available assistance for those licensees with mental illness and addictions issues and those with whom they work.

#### **(b) Regulatory Strategies**

- Examine how mental illness and addictions issues are most appropriately addressed in the regulatory context to meet the Law Society's Vision and Commitment.
- Consider how to support early identification and treatment while continuing to protect the public.
- Consider the role that diversion from regulatory proceedings and/or capacity proceedings held in the absence of the public, could play in appropriate circumstances.

### **KEY ELEMENTS AND INITIATIVES UNDER EACH STRATEGIC DIRECTION**

#### **(a) Preventive and Management Strategies**

- Continue to build on the current Law Society preventive and management strategies described in the "Inventory of Law Society Initiatives Addressing Wellness, Mental Illness and Addictions." (included with this Report)
- Develop a comprehensive and proactive Communication Strategy for increasing mental health awareness, generally, and awareness of mental illness and addictions issues, specifically.
  - Provide information on accessing assistance, addressing issues of stigma related to mental illness and addictions and possible systemic causes within the legal professions' cultures that engender or exacerbate these issues.

- Focus on early, repeated and pervasive communication, education and attitudinal change.
- Develop ongoing consultation with stakeholders in a wide range of communities (e.g. racialized, Aboriginal, sole practitioners, large, medium and small firms, aging licensees, government, legal organizations, legal clinics, Legal Aid Ontario), to refine the Communication Strategy.
- Coordinate the plan across relevant Divisions of the Law Society.
- Further enhance awareness and understanding of the Members Assistance Program (“MAP”) among licensees and legal organizations, law schools and paralegal colleges, in a variety of venues and media, promoting its confidentiality and range of services.
- Consider and report on whether and how the range of confidential MAP services might be expanded to further assist licensees.
- Consider the most effective ways to regularly inform about MAP and other mental health services at Continuing Professional Development (“CPD”) and other events.
- Investigate the merits of and, where appropriate, develop or update a model policy or policies to educate the legal professions, law firms, employers and organizations on,
  - tools for advancing mental health;
  - possible systemic causes within the legal professions’ culture and employment practices that engender or exacerbate these issues;
  - risks/signs of problems related to mental illness, including dementia, and addictions;
  - appropriate licensee accommodation practices;
  - differences between illness and impairment and whether the illness is situational, episodic or chronic;
  - addressing and avoiding stigma; and
  - strategies to assist licensees and enable them to assist themselves or others.
- Using the activities already in place in the Professional Development & Competence Division, the Equity Public Education Rule of Law Series and other educational programming,
  - consider and enhance the ongoing role that Continuing Professional Development and practice management supports can play in a number of areas including,
    - i. increasing awareness of wellness and of mental illness; and
    - ii. addictions issues and in addressing stigma.
- Provide organization-wide *general* training for staff on mental illness and addictions.

- Provide *specialized* training for staff who interact with licensees on mental illness and addictions.
- Provide awareness sessions for Convocation, as part of Directors' education, on wellness, mental illness and addictions issues and on accommodation requirements.
- Provide training for Law Society Tribunal adjudicators on mental illness and addictions issues and on accommodation requirements.
- As part of the recently approved Coach and Advisor Initiative's incremental implementation, develop a mental illness and addictions training component for coaches and advisors and consider the role of mental health issues in the development of coaching curricula.
- As a participant in The Action Group (TAG) Mental Health Cluster, encourage the exploration and development of a Mental Health Conference to discuss the continuum of mental health issues and initiatives from law school to retirement, with participation of a range of stakeholders.
  - Consider possible systemic causes within the legal professions' cultures and employment practices that engender or exacerbate these issues.
  - Consider the possible role of the Law Society to facilitate ongoing dialogue and discussion on a yearly or other basis.
- Consider whether and how the Discrimination and Harassment Counsel's mandate could be more effectively used or expanded to address mental illness and addictions issues.

**(b) Regulatory Strategies**

- Continue to build on the current Law Society preventive and management strategies described in the "Inventory of Law Society Initiatives Addressing Wellness, Mental Illness and Addictions." (included with this Report)
- Consider a policy and operational continuum that provides guidelines for addressing mental illness and addictions issues from intake, including early diversion from regulatory processes in appropriate circumstances.
  - Analyze current early processes in place to identify and address possible mental illness, including dementia, or addictions issues in licensees.
  - Consider best practises to support early diversion and treatment, in keeping with the public interest.
  - Consider whether there are aspects of the Nova Scotia Barristers' Society's Fitness to Practice Program and the Ontario Medical Association's Physician Health Program that might be adaptable to Law Society approaches.

- Ensure regulatory focus is on impairment, not mere presence of a diagnosis or seeking of care.
- Consider appropriate handling of licensee information respecting mental illness and addictions issues, whether within the Law Society or in the public domain, balancing considerations of privacy and regulatory accountability.
- Consider proactive steps to address repeated licensee failure to respond to Law Society correspondence, where mental illness or addictions issues are suspected.
- Analyze the 2007 Convocation policy that approved all capacity proceedings be held in public, with a view to determining,
  - whether there are reasons to reverse the policy, while continuing to address the public interest;
  - if not, whether greater discretion might be provided to hearing panels to consider hearings in the absence of the public in appropriate cases; and
  - the impact of any proposed change to the policy on Rule 18 of the Law Society Tribunal Hearing Division Rules of Practice and Procedure.
- Ensure that regulatory staff have specialized mental illness and addictions training, appropriate for the functions they perform, such that necessary skills are applied to the assessment and handling of cases from first contact with licensees.
- Review the Rules of Professional Conduct and Paralegal Rules of Conduct to ensure that they do not stigmatize those with mental illness and addictions.
- Ensure that all Law Society application forms, including for licensing and good character, do not stigmatize those with mental health illness and addictions.
- Continue to develop the role of the Capacity Program Manager in the Professional Regulation Division to facilitate the Strategic Directions on mental illness and addictions.
- Consider an enhanced role for duty counsel for licensees at an early stage of the regulatory process where mental illness and addictions may be issues.
  - Consider the development of specialized duty counsel training.
- For the Tribunal process,
  - review all Law Society Tribunal Rules and processes to ensure that they are responsive to the needs of those with mental illness and addictions;
  - provide clear authority for a hearing panel to convert a conduct application to a capacity application where appropriate; and

- ensure that the release and publication of reasons and orders and the release of file materials respecting licensees do not reinforce stigma and/or interfere with treatment. This could include consideration of the possible role that anonymization of identifying information might play, in appropriate circumstances.

## **RESOURCES FOR AND IMPLEMENTATION OF KEY ELEMENTS AND INITIATIVES**

- Provide appropriate human and other resources for the implementation of the Strategy, including but not limited to,
  - when necessary from time to time, contracting for dedicated or specialized assistance or resources to assist Law Society Divisions in the implementation of the Strategy; and
  - adequate financial resources over the balance of the 2015-2019 benchers term and beyond to implement recommendations, including those that address training, model policies, a regulatory policy and operational continuum for addressing mental illness and addictions, access to duty counsel at an early stage, a TAG Mental Health Conference, the Communications Strategy and any MAP enhancements.
- Establish a Mental Health Strategy Implementation Task Force of no more than five benchers to provide guidance on implementation-related issues.
- Include reporting on the Strategy's Implementation as part of the CEO's Reports to Convocation to ensure regular monitoring.

## THE REPORT

### MOTION

1. That Convocation approve the proposed Mental Health Strategy, the component parts of which are set out at [pages 4 to 8](#) of this Report.
2. That Convocation approve the approach to funding for the Strategy, set out in [paragraphs 27 to 34](#) of this Report.

### INTRODUCTION AND TASK FORCE CONTEXT

3. Mental illness and addictions issues are present in significant numbers within the general Canadian population.<sup>1</sup>
4. The Centre for Addiction and Mental Health (CAMH) statistics on mental illness and disability reveal how serious and prevalent these issues are in society at large, making it apparent that mental health, mental illness and addictions issues should be the concern of everyone, both individually and as a society.<sup>2</sup>
5. There is increasing evidence suggesting that legal professionals may be at an even higher risk than the general population of experiencing career and life challenges and struggles with mental illness and addictions. The culture of and stressors on the legal professions raise barriers to openly addressing these issues for those who may be affected by them and those with whom they work and interact. The stigma surrounding mental illness and addictions, the too common confusion of diagnosis with impairment and the concerns that careers will be permanently and negatively affected by disclosure have a particular impact on licensees' willingness to reveal such illness or addictions.
6. A 1995 study on the prevalence of major depression among occupational groups found the rate of major depression among lawyers during the year prior to the survey was 10% or three-and-one-half times the expected rate based on a comparison with the

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<sup>1</sup>The Mental Health Commission of Canada notes the following facts on its website: In any given year, one in five people in Canada experiences a mental health problem or illness, with a cost to the economy of well in excess of \$50 billion. Only one in three people who experience a mental health problem or illness — and as few as one in four children or youth — report that they have sought and received services and treatment. Of the 4,000 Canadians who die every year as a result of suicide, most were confronting a mental health problem or illness. In a recent study, only 63 per cent of people who had been hospitalized for depression had a follow-up visit with a physician within 30 days after discharge, compared to 99 per cent of people with heart failure. In the same 30 days, 25 per cent of people who had been hospitalized for depression either visited an emergency room or were readmitted to hospital. Peer support for people living with mental health problems and illnesses can help to reduce hospitalization and symptoms, offer social support, and improve quality of life. <http://strategy.mentalhealthcommission.ca/the-facts/>

<sup>2</sup> [http://www.camh.ca/en/hospital/about\\_camh/newsroom/for\\_reporters/Pages/addictionmentalhealthstatistics.aspx](http://www.camh.ca/en/hospital/about_camh/newsroom/for_reporters/Pages/addictionmentalhealthstatistics.aspx)

general population.<sup>3</sup> In a 2012 article entitled “Killing Ourselves,” Megan Seto noted that, “approximately 20% of the entire legal profession suffers from clinically significant levels of substance abuse, depression, anxiety or some other form of psychopathology.”<sup>4</sup>

7. A recent survey of 12,865 licensed, employed U.S. attorneys found “substantial rates of behavioral health problems” with,  
  
20.6% screening positive for hazardous, harmful and potentially alcohol-dependent drinking...with 28%, 19% and 23% experiencing symptoms of depression, anxiety, and stress, respectively.<sup>5</sup>
8. A 2015 Australian study reveals equally concerning statistics on rates of mental illness and addictions problems, but goes on to consider possible systemic causes of these issues, noting in particular, the “focus on individual-level psychosocial risk factors affecting mental health has been to the detriment of the acknowledgement of and research on, alternative or additional causal factors.” Examples of known psychosocial risk factors are described as “dysfunctional workplace cultures, [including] destructive leadership styles, and poor interpersonal behaviours.” The Report notes that “anecdotal evidence suggests that a number of these organizational or work-related psychosocial risks are prevalent within the profession.” The failure to “investigate these organisationally-bound risk factors means a range of primary risk management (i.e. prevention) strategies to address the mental health problems within the profession are potentially being underutilised.”<sup>6</sup>
9. A number of lawyer associations have begun to focus their attention on mental health. The Canadian Bar Association (“CBA”) and the Ontario Bar Association’s (“OBA”) websites illustrate the emphasis they are placing on mental health issues.<sup>7</sup> Governments and organizations in Ontario are also advancing mental health and

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<sup>3</sup>Edgar P. Nace. *Achievement and Addiction: A Guide to the Treatment of Professionals*. 1995. Chapter 9 Attorneys. The Chapter also noted at pages 107-108,

...prospective law students did not differ from population norms in regard to the incidence of depression. However, by the end of the first year of law school, 32% reported depression and 40% reported depression when surveyed near the end of the third year of law school.

A random sample of lawyers in the State of Washington found that 17% were depressed...and 12% were “problem drinkers.” Six percent were both depressed and had alcohol problems...Concern about alcohol use increases as an attorney’s career advances....

<sup>4</sup> Megan Seto, “Killing Ourselves: Depression as an Institutional, Workplace and Professionalism Problem”, (2012) 2:2 online: UWO J Leg Stud 5 <<http://ir.lib.uwo.ca/uwojls/vol2/iss2/5>>.

<sup>5</sup> Krill, Patrick, Ryan Johnson and Linda Albert, “The Prevalence of Substance Use and Other Mental Health Concerns among American Attorneys,” *J Addic Med* 2016; 10: 46-52.

<sup>6</sup> R.T. Michalak. *Causes and Consequences of Work-Related Psychosocial Risk Exposure*. 2015.

<sup>7</sup>See <http://www.cba.org/CBA-Wellness/Home> and <http://www.oba.org/openingremarks/Home>

addictions initiatives and wellness strategies.<sup>8</sup> Even the insurance industry is beginning to examine and change policies that deny benefit payments to people who try to kill or injure themselves.<sup>9</sup>

10. Articles, blogs, press releases or news and editorial commentaries as well as announcements of new initiatives appear regularly, seeking to highlight, demystify, destigmatize and address mental illness and addictions issues. Recently, the Prime Minister was part of a television discussion on the critical need to remove stigma from this topic.<sup>10</sup> These public conversations denote greater openness on mental illness and addictions and are an essential component of changing attitudes. The work that many bodies are undertaking seeks to harness this changing mood and convert it to action.
11. Regulators must reflect on the relevance and importance of mental health and wellness to the ability of individuals to meet their professional responsibilities and to serve the public. In this vein, the Law Society has been engaged in addressing wellness, mental illness and addictions issues among licensees for some time. It recognizes that its ability to meet its mandate and obligation to ensure that the public of Ontario is served by licensees who meet standards of learning, professional competence and professional conduct may be affected by these issues.
12. The Law Society has made many important, but incremental additions to its activities respecting issues of wellness and mental illness and addictions, as reflected in the “Inventory of Law Society Initiatives Addressing Wellness, Mental Illness and Addictions,” set out at **TAB 4.1: Inventory**.

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<sup>8</sup> Recent legal sector initiatives include:

- a. The *Accessibility for Ontarians with Disabilities Act, 2005* S.O. 2005, Chapter 11, seeks to make Ontario fully accessible by 2025. online: [www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_05a11\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_05a11_e.htm). Certain AODA accessibility standards and service delivery requirements have already come into force.
- b. The Law Commission of Ontario’s September 2012 report *A Framework for the Law as It Affects Persons with Disabilities, Advancing Substantive Equality for Persons with Disabilities through Law, Policy and Practice*, September 2012, online: <http://www.lco-cdo.org/persons-disabilities-final-report.pdf>.
- c. The OHRC released *Minds that matter: Report on the consultation on human rights, mental health and addictions* in 2012. online: [www.ohrc.on.ca/en/minds-matter-report-consultation-human-rights-mental-health-and-addictions](http://www.ohrc.on.ca/en/minds-matter-report-consultation-human-rights-mental-health-and-addictions) and the OHRC Policy in January 2014.
- d. Legal Aid Ontario has developed a Mental Health Strategy. online: <http://legalaid.on.ca/en/policy/mentalhealth.asp>. As part of this initiative, it has developed a new Mental Health and Addictions Intake Tool in partnership with the Canadian Mental Health Association and Provincial Human Services and Justice Coordinating Committee. online: [http://www.legalaid.on.ca/en/news/newsarchive/1407-08\\_mhintaketool.asp](http://www.legalaid.on.ca/en/news/newsarchive/1407-08_mhintaketool.asp).
- e. In the fall of 2014, Ontario’s law schools launched [www.justbalance.ca](http://www.justbalance.ca) to promote law student wellbeing. See also: <http://campusmentalhealth.ca/project/ontario-law-student-mental-health-initiative/> and <https://www.justbalance.ca/school/osgoode-hall-law-school>

<sup>9</sup> <http://www.cbc.ca/news/health/insurance-mental-health-suicide-policies-self-harm-1.3510407>

<sup>10</sup> January 27, 2016. The Social. Bell Let’s Talk Day.

13. In June 2015, however, Convocation established a Task Force to articulate a Mental Health Strategy (the “Strategy”) for the Law Society’s approach to wellness and mental illness and addictions issues. The Strategy would support the efforts the Law Society is already undertaking and enable it to consider and implement other initiatives in this area linked to its mandate to regulate lawyers and paralegals in the public interest.<sup>11</sup> Convocation also determined that the development of mental health initiatives should be included as part of its Strategic Plan for the 2015-2019 term. By including the Strategy in the Plan it would actively monitor implementation.
14. Although the studies address only the experiences of lawyers, it is reasonable to believe that paralegals are exposed to many, if not all, of the factors that are affecting lawyers’ professional and personal lives, as well as some that may be unique to the paralegal profession. The Task Force considers the information on lawyers’ experiences to be relevant to paralegals. In this Report, the Strategy applies equally to lawyers and paralegals.
15. In undertaking its work, the Task Force has benefited from the depth and breadth of work done by others in this area, some of which is described in this Report. In addition, a number of professionals who deal with these issues, as well as people affected by mental illness or addictions issues attended Task Force meetings to provide information, insight and advice. The Task Force has considered a number of relevant reports, reflected on the strategic approaches taken by other regulators, organizations and professions and considered what focus it might choose to most effectively address the issues in its role as regulator.

#### **INVENTORY OF LAW SOCIETY ACTIVITIES ON WELLNESS, MENTAL ILLNESS AND ADDICTIONS**

16. The Law Society regulates over 49,000 lawyers and over 7,600 paralegals. It is a large regulatory body with numerous Divisions that are responsible for a wide range of issues related to licensing, licensee status, professional regulation, competence, professional development, practice support, equity and access to justice.
17. As described above, in furtherance of its mandate the Task Force amassed the Inventory, set out at **TAB 4.1: Inventory**, which outlines the Law Society’s activities related to wellness and mental illness and addictions. In considering the Inventory’s connection and relevance to the development of the Strategy, the Task Force noted the following:
  - a. Each division within the Law Society has developed a number of approaches to wellness and mental illness and addictions, within the scope of its responsibility.

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<sup>11</sup> Since its establishment, the Task Force has met on September 8, 2015, October 22, 2015, November 10, 2015, December 3, 2015, January 15, 2016, February 9, 2016 and March 7, 2016.

These activities range across the Law Society's Divisions: initial contact with licensees (e.g. Client Service Centre), remedial and preventive supports (Professional Development & Competence), regulatory (Professional Regulation Division) and the Law Society Tribunal. This means that an infrastructure for the Strategy and a foundation for its elements are already in place. A number of activities that are currently undertaken individually or within a single Division, could become part of an integrated effort or lead to other inter-divisional interaction across the organization.

- b. Supportive and regulatory activities each trigger different responsibilities for the Law Society. In the case of supportive activities, the focus is on quality improvement – offering tools that make professionals more competent, resilient, organized and better able to withstand the pressures and stress in their work lives that, left unaddressed, can lead to problems. In the case of regulatory activities, the Law Society must focus directly on its public interest mandate, given the potential and actual risks to clients. The Task Force has identified the tension that exists for the Law Society when it considers how to assist with a mental illness or addictions issue where public protection is also at issue. This may affect the Law Society's approach to addressing mental illness and addictions, making it at least in part different from that of an organization that represents the professions' interests and has no regulatory mandate.
- c. A communication plan that fully illustrates the Law Society's approach to these issues and its component parts is essential to any strategy. With information overload, licensees may simply not be aware of what is already available to them or what will be included in any strategy. It is not easy to reach over 56,000 professionals, some of whom will already be experiencing mental illness, including dementia, and addictions issues. As with many of the reports the Task Force read, engagement with licensees on an ongoing basis may be the key to creating a culture of greater openness, awareness and understanding of the Law Society's various roles on this issue.
- d. The regulatory response may in certain circumstances be legislatively prescribed. Moving forward with the Strategy, it will be important to consider if any policy changes to implement the Strategy require legislative or by-law amendment.
- e. Staff training and staff awareness arise frequently in describing the activities within the various divisions. The Task Force believes that this grounding for staff, as well as for Convocation and for Tribunal adjudicators, including updated, focused, and organization-wide additional training, is essential to the implementation of the Strategy.
- f. The appropriate treatment of licensee information respecting mental illness and addictions issues, whether within the Law Society or in the public domain, is a

complex issue that requires consideration of both privacy and regulatory accountability.

18. The Task Force's proposed Strategy builds on the areas of activity within the existing Inventory, considers how they can be developed further, shifted or prioritized and sets out additional approaches and activities.

## ASSISTANCE TO TASK FORCE

19. The Task Force has benefited from hearing from a number of professionals on issues related to mental illness and addictions, particularly in a regulatory context. They attended Task Force meetings and provided helpful perspectives on the various issues for a regulator to consider. The Task Force thanks them for their assistance and insight.<sup>12</sup>
20. While each person brought a particular perspective to the issues, and in some cases their own experiences with mental illness or addictions, there were many points on which they agreed. The following are the key considerations the Task Force found most relevant to developing its proposed Strategy:
  - a. Across all the discussions, the speakers emphasized that a strategy should reflect those areas of focus in which an organization is best equipped to act. This is essential to avoid duplication, taking on too much or adopting an approach that is not the appropriate fit for the organization's mandate.
  - b. Mental illness and addictions are complex issues that cannot be addressed in a one-size-fits-all approach. It is essential that any strategy recognizes that there are factors specific to each mental health diagnosis with symptoms manifesting differently and with different consequences. Addictions may arise from a wide range of circumstances and result in a variety of behaviours. Licensees may be experiencing both mental illness and addictions.

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<sup>12</sup> **Lisa Brownstone**, co-director of the legal office at the College of Physicians and Surgeons of Ontario; **Michael Bryant**, Chair, Public Accountants Council (Ontario); Principal at Ishkonigan Inc; former Attorney General for Ontario, Cabinet Minister and MPP, Ontario; **Lesley Cameron**, Acting Director, Professional Regulation Division, Law Society of Upper Canada; **Dr. Graeme Cunningham**, Fellow of the Royal College of Physicians of Canada and of the American Society of Addiction Medicine; Clinical Professor, Department of Psychiatry at McMaster University; consultant to the Council of the Royal College of Dental Surgeons; **Orlando Da Silva**, trial lawyer with 21 years' experience at Borden Ladner Gervais LLP and the Ministry of the Attorney-General; past President Ontario Bar Association; **Dr. Graham Glancy**, member of the Manasa clinic, providing consultation to the legal/medical community, correctional facilities, and others; Assistant Professor of Psychiatry at the University of Toronto; Assistant Clinical Professor at McMaster University; past President of the Canadian Academy of Psychiatry and the Law; **Doron Gold**, Staff Clinician at Homewood Health (provider of the Ontario legal profession's Member Assistance Program); Registered Social Worker, Certified Professional Coach and psychotherapist; previously practised law; **George Shipley**, Vice President and Canadian National Commercial Leader of Aon Hewitt, Health & Benefits; **Amanda Worley**, Discipline Counsel and Practice Lead, capacity and misappropriation cases, Law Society of Upper Canada.

- c. The discussion around mental illness must not exclude cognitive impairments, such as Alzheimer's disease and other forms of dementia. These pose particular diagnosis and treatment challenges and may be coupled with other mental health or addictions diagnoses. There are,
- i. 10,290 licensees between the ages of 50 and 59;
  - ii. 6,732 licensees between the ages of 60 and 69;
  - iii. 1,664 licensees between the ages of 70 and 79;
  - iv. 382 licensees between the ages of 80 and 89; and
  - v. 91 licensees over the age of 90.<sup>13</sup>
- Of the total of 19,159 licensees in these categories, 17,470 are lawyers and 1,689 are paralegals. Given an aging profession, particularly that of lawyer licensees, new strategies need to be developed to address cognitive warning signs.
- d. Stigma remains an enormous challenge to efforts to reach affected licensees. This was discussed by all the speakers and noted as a particularly difficult question for the regulator to address because licensees are afraid frankness will lead to disciplinary responses. At the same time, it was agreed that slow and steady progress can be made if it is done thoughtfully, incrementally and proactively.
- e. *Diagnosis* of a mental illness or addiction must be differentiated from *impairment* resulting from the diagnosis. They do not necessarily go together and a person may be receiving treatment or be under medical care such that there is no, or only minimal, impairment. In addition, in some cases the diagnosis might not explain the behaviour at all. Attention should also be paid to whether the illness is situational, episodic or chronic.
- f. Wherever possible, focus should be on recovery issues and avoid notions of stigma and shame. At the same time the Law Society must address regulatory obligations to protect the public. All of these complex factors point to the need for the regulator to be sophisticated in its approach and to have continued access to medical experts when circumstances merit this.
- g. Wellness is a significant and distinct topic. Focused on preventive activities, the topic and initiatives developed within it may elicit different reactions from licensees, depending upon the realities they face. As with other topics, one size will not fit all, but it is important for the Law Society's Strategy to contain elements respecting wellness. The role of continuing professional development was emphasized.

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<sup>13</sup> These statistics cover licensees who are employed in private practice, employed in other occupations and Canadian Legal Advisors (L3 lawyer licensees). They do not include licensees who are retired, not currently working or who are suspended.

- h. The regulator is not an expert in mental health and cannot treat or remedy the illnesses or addictions of its licensees. It should, instead, have in place tools that will allow for diversion in the appropriate circumstances, with appropriate confidentiality protocols.
  - i. Use of the MAP is increasing, but there is still a need for increased awareness and trust – ongoing communication, greater emphasis on confidentiality of the services, eligibility for the services, and continuing efforts to proactively address the effect of stigma on willingness of licensees to contact MAP.
  - j. It may be worthwhile to consider possible reasons that may underlie licensee failure to reply to Law Society correspondence. The reason may not be ungovernability, but rather mental illness or addictions issues.
  - k. The Law Society may wish to consider initiatives in other professions, such as those offered for physicians, which are focused on treatment rather than punishment and are confidential, while still operating in a public interest context.
  - l. Consideration should be given to whether it is necessary in discipline proceedings or other regulatory contexts to disclose details of medical conditions and treatments.
  - m. Given the Law Society's regulatory role, attention must be paid to public perception of assistance to licensees where clients have been affected. Programs and policies can only be developed properly with an understanding of the complexity of various perspectives. Preventive and competence-based initiatives and communication of mental health, mental illness and addictions issues are vital because they may provide guidance before regulatory issues arise. On the other hand, the awareness of and, where appropriate, assistance to those already struggling or in regulatory difficulty will engage more complex regulatory considerations.
21. The Task Force also found the recommendations of the Canadian Medical Association's *Physician Health Matters* Report of 2010 that applied to regulators, useful to its work:
- Consider how existing policies, screening questions, investigations and public communication of decisions may reinforce the existing stigma that remains a barrier to the early identification of, and intervention for, mental health issues and illness among physicians.
  - Review [the regulatory] approach to mental health issues in physicians to ensure that it focuses on impairment and not the mere presence of a diagnostic label or seeking of care.
  - Create a regulatory environment that protects the public while removing the barriers that currently exist for physicians seeking diagnosis and treatment for mental illness. Working with medical associations, PHP [Physician Health Program] and governments, a licensure process could

be established that creates a “safety net” for both the public and those who care for the public.<sup>14</sup>

## THE TASK FORCE’S PROPOSED STRATEGY

22. The Task Force has developed the proposed Mental Health Strategy, set out at pages 3 to 6 of this Report, for Convocation’s consideration and approval. This section details the components of the proposed Strategy.

### The Vision and Strategic Directions

23. It is in the public interest that all licensees achieve optimal mental health, but there are many components to such a vision, not all of which the Law Society is equipped to address or the most appropriate organization to advance. Its regulatory obligations may not always coincide with all the steps, accommodations, tools and timelines required to satisfy this holistic and broad a vision.<sup>15</sup> The Law Society’s legislative mandate 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.”<sup>16</sup>
24. At the same time, it is essential that within the scope of the Law Society’s regulatory activities and responsibilities it be cognizant of how mental illness and addictions issues may interact with and affect licensees’ professional activities. Its Strategy should dedicate attention and resources to improving professional outcomes. With this in mind, the Task Force’s proposed Strategy includes a Vision and Strategic Directions that fit within those areas in which the Law Society is in the best position to act. The following features underpin the Vision and the Strategic Directions set out at page 3 of this Report:
- a. Licensee wellness and issues around mental illness and addictions are the central components of the vision, but set within the context of the public interest.
  - b. Many activities are already being undertaken at the Law Society in the areas of wellness, mental illness and addictions, but by articulating an overarching statement for the Strategy, a coordinated and complementary approach across divisions and activities is highlighted. A clear focus on preventive and regulatory

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<sup>14</sup> Canadian Medical Association. *Physician Health Matters*. February 2010, p.11. “PHPs” referred to are Physician and Professionals Health Programs of the Ontario Medical Association.

<sup>15</sup> The CMA’s 2010 vision is broad, but the CMA is a national, voluntary association of physicians that advocates on behalf of its members and the public for access to high-quality health care. It is not a regulator. It noted in 2010 that its strategy is dependent on a collaborative approach among many related organizations to bring about change. As noted in the section above, its recommendations recognize medical regulators playing a specific part in the overall vision.

<sup>16</sup> The *Law Society Act*, R.S.O. 1990, c.L.8, section 4.1

activities enables resources to be devoted where they can make the most difference.

- c. “Improving professional outcomes” further hones the Vision and Commitment. As those who assisted the Task Force noted, the Law Society is not an expert in mental health and cannot treat or remedy illnesses and addictions. It can, however, focus attention on the professional role of the licensee and use its mandate in competence and regulation to,
  - i. consider ways in which its activities can advance mental health; and
  - ii. examine how its regulatory context can address licensee mental illness and addictions issues while still protecting the public interest.
- d. The elements are stated as proactive rather than reactive features. The goals envision increasingly proactive behaviours that will,
  - i. support prevention;
  - ii. facilitate earlier identification of mental illness and addictions issues and assistance with them before they become regulatory, described as “upstream efforts;”
  - iii. implement active steps to address stigma;
  - iv. facilitate analysis of barriers with a view to minimizing them; and
  - v. enable diversionary regulatory approaches, in appropriate circumstances.

### **The Elements and Initiatives**

- 25. The Strategic Directions at page 3 guide the Law Society’s commitment to a Strategy focusing on preventive and regulatory approaches. At pages 3 to 6 the Strategy identifies Elements and Initiatives that the Task Force recommends for each of those Strategic Directions. Some components are already in place, as reflected in the Inventory. Some additional Elements can build on those or otherwise be operationalized without need for further Convocation approval, once the Vision and Strategic Direction are approved. Some will require further policy analysis, costing and Convocation approval at a future date. The development of future Elements and Initiatives will be guided by the Vision and Strategic Directions.

### **Considerations Underlying the Elements and Initiatives**

- 26. The following considerations have guided the specific Elements and Initiatives the Task Force has developed:
  - a. The focus of the Elements and Initiatives under the Preventive and Management Strategic Direction should be on,
    - i. communication;

- ii. staff, adjudicators and Directors' training;
- iii. licensee supports; and
- iv. professional development.

Progress around reducing stigma and barriers, building and fostering awareness, ensuring ongoing learning and activities to address issues of mental illness and addictions, continued development of responsive and supportive tools in a wide range of topics (e.g. wellness, succession planning, coach and advisor services, model policies, CPD, MAP) and promoting a culture shift are best advanced through these four areas.

- b. Facilitating ongoing dialogue and meetings among a wide range of stakeholders is a means to evolve and expand this Strategic Direction and provide a forum for enhancing cross-pollination of views.
- c. Elements and Initiatives under the Regulatory Strategic Directions include components within Professional Regulation, Administrative Processes, Rules and the Law Society Tribunal.
- d. Consideration should be given to the role that diversion from regulatory processes could play in appropriate circumstances, including capacity proceedings held in the absence of the public where there is mental illness or addiction. This should be a focus of the Elements and Initiatives under the Regulatory Strategic Directions. The cumulative effect of the Elements and Initiatives exploring this approach should be to encourage diversion where the public interest can be served. As those who assisted the Task Force noted, wherever possible, focus should be on recovery issues and avoid notions of stigma and shame. At the same time, the Law Society must address regulatory obligations to protect the public. All of these complex factors point to the need for the regulator to be sophisticated in its approach and to have continued access to medical experts when circumstances merit this.
- e. The Elements and Initiatives should also address,
  - i. the issue of appropriate supports for licensees affected by mental illness and addictions, such as duty counsel at an early stage (intake); and
  - ii. the importance of specialized training for staff.
- f. At the Tribunal level the Elements and Initiatives should focus on processes that are appropriately responsive to the needs of those with mental illness and addictions. This should include ensuring that the release and publication of reasons and orders and the release of file materials respecting licensees do not reinforce stigma and/or interfere with treatment. This could include consideration of the possible role that anonymization of identifying information might play, in

appropriate circumstances. They should also consider enhancements to a hearing panel's ability to convert a conduct hearing into a capacity hearing where appropriate.

### **Implementation, Monitoring and Financial Considerations**

27. The Mental Health Strategy crosses a number of Law Society Divisions and areas. In the Task Force's view there will be aspects of implementation that will require contracted resources from time to time to assist Divisions in conducting the necessary research and developing possible approaches for Convocation's consideration and approval. Specifically, as set out at page 6, the Strategy recommends:
- Provide appropriate human and other resources for the implementation of the Strategy, including but not limited to,
    - when necessary from time to time, contracting for dedicated or specialized assistance or resources to assist Law Society Divisions in the implementation of the Strategy; and
    - adequate financial resources over the balance of the 2015-2019 bench term and beyond to implement recommendations, including those that address training, model policies, a regulatory policy and operational continuum for addressing mental illness and addictions, access to duty counsel at an early stage, a TAG Mental Health Conference, the Communications Strategy and any MAP enhancements.
28. The proposed Strategy consists of three types of Elements and Initiatives:
- a. Those that can be developed and implemented within ongoing annual operational budgets (e.g. Communications plan or CPD initiatives).
  - b. Those that are within the scope of initiatives for which budgets have already been approved (e.g. Coach and Advisor Initiative).
  - c. Those that will likely require additional resources at a future point when in-depth consideration of the Element or Initiative is undertaken (e.g. enhanced duty counsel model) either for developing proposals or for the future costs of implementing such proposals.
29. The implementation of the Strategy is a long term process that was contemplated as part of the 2015-2019 Strategic Plan. For the balance of 2016, implementation will focus on,
- a. those activities under paragraph 28(a) and (b); and

- b. planning for those that will require more in-depth work and policy analysis contemplated in paragraph 28(c).
30. The Task Force has considered the specific Elements and Initiatives of the Strategy that may require additional resources as mentioned in paragraph 28(c). This is important so that the 2017 budget development process can include appropriate funding for these elements, including in particular contracting for dedicated or specialized assistance or resources, where needed.
31. Without seeking to limit the Elements or Initiatives that might require additional resources, the Task Force recommends that the 2017 budgeting process include consideration of funding that might be required for at least the following Elements or Initiatives, set out on pages 3-6:
  - a. Possible assistance to investigate the merits of and, where appropriate, develop model policy(ies) on wellness, mental illness and addictions.
  - b. Development and/or coordination across the Law Society of staff, benchers and adjudicator training on mental illness and addiction.
  - c. Where necessary, additional funding respecting a stakeholder conference(s) on mental health through the TAG Mental Health Cluster.
  - d. Consideration of enhanced role for duty counsel for those with mental illness or addictions.
  - e. Consideration of a policy and operational continuum that provides guidelines for addressing mental illness and addictions from intake, including early diversion from regulatory processes in appropriate circumstances.
32. In the Task Force's view, the operational areas that will be responsible for undertaking a number of these Elements or Initiatives will be in the best position to reflect on the budgetary requirements as part of the 2017 budget process and, with one exception, the Task Force does not make recommendations in this Report respecting specific budgetary allocations.
33. The one exception to this approach is with respect to the Element described in paragraph 31(e). In the Task Force's view, this is a substantial item. In all likelihood it will require contracting for dedicated or specialized assistance or resources to assist Law Society Divisions in considering it. The Task Force is of the view that someone with expertise in mental health, as well as knowledge and understanding of regulatory requirements, will be needed to devote dedicated time to this Element.
34. To ensure this Element can be properly considered and reported on, the Task Force recommends that Convocation allocate \$100,000 to it in the 2017 budget. This number

may be refined during the actual budget process, but in the Task Force's view Convocation's approval of the allocation of this amount for 2017 in this Report is an important recognition of the need for dedicated resources to the Strategy where appropriate.

35. In addition to budgetary considerations the Task Force has considered steps that will facilitate implementation. It recommends the appointment of a Mental Health Strategy Implementation Task Force of no more than five benchers to provide guidance on implementation-related issues.
36. Finally, to ensure regular monitoring of implementation, the Task Force recommends reporting on the Strategy's Implementation as part of the CEO's regular Reports to Convocation.

## **Conclusion**

37. Addressing licensee wellness and mental illness and addictions issues is both challenging and complex. The Strategy that the Mental Health Task Force recommends is a long-term process that will evolve as attitudes toward mental illness and addictions issues continue to shift. It recognizes that it is beyond the scope of any single group or body to address all the complexities of wellness, mental illness and addictions issues. Successful efforts may be more likely when organizations, such as the Law Society, focus on those areas in which they are able to make a difference, relevant to their mandates.
38. At the same time, however, given that no single entity can individually address all the issues, efforts must exist across groups to address gaps, assist in providing information on appropriate sources for assistance and continue a broader conversation addressing mental health and addictions in the legal professions. The Task Force urges,
  - a. the Law Society;
  - b. law schools and paralegal colleges;
  - c. legal organizations and associations;
  - d. law and paralegal firms and other entities;
  - e. government;
  - f. Legal Aid Ontario and legal clinics; and
  - g. licensees;

while each focusing on their individual roles, to also engage in an ongoing conversation that will bring these multi-layered streams together. In this context, the Law Society may also play a valuable role in facilitating such dialogue and discussion.



**TAB 4.1**

## **INVENTORY OF LAW SOCIETY INITIATIVES ADDRESSING WELLNESS, MENTAL ILLNESS AND ADDICTIONS ISSUES**

### **I. ASSISTANCE FOR LEGAL PROFESSIONALS REGARDING MENTAL HEALTH AND ADDICTIONS ISSUES**

1. The Law Society provides several different forms of support for members of the legal professions experiencing mental health issues. Some of these support mechanisms are available for personal use, while others are aimed at providing employers and managers with assistance in supporting and accommodating lawyers, paralegals and students under their supervision.

#### **I) CLIENT SERVICE CENTRE SUPPORTS FOR LEGAL PROFESSIONALS**

2. The Law Society's Client Service Centre ("CSC") is the front line for providing information to licensees and the general public.<sup>1</sup> When appropriate, the CSC advises licensees of the resources available to them. For example, staff in the Call Centre and Membership Services provide information about the Member Assistance Program ("MAP") and information available on the Law Society's website for lawyers and paralegals who may be experiencing mental health or addictions issues. Staff in Membership Services, the Call Centre, Administrative Compliance and By-Law Administration Services also provide licensees with information about the exemption process if a licensee indicates that he or she is unable to work due to mental health or addictions issues.
3. The CSC must exercise a certain level of discretion when fielding calls or emails. Depending on the situation, a licensee who indicates that he or she is struggling to maintain practice due to health issues might be referred to Trustee Services for assistance if they wish. If a family member of a licensee contacts the Law Society, staff in the CSC could mention some of the resources available above, depending on the situation.
4. It should be noted that in addition to providing general support to licensees, in some cases, if CSC staff recognize capacity issues they will refer the matter to the Professional Regulation Division ("PRD"). This may lead to PRD evaluation of the situation to determine

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<sup>1</sup> The CSC is comprised of (1) the Call Centre; (2) Membership Services; (3) Administrative Compliance; (4) By-Law Administration Services; (5) Complaints Services; and (6) the Law Society Referral Service. The Law Society Referral Service is discussed below.

whether remedial and or regulatory response may be necessary. Staff in Complaints Services are particularly aware of the need to recognize information that suggests a licensee may need assistance dealing with a mental health issue.

5. Certain CSC staff have received training from the Centre for Addiction and Mental Health to recognize mental health issues, and Corporate Services is considering offering the training again. Moreover, the CSC regularly receives training developed by the Corporate Resource & Training Centre on related issues, in order to provide quality front line services. All staff in Corporate Services recently had the opportunity to attend a safeTALK session, a three and a half hour alertness training session designed to help identify warning signs that indicate a risk of suicide and provide connections to available resources. Corporate Services is also looking into providing Mental Health First Aid training to their management team.
6. The CSC has special procedures in place to protect Law Society staff in the event that a person has made threats and to address abusive or vexatious complainants. It also has developed special protocols in the event that it should receive communications from a licensee or member of the public when there are signs of potential acute mental health or addiction issues that may cause imminent harm. For example, when a licensee expresses suicidal thoughts, the matter is brought to a manager, and ultimately the Law Society may contact the police to request that the police conduct a wellness check on the licensee. A similar process is used if a licensee who is in the regulatory stream expresses suicidal thoughts, but in that case PRD is involved and decides whether to contact the police.

## II) PRACTICE MANAGEMENT HELPLINE

7. The Law Society's Practice Management Helpline in the Professional Development and Competence Division provides licensees with confidential assistance in interpreting obligations under the *Rules of Professional Conduct* ("Lawyer Rules") or the *Paralegal Rules of Conduct* ("Paralegal Rules"). When licensees express concerns about their own mental health or addictions issues, they may be referred to the Member Assistance Program or other supports.

## III) MEMBER ASSISTANCE PROGRAM (MAP)

8. The Law Society funds a fully confidential service, the Member Assistance Program ("MAP"), for licensees' personal use. The service is provided by Homewood Health™ ("Homewood")<sup>2</sup> and is available to all Ontario lawyers, paralegals, law students, judges, and members of their families.<sup>3</sup> Through MAP, members have personal access to information, tools, and resources on mental health topics such as wellness, psychological challenges, depression and anxiety.<sup>4</sup>

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<sup>2</sup> Law Society of Upper Canada, "Member Assistance Program", online: [www.lsuc.on.ca/map/](http://www.lsuc.on.ca/map/).

<sup>3</sup> *Ibid.*

<sup>4</sup> Homewood Health, "Your Member Assistance Program", online: <http://www.myassistplan.com/>.

9. MAP also provides its members with access to the following:
- a. *Health and Wellness Companion* - Members can access comprehensive health risk self-assessments, get a better understanding of their health risk factors, and develop a personal health improvement program.
  - b. *Counselling* – available in person, by telephone or online. Map has a provincial network of hundreds of counsellors, offices are local and appointments are made quickly. MAP will accommodate any preferences. Members have two options for secure and private online counselling: 1) private conversations e-counselling (similar to email messaging) and 2) chat e-counselling, which involves communicating with a counsellor via real-time chat.
  - c. *Health Library* – Members have access to a comprehensive library of articles and other resources written by experts in their fields.
  - d. *Childcare/Eldercare Resource Locators* – Members have access to childcare and eldercare locators that allow for customized searches for resources.
  - e. *Interactive e-Learning Courses* – A variety of self-paced courses are available that focus on health and wellness and are designed to improve personal health and wellness and/or workplace effectiveness.
  - f. *Peer Support Program* – The Law Society encourages its members to volunteer for the MAP's confidential Peer Support Program, which offers peer-to-peer support to lawyers and paralegals.

#### **IV) PERSONAL MANAGEMENT GUIDELINE**

10. The Law Society has also published an online Personal Management Guideline to assist lawyers and paralegals in recognizing the sources and indicia of mental illness and provides basic suggestions, strategies and resources to manage personal well-being.<sup>5</sup> The guideline focuses on the following topics:
- a. Risks of emotional or mental disturbances or substance abuse.
  - b. Recognizing sources of stress in the legal professions.
  - c. Recognizing symptoms of dysfunction.
  - d. Reducing or managing stress.
  - e. Managing physical health and well-being.
  - f. Managing personal and emotional life.
  - g. Seeking assistance.
11. The Personal Management Guideline directs Ontario lawyers and paralegals seeking personal assistance to contact MAP and/or the Legal Profession Assistance Conference ("LPAC"), a Canada-wide service funded by the CBA that helps lawyers, judges and law

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<sup>5</sup>Law Society of Upper Canada, "Personal Management Practice Management Guideline", online: [www.lsuc.on.ca/For-Lawyers/Improve-Your-Practice/Personal-Management-Practice-Management-Guideline/](http://www.lsuc.on.ca/For-Lawyers/Improve-Your-Practice/Personal-Management-Practice-Management-Guideline/).

students. The initiative offers a confidential toll-free helpline, which is available 24-hours a day, seven days a week.<sup>6</sup>

#### **V) DISCRIMINATION AND HARASSMENT COUNSEL**

12. As part of the Law Society’s efforts in promoting equity and diversity in the legal profession, and in the workplace, the Law Society provides a Discrimination and Harassment Counsel (“DHC”) service free-of-charge.<sup>7</sup> The DHC keeps all information received in strict confidence and works independently from the Law Society.<sup>8</sup> Members of the Law Society experiencing mental health or addictions issues who have experienced discrimination and/or harassment by lawyers or paralegals, can contact the DHC for assistance.<sup>9</sup> The DHC will listen to concerns and review a person’s options, which for example, may include filing a complaint with the Law Society or with the Ontario Human Rights Tribunal.<sup>10</sup> Although the DHC does not currently report specific statistics on discrimination and/or harassment based on mental health disabilities, this form of discrimination, and mental health issues generally factor into the DHC’s role.

#### **VI) SUPPORT SERVICES – LICENSING CANDIDATES**

13. The Law Society’s Support Services provides assistance to licensing candidates by overseeing special needs accommodation or providing alternative ways candidates can meet the requirements of the licensing process, up to the point of undue hardship.<sup>11</sup> These services are available to persons experiencing mental health issues. Licensing candidates are required to advise Support Services of the need for their accommodation related to one of the enumerated grounds in the Code, and cooperate with the Law Society in managing the accommodation process.<sup>12</sup> The process is confidential. The Law Society is able to track the basis for accommodation requests on an aggregate basis.
14. When the Law Society licensing department becomes aware that a licensing candidate is experiencing mental health issues, it also refers the candidate to the Member Assistance Program.

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<sup>6</sup>Canadian Bar Association, “About LPAC,” *Legal Profession Assistance Conference*, online: <http://www.lpac.ca/main/main/lpac.aspx>.

<sup>7</sup> Law Society of Upper Canada, *Discrimination and Harassment Counsel*, online: [www.lsuc.on.ca/with.aspx?id=2147487009](http://www.lsuc.on.ca/with.aspx?id=2147487009) [DHC].

<sup>8</sup> *Ibid.*

<sup>9</sup> The DHC assists anyone, not just lawyers or paralegals, who may have experienced discrimination or harassment from a lawyer or paralegal (see *DHC supra*).

<sup>10</sup> *DHC supra*.

<sup>11</sup> Law Society of Upper Canada “Special Needs Accommodation”, online: [www.lsuc.on.ca/SpecialNeedsAccommodation/](http://www.lsuc.on.ca/SpecialNeedsAccommodation/) [*Special Needs Accommodation*].

<sup>12</sup> *Ibid.*

15. In addition, Law Practice Program candidates at both the University of Ottawa and Ryerson University are provided with full access to university student services, including student counselling and coaching services.

#### **VII) EQUITY MODEL POLICIES, PUBLICATIONS & REPORTS**

16. The Law Society's Equity Model Policies, Publications & Reports<sup>13</sup> webpage provides firms with model policies that support the rights of persons experiencing mental health issues. Guides relevant to mental health issues in the workplace include,
- Preventing Harassment, Discrimination and Violence in the Legal Workplace;
  - Guide to Developing a Law Firm Policy Regarding Accommodation Requirements;
  - Summary of Fair Hiring Practice Guidelines;
  - AODA Integrated Standards - Legal Obligations for Law Firms of Fewer than 50 Employees; and
  - AODA Integrated Standards - Legal Obligations for Law Firms of 50 or more Employees.

## **II. INITIATIVES TO ENHANCE COMPETENCY IN ADDRESSING MENTAL HEALTH AND ADDICTIONS ISSUES**

### **I) MENTAL HEALTH AND ADDICTIONS ISSUES - ENTRY LEVEL COMPETENCIES**

17. The Law Society's entry level competencies for lawyers set some basic competency requirements that relate to addressing mental health and addiction issues. The competency set includes demonstrating an understanding of,
- representing clients with mental health issues in the criminal law context;
  - capacity issues in the family law context;
  - capacity and parties under disability in the civil litigation context;
  - the roles of The Office of the Children's Lawyer and the Public Guardian and Trustee in the civil litigation context;
  - capacity law;
- and, more generally,
- acting with integrity in dealings with others (e.g., clients, other licensees, the Law Society, the court or tribunal, staff members, law students, the public);
  - asking questions during client interviews to determine whether the client is capable of giving instructions;
  - recognizing and being sensitive to clients' circumstances, special needs and intellectual capacity (e.g., diversity, language, illiteracy, socioeconomic status, disability, health);
  - ensuring capacity of the client to execute documents; and

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<sup>13</sup> Law Society of Upper Canada "Equity Model Policies, Publications & Reports", online: [www.lsuc.on.ca/with.aspx?id=2147487014](http://www.lsuc.on.ca/with.aspx?id=2147487014) [Equity Model Policies].

- making appropriate arrangements through powers of attorney and/or otherwise for succession/contingency planning (e.g., death, disability, business interruption, disaster).<sup>14</sup>

18. The Law Society's stated entry-level paralegal competencies include,

- understanding the obligation owed to clients with diminished capacity (e.g., maintain normal relationship, take appropriate steps to have a lawfully authorized representative appointed);
- demonstrating an understanding of capacity, litigation guardians and parties under a disability; and
- making appropriate arrangements for succession/contingency planning (e.g., death, disability, business interruption, disaster).<sup>15</sup>

19. Both lawyer and paralegal entry-level competencies include understanding the reporting of one's own or another licensee's mental instability when clients are likely to be materially prejudiced. This reporting requirement stems from the Lawyer Rules and Paralegal Rules of Conduct and is discussed further below.

20. The Law Society's Articling Program and Law Practice Program require lawyer licensing candidates to meet the following experiential training competencies:

- Having the ability to interpret the client's nonverbal behaviours and responds in a way (verbally and nonverbally) that further establishes rapport and trust.
- Help the client to manage the client's expressed emotions and behaviours.
- Determine the level of sophistication and communication needs of the client and tailor the general level of discourse accordingly.<sup>16</sup>

## **II) PRACTICE MANAGEMENT HELPLINE**

21. Practice Management Helpline staff can provide licensees with confidential guidance regarding ethical and practice management issues related to providing legal services where there may be a mental health and/or addiction issue.

## **III) CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMMING**

22. There are a range of Continuing Professional Development ("CPD") programs addressing mental health issues. In October, 2014, the Law Society offered a CPD program fully dedicated to issues of mental health entitled "Mental Health in the Workplace: Challenges

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<sup>14</sup> Law Society of Upper Canada, "Entry-Level Barrister Competencies", online: <http://www.lsuc.on.ca/BarristerCompetencies/> and "Entry-Level Solicitor Competencies" online: <http://www.lsuc.on.ca/SolicitorCompetencies/>.

<sup>15</sup> Law Society of Upper Canada, "Paralegal Competencies", online: <http://www.lsuc.on.ca/licensingprocessparalegal.aspx?id=2147495422>.

<sup>16</sup> Law Society of Upper Canada, "Sample copy of the report on the performance appraisal competencies", online: <http://www.lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147499141>.

and Solutions.” The program was webcast again as a replay with live chat in December 2014.<sup>17</sup> It remains available online. In May 2015, as part of Mental Health Week, the Law Society offered a program entitled, “Fostering Wellness – A Discussion of Mental Health in the Legal Profession,” which is also available on-line.<sup>18</sup>

23. In addition, the Law Society offers numerous CPD programs in which parts of programs directly engage with mental health issues. For example,

- The *Six Minute Lawyer 2014* program (June 6, 2014) included presentations on “Accommodating Mental Health Issues: The Expanding Challenge” and “Ethical Issues That Arise When a Grievor Lacks Capacity;”
- The *15<sup>th</sup> Annual Employment Law Summit* (October 23, 2014) included a presentation on “Mental Stress Claims in Ontario: Implications of the Recent WSIAT Ruling;”
- The *3<sup>d</sup> Annual In-House Counsel Summit* (February 25, 2013) included a presentation on “Implementing the AODA: Now and Later;” and
- The *Six Minute Family Law Lawyer 2012* program included a presentation on “Enhancing Access to Courts for People with Disabilities”<sup>19</sup> and “Identifying and Managing Mental Health Disorders.”

### III. PROFESSIONAL REGULATION AND MENTAL HEALTH AND ADDICTIONS ISSUES

#### I) RESPONDING TO MENTAL HEALTH AND ADDICTIONS ISSUES IN THE REGULATORY PROCESS

24. The Professional Regulation Division is responsible for responding to breaches of ethical, capacity and competence requirements. Much of the Division’s work is based on information received from complaints. Complaints are addressed and closed at various stages in the process, depending on the seriousness of the issues and whether they are amenable to early resolution. Issues of mental health and addiction may emerge at any stage in the complaints, investigation and discipline processes and may be the subject of a complaint, disclosed by a licensee during an ongoing investigation or they may arise during the discipline process.

25. Professional Regulation has a mental health and addiction strategy in place to address these issues. The strategy includes training, staff expertise, external medical resources, a resource manual and protocols to be followed where mental health and addiction issues may be present. Additional supports for this process are developed on an ongoing basis.

<sup>17</sup> Law Society of Upper Canada, “Mental Health in the Workplace: Challenges and Solutions” online: <http://ecom.lsuc.on.ca/cpd/product.jsp?id=CLE14-0121800>.

<sup>18</sup> <http://www.lawsocietygazette.ca/event/mhw/>

<sup>19</sup> In *Minds that Matter*, the OHRC recommended that the Law Society, the Ministry of the Attorney General and the Ontario Bar Association arrange training for lawyers and court staff on human rights issues and accommodating people with mental health issues or addictions during court or tribunal hearings (See OHRC *Minds that matter: Report on the consultation on human rights, mental health and addictions* in 2012 online: [www.ohrc.on.ca/en/minds-matter-report-consultation-human-rights-mental-health-and-addictions](http://www.ohrc.on.ca/en/minds-matter-report-consultation-human-rights-mental-health-and-addictions) Recommendation 50). This program appears to help meet this recommendation.

In 2015 the Division developed the position of Capacity Program Advisor to provide expert support and coordinate professional regulation capacity resources and activities.

26. In August 2015 the Capacity Program Advisor was hired. She is a lawyer with a nursing background, mainly in psychiatric emergency care. Given that the work of the Capacity Program Advisor involves all processes within the Division, the position reports to the Manager, Risk Strategy. The Capacity Program Advisor is an internal resource for Division staff. Creation of the position does not obviate the need for an expert medical opinion for specific cases.
27. Among her responsibilities, the Capacity Program Advisor, along with the Manager, Risk Strategy, reviews the relevant processes and materials on an ongoing basis to ensure that they meet the needs of the Division based on current issues. Goals for 2016 include the following:
  - Review and update the Professional Regulation Division Staff Resource Manual.
  - Develop a communication strategy for sharing of information with Division staff.
  - Identify additional staff training needs and develop and implement Divisional training plan.
  - Consider the impact of aging on the practice of law and provision of legal services, in particular taking into consideration the report entitled Analysis of Complaints received in 2013. This report demonstrated that there was a disproportionate number so complaints about lawyers who have been in practice for more than 30 years. The impact of aging on paralegal licensee will be part of the considerations.

**(A) BACKGROUND: STATUTORY AUTHORITY**

28. The *Law Society Act* (“Act”) establishes a separate capacity investigations and hearings stream which recognizes that mental health and addiction issues require a tailored response. This governs the Society’s response in the complaints, investigations and discipline processes.
29. A licensee is incapacitated under section 37(1) of the Act if by reason of physical or mental illness, other infirmity or addiction to or excessive use of alcohol or drugs, he or she is incapable of meeting any of his or her obligations as a licensee.
30. Under section 49.3(4) of the Act, the Law Society may conduct an investigation into a licensee’s capacity, which is a distinct process from an investigation into a licensee’s conduct or competence.
31. Under section 38(1) of the Act, the Proceedings Authorization Committee may authorize the Law Society to bring a capacity application to the Hearing Division. Under section 39(1), the Hearing Division may, on a motion, make an order requiring the licensee to

undergo an assessment. A licensee who refuses to attend the assessment may be ordered suspended until he or she complies.

32. Following a finding of incapacity, a variety of orders may be made, including orders that suspend the licensee, require a licensee to obtain treatment or counselling, restrict a licensee's practice, require a licensee to practise as an employee or under supervision, and any other order the Hearing Division considers appropriate.
33. All of the foregoing require that Law Society staff are trained to identify mental health and addiction issues and understand and apply the processes that are required to address them.

***(B) RESOURCES, SUPPORTS AND TOOLS AVAILABLE TO PROFESSIONAL REGULATION STAFF***

34. Issues of incapacity arise at all stages of a regulatory matter and are complex and challenging in a regulatory context. Professional Regulation staff have tools and supports available to them when they need to identify and address issues of incapacity arising in a regulatory matter. These were formalized through a project started in 2011 to improve documentation, training materials, processes and supports. Resources, tools and templates were prepared by an addiction and mental health expert who at the time was also serving as the manager responsible for capacity issues with the College of Physicians and Surgeons. The Capacity Program Advisor is building on the work started in 2011.

*(a) Referrals to the Member Assistance Program (MAP)*

35. Every licensee who is the subject of a complaint is provided with information about the MAP through template letters and information on the Law Society's website. Staff also directly provide this information to any licensee if during an investigation or resolution they have a concern that a capacity issue may exist.

*(b) Professional Regulation Division Staff Resource Manual*

36. The Resource Manual ("Manual") contains information and tools for identifying and managing capacity issues at the investigative, discipline and monitoring stages. The general categories of information in the Manual are as follows:
  - Guidelines and protocols for investigators.
  - Selecting and working with experts.
  - Management of health records.
  - Monitoring capacity matters.
  - Templates.
  - Tools such as assessor selection criteria.

The Manual is being updated in 2016 based on the work of the Capacity Program Advisor.

37. The Manual also provides assistance in selecting experts. Professional Regulation has a number of rosters of medical experts including psychiatrists, addictionists, psychologists, neurologists, geriatricians, and otolaryngologists. Maintenance of the rosters of medical experts has been centralized with the Capacity Program Advisor. Division staff consult with her before retaining an assessor. This supports process and quality improvements and allows for centralized tracking of the quality of the reports, including timeliness, and avoids the potential for overuse of individual assessors.

*(c) Staff Training*

38. Members of Professional Regulation staff have received extensive training on the Manual and related capacity issues and will continue to receive training in this area. In June 2012, department managers received training from an external expert and in October 2012, the expert presented at an all-staff professional development day. Each department has designated “Super-Users” to act as a resource for staff and these Super-Users have received specialized training. Training materials are available for staff. The Capacity Program Advisor spoke at the Professional Regulation Division’s professional development day in November 2015. Additional staff training is planned for 2016.

**(C) PROCESSES AVAILABLE TO ADDRESS MENTAL ILLNESS AND ADDICTION ISSUES IN THE REGULATORY PROCESS**

*Intake*

39. A significant part of the assignment for Intake staff is issue identification. As such they are trained to identify issues of mental health and addiction and to start the appropriate process for these types of matters. These could include,
- collection of additional relevant information to substantiate the complaint;
  - knowing the threshold is met for authorization of an investigation under section 49.3(4) of the Act;
  - assessing risk to determine likelihood of injury or harm; and
  - establishing case priority.

*Investigations*

40. Cases in which a capacity issue is identified are referred to Investigations. This department has staff specifically trained to work on capacity investigations. Sometimes capacity issues become apparent during the investigation process. There are a number of options available to staff to identify, assess and resolve cases. Processes available to Investigations staff include,
- closure of the case after investigation on the basis that there is no risk and the licensee’s illness is well managed;
  - asking the licensee to consent to an independent expert assessment;
  - seeking an undertaking to restrict or cease practice;

- seeking an undertaking to obtain treatment and to periodically report;
- transferring to Discipline for a capacity application; and
- seeking a trusteeship of the licensee's practice under section 49.44 of the Act.

The Capacity Program Advisor is available to Investigations staff at all stages of the Investigation.

### *Discipline*

41. Staff of the Discipline Department represent the Law Society in various types of proceedings before the Law Society Tribunal, including lawyer and paralegal incapacity, which may include an application for an assessment under section 39(1)) of the Act and applications for interlocutory suspension. Regulatory proceedings are statutorily mandated and rules for the process are set out in the *Rules of Practice and Procedure*. Discipline staff make use of the staff resources for identification and assessment of mental health and addiction issues, management of medical information concerning mental health, and work with medical and other health experts.
42. The Capacity Program Advisor has been consulted by Discipline staff on numerous matters, including identification of appropriate medical assessors and required testing, evaluating medical reports for completeness and researching case specific issues, such as the suitability of assessments via Skype.

### *Monitoring and Enforcement*

43. Monitoring and Enforcement is responsible for the enforcement of Law Society Tribunal orders and monitoring licensee compliance with undertakings. Staff work with the licensee to obtain agreements, consents, reports and other information necessary for compliance. Staff rely on the Manual and resources including templates, rosters of experts and guidelines.
44. The Manual includes best practices for the monitoring of licensees who have undertaken not to practise due to incapacity or have been found by a hearing panel to be incapacitated. Effective monitoring of incapacitated licensees is a highly technical and challenging activity. An effective monitoring program for substance abuse, for example, would ideally last five years and would include a workplace monitor, an addictionist, a psychotherapist, a structured recovery program, and regular and random urine and other sample testing.
45. The tools available to Monitoring and Enforcement include,
  - templates including an Assessor Retainer Letter, an Acknowledgement and Consent to Cooperate with Capacity Assessment;
  - a template for a Health Care Provider's Undertaking with the Law Society; and
  - guidelines to evaluate expert reports and reports of treating physicians and other specialists.

46. The Capacity Program Advisor is available to Monitoring and Enforcement staff as required.

#### *Trustee Services*

47. Trustee Services responds in situations where a licensee has abandoned his/her practice or is unable to practise due to serious health problems, or where there are regulatory issues such as a suspension or revocation of licence. As part of its services, the department provides information and assistance to licensees and their personal representatives who are closing their practices. The department frequently works with individuals with capacity issues, for example a licensee who is unable to continue in practice due to mental illness or addiction. Staff are guided by the resources and training available to Professional Regulation described earlier.

## **II) AMENDMENTS TO THE LAWYER AND PARALEGAL RULES**

48. Currently, both the Lawyer Rules<sup>20</sup> and Paralegal Rules<sup>21</sup> include the reporting of a licensee with a “mental instability” as part of duty to report requirements. The rule includes “mental instability” together with, among others, the “misappropriation or misapplication of trust monies”, and “participation in serious criminal activity related to a licensee’s practice.”<sup>22</sup>
49. The Law Society recognizes that current framing of the rules may have the unintended consequence of stigmatizing those with mental health issues. It received feedback in recent consultations that highlighted the problem in the current wording. In addition, in 2014 the Standing Committee on the Model Code of Professional Conduct of the Federation of Law Societies of Canada (“Federation Model Code Committee”) conducted a full review of the rules to identify and address language that may inadvertently discriminate or reinforce stigma, and based on its review has proposed a revised rule on the duty to report in part to “address concerns that the current rule stigmatizes mental health issues.” The Law Society’s Professional Regulation Committee and relevant staff considered the Federation Model Code Committee’s proposed rule change, and has provided feedback that generally supports the proposed revised rule.
50. The Federation adopted amendments to the rule on the duty to report in 2016 and the Law Society will be considering these rules and potential amendments to its lawyer and paralegal rules and entry level competency requirements regarding reporting obligations accordingly.

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<sup>20</sup> *Lawyer Rules* at Rule 7.1-3: “A lawyer shall report to the Law Society, unless to do so would be unlawful or would involve a breach of solicitor-client privilege, [...] (d) the mental instability of a licensee of such a serious nature that the licensee’s clients are likely to be materially prejudiced.”

<sup>21</sup> *Paralegal Rules* at Rule 9.01(2): (2) A paralegal shall report to the Law Society, unless to do so would be unlawful or would involve a breach of confidentiality between the paralegal and his or her client, [...] (d) the mental instability of a licensee of such a serious nature that the licensee’s clients are likely to be materially prejudiced.”

<sup>22</sup> *Lawyer Rules* *supra* note 22 state at Rule 7.1-3; *Paralegal Rules*, at 9.01(2).

**D) LAW SOCIETY TRIBUNAL PROCESSES AND MENTAL ILLNESS AND ADDICTIONS**

51. The Law Society Tribunal has a number of initiatives related to mental health and addictions issues, including,
- (i) the Law Society Tribunal website contains plain language Guides to the Tribunal Process, including a Guide to Capacity Proceedings;<sup>23</sup>
  - (ii) as a matter of policy, Convocation approved the administration of a duty counsel program by The Advocates' Society. Pursuant to this duty counsel program, pro bono duty counsel may be available to assist self-represented licensees at Proceeding Management Conferences and play a limited role at hearings. Discussion are underway regarding updating the duty counsel programs;<sup>24</sup>
  - (iii) Rule 23.04 of the Hearing Division Rules expressly addresses accommodation, stating that "A party or a non-party participant shall notify the Tribunal as early as possible of any needs of the party or the non-party participant or his, her or its witnesses that may require;"<sup>25</sup>
  - (iv) adjudicators have received various forms of training on mental illness and addictions issues; and
  - (v) Proceedings Management Conference adjudicators and Pre-Hearing Conference adjudicators interact with licensees at earlier points in the proceeding to identify and address issues such as the impact of mental health and addiction issues on the proceedings. Among these, a number have expertise in addressing issues related to mental health;
  - (vi) knowledge and expertise in mental illness and addictions issues is an important factor in assigning panels; and
  - (vii) accessibility, including accessibility to those who may have mental illness or addictions issues, has been and remains an important consideration in designing and amending Tribunal processes and communications.

**IV. LAW SOCIETY ACCESS TO JUSTICE INITIATIVES RELATED TO MENTAL HEALTH AND ADDICTIONS****I) LAW SOCIETY REFERRAL SERVICE**

52. The Law Society Referral Service ("LSRS"), operated by the CSC, is the front-line access to justice portal run by the Law Society. It now provides online referral services that facilitate access to legal services for persons with mental health or addictions issues, as

<sup>23</sup> Law Society Tribunal, Guides and Useful Links, under "Resources" <https://lawsocietytribunal.ca/>

<sup>24</sup> Convocation's 1997 policy decision is available online at [www.advocates.ca/assets/files/pdf/probono/MinutesofConvocation-281197-re-DutyCounsel.pdf](http://www.advocates.ca/assets/files/pdf/probono/MinutesofConvocation-281197-re-DutyCounsel.pdf). See The Advocates' Society, "Materials to Duty Counsel", online: [www.advocates.ca/new/advocacy-and-practice/pro-bono/materials-to-duty-counsel.html](http://www.advocates.ca/new/advocacy-and-practice/pro-bono/materials-to-duty-counsel.html). Also note that the Criminal Lawyers Association administers a pro bono duty counsel program to assist unrepresented licensees at the Proceedings Authorization Committee: see Law Society, "If You are Subject to a Complaint", online: [www.lsuc.on.ca/subject-of-a-complaint/](http://www.lsuc.on.ca/subject-of-a-complaint/).

<sup>25</sup> Law Society Tribunal Hearing Division Rules of Practice and Procedure, under Resources online: <https://lawsocietytribunal.ca/>.

well as persons requiring legal services with respect to matters in which mental health or addictions issues arise.

53. The CSC is able to maintain statistics on the types of areas of law for which legal referrals are being sought, together with other site analytics. This may assist in monitoring legal needs with respect to mental health and addictions issues.

#### **II) THE ACTION GROUP ON ACCESS TO JUSTICE MENTAL HEALTH CLUSTER**

54. The Action Group on Access to Justice (“TAG”) is a forum supported by the Law Society that facilitates collaboration with institutional, political and community stakeholders with an interest in advancing access to justice in Ontario.<sup>26</sup> TAG has developed “a mental health cluster” of organizations with particular shared interests and/or expertise with respect to mental health. As one of a number of TAG “clusters,” this group will focus on mental health issues and access to justice from the point of view of serving clients and the public. It is expected that this group will consider the barriers to access to justice related to mental health issues, and develop concrete steps to overcome these barriers.
55. Policy, Equity and Public Affairs continues to identify potential organizations to participate in a TAG mental health cluster. In November 2015, TAG’s mental health cluster sponsored a conference *Opening Minds to Mental Health*. Details of the event and a webcast are available at <http://theactiongroup.ca/2015/11/opening-minds-to-mental-health-conference/>.

#### **III) LAW SOCIETY EQUITY ADVISORY GROUP**

56. The Law Society’s Equity Advisory Group (“EAG”) provides advice to the Law Society on a range of equity and diversity issues and facilitates communications between the Law Society and equity seeking groups within the professions. Members are individuals and representatives from various organizations. ARCH Disability Law Centre is a member of EAG. It is a speciality legal aid clinic specializing in defending and advancing equality rights of people with disabilities, and brings particular expertise with respect to mental health and capacity law.<sup>27</sup>

#### **IV) EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES – ACCESS AWARENESS FORUM**

57. The Law Society’s Equity Legal Education and Rule of Law Series includes an Access Awareness Forum. Typically this annual event is delivered in partnership with ARCH Disability Law Centre. Previous Access Awareness events have included, “*Advancing Disability Rights in Theory and Practice*” (2014),<sup>28</sup> “*UnChartered Territory: Legal*

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<sup>26</sup> Law Society of Upper Canada “TAG - The Access Group on Access to Justice,” <http://theactiongroup.ca/about>.

<sup>27</sup> ARCH Disability Law Centre, online: <http://www.archdisabilitylaw.ca/>.

<sup>28</sup> Law Society Gazette, “Access Awareness Symposium” online: [www.lawsocietygazette.ca/event/access/](http://www.lawsocietygazette.ca/event/access/).

*mechanisms beyond the Charter to Advance Disability Rights” (2011)<sup>29</sup> and “The International Convention on the Rights of Persons with Disabilities and its Implications in Litigation,” (2008).<sup>30</sup>*

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<sup>29</sup> Law Society of Upper Canada “Law Society of Upper Canada Public Education Equality Series” online, [www.lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147485258&langtype=1033](http://www.lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147485258&langtype=1033).

<sup>30</sup> Law Society of Upper Canada “Activités publiques 2008” online: [www.lsuc.on.ca/with.aspx?id=2531&langtype=1036](http://www.lsuc.on.ca/with.aspx?id=2531&langtype=1036) . A webcast of this event is available online.



**TAB 5**

**Report to Convocation  
April 28<sup>th</sup>, 2016**

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**Paralegal Standing Committee**

**Committee Members**  
**Michelle Haigh, Chair**  
**Susan McGrath, Vice-Chair**  
**Marion Boyd**  
**Robert Burd**  
**Cathy Corsetti**  
**Janis Criger**  
**Brian Lawrie**  
**Marian Lippa**  
**Malcolm M. Mercer**  
**Barbara Murchie**  
**Baljit Sikand**  
**Catherine Strosberg**  
**Anne Vespry**

**Purpose of Report: Decision and Information**

**Prepared by the Policy Secretariat  
Julia Bass 416 947 5228**

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### For Information

Election of Committee Chair:..... **TAB 5.2**

## **COMMITTEE PROCESS**

1. The Committee met on April 13<sup>th</sup>, 2016. Committee members present were: Michelle Haigh (Chair), Susan McGrath (Vice-Chair), Marion Boyd, Robert Burd, Cathy Corsetti, Janis Criger, Brian Lawrie, Marian Lippa (by telephone), Malcolm Mercer, Barbara Murchie, Catherine Strosberg and Anne Vespry.
2. Staff in attendance were: Lesley Cameron, Naomi Bussin, Jim Varro and Julia Bass.

## FOR DECISION

### AMENDMENT TO *PARALEGAL RULES OF CONDUCT*: INCRIMINATING PHYSICAL EVIDENCE

#### Motion

3. That Convocation approve the addition of a subrule (5.2) regarding incriminating physical evidence to Rule 4 of the *Paralegal Rules of Conduct*, as set out at paragraph 8.

#### Rationale

4. The work of the Federation of Law Societies on the *Model Code of Professional Conduct* has led to a review of a number of provisions of the rules governing both lawyers and paralegals. On February 25, 2016 Convocation approved the addition of a new provision on incriminating physical evidence to the lawyers' *Rules of Professional Conduct*.
5. Convocation has approved the principle that the rules for lawyers and paralegals should be consistent where possible.
6. It is now proposed that a similar provision be added to the paralegal Rules. (This proposal addresses the *Paralegal Rules* only - if the amendment is approved, it would then be appropriate to consider companion changes to the *Paralegal Guidelines*).
7. The February Report approved by Convocation may be found at:  
[http://www.lsuc.on.ca/uploadedFiles/For\\_the\\_Public/About\\_the\\_Law\\_Society/Convocation\\_Decisions/2016/convocation-february-2016-profession-reg.pdf](http://www.lsuc.on.ca/uploadedFiles/For_the_Public/About_the_Law_Society/Convocation_Decisions/2016/convocation-february-2016-profession-reg.pdf)
8. The proposed amendment would be a new provision under Rule 4 "The Paralegal as Advocate", reading as follows:

#### **Incriminating Physical Evidence**

(5.2) A paralegal shall not counsel or participate in the concealment, destruction or alteration of incriminating physical evidence or otherwise act so as to obstruct or attempt to obstruct the course of justice.

9. A redline version of Rule 4 is shown at **TAB 5.1.1**.

**TAB 5.1**

10. The Rule provides that a paralegal must not counsel or participate in the concealment, destruction, or alteration of incriminating physical evidence or otherwise act so as to obstruct or attempt to obstruct the course of justice.

**Existing Provision on Client Property**

11. Rule 3.07 (6) of the Rules currently provides “if a paralegal is unsure of the proper person to receive a client’s property, the paralegal shall apply to a tribunal of competent jurisdiction for direction.” Convocation left the corresponding provision in the lawyers’ Rules in place, to provide additional, broader guidance to lawyers regarding their duties respecting client property, and it is proposed that the parallel provision in the Paralegal Rules should also remain.

## **Paralegal Rules of Conduct**

### **Rule 4: The Paralegal as Advocate**

...

#### **Duty as Prosecutor**

(5.1) When acting as a prosecutor, a paralegal shall act for the public and the administration of justice resolutely and honourably within the limits of the law while treating the tribunal with candour, fairness, courtesy, and respect.

*[New - May 2010]*

#### **Incriminating Physical Evidence**

(5.2) A paralegal shall not counsel or participate in the concealment, destruction or alteration of incriminating physical evidence or otherwise act so as to obstruct or attempt to obstruct the course of justice.

#### **Disclosure of Documents**

(6) If the rules of a tribunal require the parties to produce documents, a paralegal, when acting as an advocate,

(a) shall explain to his or her client the necessity of making full disclosure of all documents relating to any matter in issue and the duty to answer to the best of his or her knowledge, information and belief, any proper question relating to any issue in the action;

(b) shall assist the client in fulfilling his or her obligation to make full disclosure; and

(c) shall not make frivolous requests for the production of documents or make frivolous demands for information.

**FOR INFORMATION**

**PARALEGAL STANDING COMMITTEE CHAIR**

12. 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.
13. Since the last election of the Committee Chair was in April 2015, election of the Chair was required to be the first item of business at the meeting in April 2016.
14. 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.
15. The By-law further requires that the person elected be appointed Chair.
16. Since there was only one nomination for the position, Ms Michelle Haigh, Ms Haigh was declared elected and was appointed Chair of the Committee for a further one year term.



**TAB 6**

## **Report to Convocation April 28, 2016**

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### **Professional Regulation Committee**

#### **Committee Members**

Malcolm Mercer (Chair)  
Susan Richer (Vice-Chair)  
Paul Schabas (Vice-Chair)  
Robert Armstrong  
Peter Beach  
Suzanne Clément  
Paul Cooper  
Cathy Corsetti  
Janis Criger  
Seymour Epstein  
Robert Evans  
Julian Falconer  
Patrick Furlong  
Carol Hartman  
Jacqueline Horvat  
Brian Lawrie  
William C. McDowell  
Ross Murray  
Jan Richardson  
Heather Ross

**Purpose of Report: Decision and 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 14, 2016. In attendance were Malcolm Mercer (Chair), Paul Schabas (Vice-Chair), Susan Richer (Vice-Chair), Peter Beach (by telephone), Suzanne Clément (by telephone), Paul Cooper, Cathy Corsetti, Janis Criger, Robert F. Evans, Patrick Furlong (by telephone), Jacqueline Horvat, Brian Lawrie (by telephone), and Ross Murray.
2. Staff members attending were Lesley Cameron, Caterina Galati, Sharon Greene, Naomi Bussin, and Margaret Drent.

**FOR DECISION**

**BY-LAW AMENDMENTS – NEW PROCESS FOR ADMINISTRATIVE SURRENDER OF LICENCE**

**MOTION**

3. That Convocation make the amendments to By-Laws 4 and 8 as set out in the motions at [Tab 6.1.1](#) and [6.1.2](#) respecting the new administrative surrender process.

**RATIONALE**

4. The administrative surrender process was approved by Convocation on a policy basis on September 24, 2015, with By-Law amendments to follow.<sup>1</sup>
5. The proposed By-Laws would permit a licensee to apply to surrender their licence in the face of Law Society audit, investigation or discipline in certain circumstances. If the Law Society agrees, the application would be referred to the summary order bencher, who may approve or deny the application. This would be a new administrative process distinct from the Law Society Tribunal's authority to order a surrender of license in the discipline process.
6. The proposed By-Law amendments create a regulatory framework for the administrative surrender process that is transparent and in the public interest. These are described in more detail in this Report, but in summary:
  - a. The requirements for surrender of licence for all licensees, found in By-Law 4, would continue to apply (e.g. the licensee is required to account for all money or property held in trust and complete all client matters).
  - b. The agreed-to facts would form part of the Law Society's public register (By-Law 8).
  - c. A licensee who surrenders their licence and then in future seeks to be licensed again would be subject to additional requirements set out in By-Law 4.
7. The Paralegal Standing Committee considered the proposed amendments at their April 13 meeting, and also recommends these amendments to Convocation for its consideration.

**BACKGROUND**

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<sup>1</sup> The September 24, 2015 report of the Committee to Convocation may be found at [http://www.lsuc.on.ca/uploadedFiles/For\\_the\\_Public/About\\_the\\_Law\\_Society/Convocation\\_Decisions/2015/convocation-september-2015-prc.pdf](http://www.lsuc.on.ca/uploadedFiles/For_the_Public/About_the_Law_Society/Convocation_Decisions/2015/convocation-september-2015-prc.pdf).

8. Some licensees who have engaged in misconduct are not interested in practising law or providing legal services in the future. They may not be at risk of licence revocation through the discipline process but they would be willing to surrender their licence voluntarily, offside the discipline process. Frequently, misconduct is accompanied by incompetence or health problems. In some circumstances, the public may be better served by removing the lawyer from practice than by pursuing a finding of misconduct through a lengthy and complicated process.
9. On September 24, 2015 Convocation approved a process for an administrative surrender of licence for licensees who are in the investigation or discipline process. Convocation agreed that a surrender of licence without discipline penalty has a number of advantages, including certainty, finality, timeliness and efficiency.
10. The principles proposed to guide the decision to approve or deny an application to surrender by a licensee in the audit, investigation or discipline process are:
  - a. *Public Confidence in the Law Society.* The first principle is whether granting permission to surrender the licensee's licence will maintain public confidence in the Society's ability to regulate the profession. The public facts must be sufficient for the public to understand the allegations and the reason the licensee was permitted to surrender his or her licence.
  - b. *Protection of the Public in the Public Interest.* The second principle is whether the surrender is in the public interest in the particular case. Some factors to be taken into consideration may include whether there is a need to complete the investigation, and whether there are complainants who require further information. Another factor may be whether there is a public interest in a full hearing of the allegations. Some issues requiring consideration are the seriousness of the misconduct, mitigating circumstances that diminish the licensee's responsibility for the misconduct, and the likely outcome of the discipline process.

## DISCUSSION

11. As explained in the Committee's September 24 report to Convocation, the administrative surrender process would be available to licensees who are subject to an audit, under investigation or the subject of discipline proceedings.
12. The process would be initiated by the licensee and can be initiated at any point in the investigation or discipline process. The licensee and the Law Society would agree on a written description of the facts which will form part of the application materials.
13. The application to surrender would be considered in writing only and would be considered by the Summary Order bench in light of the principles above. If the application is refused, the investigation and/or discipline proceeding would continue. There would be no appeal to the Tribunal from this decision.

14. The fact that the licensee has been permitted to surrender, and the agreed statement of facts would be public.
15. Should the licensee wish to apply for licensing in future, he or she would have to meet conditions specified in the By-Law.

### **Proposed By-Law Amendments**

16. Section 30 of the *Law Society Act* permits a licensee to apply to the Law Society in accordance with the By-Laws to surrender his or her licence. The licence is surrendered when it is accepted by the Society in accordance with these requirements.

### Application to Surrender and Conditions for Acceptance

17. Part III of By-Law 4 sets out the framework for an application to surrender a licence and conditions for approving the application.
18. Currently, under section 26(3) of the By-Law, the Society is not permitted to consider an application for surrender if the applicant is the subject of a Society audit, investigation, search and seizure or discipline proceeding.
19. The proposed amendments to By-Law 4 are shown in the redline version at **Tab 6.1.3**. It is proposed that section 26(3) be amended to provide that the Society would only accept an application in these circumstances if it determines that it would not be contrary to the public interest to do so.
20. The requirements for the Society to consider an application for surrender set out in section 26(1) continue to apply. The applicant would be required to satisfy the Society that
  - a. all money or property held in trust for which the applicant was responsible have been accounted for and paid over or distributed;
  - b. all clients' matters have been completed and disposed of or that arrangements have been made to the clients' satisfaction;
  - c. there are no claims against the applicant in his or her professional capacity or in respect of his or her practice of law; and
  - d. the applicant has published a notice of intention to surrender a licence, if not exempted.
21. As with other types of applications to surrender a licence, the Society has discretion to consider an application even if not satisfied that:
  - a. outstanding insurance premiums are paid and insurance documents are filed; and
  - b. the applicant is no longer subject to or has complied with all terms and conditions of any discipline order.

22. Guidelines would be created to expand upon the guiding principles referred to above, for example:
- a. the presence of mitigating factors such as age or illness;
  - b. the willingness of the licensee to admit to specific allegations of misconduct and the extent to which the admissions reflect the Society's understanding of the misconduct;
  - c. whether the Society is satisfied that the extent of the misconduct has been uncovered;
  - d. the extent to which further resources will be expended to complete the process;
  - e. the need for a public hearing on the issues; and
  - f. the likelihood that the licensee will seek to be re-licensed. While conditions for returning are discussed below, the process is generally considered to be appropriate for licensees who wish to surrender their licenses permanently.
23. It is proposed that section 23(3) of the By-Law be revoked, and replaced with a provision that requires that an application for surrender be accompanied by a statement of facts that has been agreed to by the Society for the purpose of the application. To avoid delay, the By-Law would require that the application be submitted no more than thirty days after it has been agreed to by the Society.

Requirements for an application for licensing from a licensee who has been permitted to surrender

24. Part II of By-Law 4 contains requirements for licensing. Proposed new subsection 8 (1.3) would impose additional requirements for the issuance of a licence for a licensee who was permitted to surrender while the subject of an audit, investigation, search and seizure or discipline proceedings. Other law societies and other regulators impose conditions on applications for reinstatement, some following discipline and some following administrative resignations, generally including minimum waiting periods.
25. The September 24 report noted that it would be necessary for the Committee to consider an appropriate time restriction following the surrender before the applicant could reapply to the Society for licensing.
26. The Committee proposes that a licensee be required to wait a minimum of five years from the date of his or her surrender before submitting an application. The Agreed Statement of Facts, which is public, would be available for consideration by the Society in the event that the licensee reapplied for licensing and could be referred to by the Tribunal in the event of a good character hearing.

27. The Committee acknowledges that there is no minimum period to reapply for licensing after a licence has been revoked by the Tribunal, or after the Tribunal has refused an application on the basis of good character. The proposed five year minimum recognizes the circumstances of this particular process in that the licensee has been permitted to divert his or her case on the basis of an agreement with the Society to surrender his or her licence, and in circumstances in which it is not expected that the licensee will return to practice.
28. The licensee would be required to pay in full any costs previously awarded to the Society under the *Law Society Act*. This requirement refers to costs that were awarded to the Society in the application for surrender or in a previous matter, for example, ordered by the Tribunal in a discipline proceeding that was concluded before the application to Surrender is made.
29. The licensee would also be required to reimburse the Society in full for any funds paid by the Compensation Fund in connection with the licensee's misconduct.
30. These conditions would be brought to the licensee's attention in the agreed statement of facts entered into for the surrender.

#### Public Register

31. By-Law 8 describes the contents of the Society's public register. Proposed new section 10(1)6 would provide that the agreed statement of facts entered into for the purpose of the surrender would form part of the public register. The proposed changes to By-Law 8 are shown in the redline version at [Tab 6.1.4](#).
32. As already required by section 27.1 of the *Law Society Act*, the fact that the licensee has been permitted to surrender would be reflected in the Society's licensee directory. This type of surrender would be distinguished from a surrender of license where the licensee is not subject to an investigation or discipline proceedings, or an Order by the Tribunal permitting the licensee to surrender after a discipline proceeding.

THE LAW SOCIETY OF UPPER CANADA  
**BY-LAWS MADE UNDER  
SUBSECTIONS 62 (0.1) AND (1) OF THE *LAW SOCIETY ACT***

**BY-LAW 4  
[LICENSING]**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON April 28, 2016

MOVED BY

SECONDED BY

THAT By-Law 4 [Licensing], made by Convocation on May 1, 2007 and amended by Convocation on May 25, 2007, June 28, 2007, September 20, 2007, January 24, 2008, April 24, 2008, May 22, 2008, June 26, 2008, January 29, 2009, June 25, 2009, June 29, 2010, September 29, 2010, October 28, 2010, April 28, 2011, June 23, 2011, September 22, 2011, November 24, 2011, October 25, 2012, February 27, 2014, March 4, 2014, January 29, 2015 and June 25, 2015, be further amended as follows:

- 1. Section 8 of the English version of the By-Law is amended by adding the following subsection:**

**Submitting another application after licence surrendered in certain circumstances**

(1.3) A licensee, who applied to surrender his or her licence while a subject of an audit, investigation, search or seizure by the Society or a party to a proceeding under Part II of the Act and whose application was accepted by the Society pursuant to subsection 26 (3) of this By-Law, may not submit a fresh application for a licence until after,

- five years after the date on which the Society accepted his or her application to surrender his or her previous licence;
- payment of all costs awarded to the Society against the licensee under the Act; and
- payment to the Society for the Compensation Fund an amount equal to the total amount of grants made from the Fund as a result of dishonesty on the part of the licensee.

- 2. Section 8 of the French version of the By-Law is amended by adding the following subsection:**

### **Présentation d'une nouvelle demande après avoir remis un permis dans certaines circonstances**

(1.3) Un titulaire de permis qui a fait une demande de remise de permis pendant qu'il ou elle fait l'objet d'un audit, d'une investigation, d'une perquisition ou d'une saisie de la part du Barreau ou qui est visé(e) par une instance aux termes de la partie II de la Loi et dont la demande a été acceptée par le Barreau aux termes du paragraphe 26 (3) du présent règlement administratif ne peut présenter de nouvelle demande de permis que dans les situations suivantes :

- (d) cinq ans révolus après la date à laquelle le Barreau a accepté sa demande de remettre son permis précédent;
- (e) après le paiement de tous les dépens accordés au Barreau contre la ou le titulaire de permis aux termes de la Loi;
- (f) après le paiement au Barreau à l'égard du Fonds d'indemnisation d'un montant égal au total des indemnités faites à partir du Fonds à la suite de la malhonnêteté du titulaire de permis.

#### **3. Subsection 23 (3) of the English version of the By-Law is revoked and the following substituted:**

##### **Agreed statement of facts**

(3) An application under subsection (1) that is submitted by a licensee who is the subject of an audit, investigation, search or seizure by the Society or who is a party to a proceeding under Part II of the Act shall, in addition to the statutory declaration or affidavit mentioned in subsection (2), be accompanied by a statement of facts that was agreed to by the Society specifically for the purposes of an application under subsection (1) and that was agreed to by the Society not more than thirty days prior to the day on which the application is submitted under subsection (1).

#### **4. Subsection 23 (3) of the French version of the By-Law is revoked and the following substituted:**

##### **Exposé conjoint des faits**

(3) Une demande présentée en application du paragraphe (1) par une ou un titulaire de permis qui fait l'objet d'un audit, d'une investigation, d'une perquisition ou d'une saisie de la part du Barreau ou qui est visé(e) par une instance aux termes de la partie II de la Loi est accompagnée, outre la déclaration solennelle ou l'affidavit exigé au paragraphe (2), d'un exposé des faits accepté par le Barreau aux fins particulières d'une demande aux termes du paragraphe (1) et accepté par le Barreau au plus trente jours avant le jour où la demande est présentée en vertu du paragraphe (1).

5. **The introductory part of subsection 26 (1) of the English version of the By-Law is revoked and the following substituted:**

**Society to consider application**

26. (1) The Society shall consider every application made under subsection 23 (1) in respect of which the requirements set out in subsections 23 (2), 23 (3) and 24 (4) have been complied with, and the Society may consider an application made under subsection 23 (1) in respect of which any or all of the requirements set out in subsections 23 (2) and 24 (4) have not been complied with, and,

6. **The introductory part of subsection 26 (1) of the French version of the By-Law is revoked and the following substituted:**

**Examen de la demande par le Barreau**

26. (1) Le Barreau étudie toutes les demandes faites conformément au paragraphe 23 (1) pour lesquelles les exigences énoncées aux paragraphes 23 (2), 23 (3) et 24 (4) ont été respectées, et le Barreau peut envisager une demande faite conformément au paragraphe 23 (1) pour laquelle les exigences énoncées aux paragraphes 23 (2) et 24 (4) n'ont pas été respectées :

7. **Clause 26 (1) (a) of the English version of the By-Law is amended by adding “subject to subsection (3),” before “the Society shall accept an application if it is satisfied.”.**
8. **Clause 26 (1) (a) of the French version of the By-Law is amended by striking out “Le” and adding “Sous réserve du paragraphe (3), le” before “Barreau doit accepter une demande s’il est convaincu de ce qui suit :”.**
9. **Subsection 26 (2) of the English version of the By-Law is amended by striking out “The” at the beginning and substituting “Subject to subsection (3), the”.**
10. **Subsection 26 (2) of the French version of the By-Law is amended by striking out “Le” at the beginning and substituting “Sous réserve du paragraphe (3), le”.**
11. **Subsection 26 (3) of the English version of the By-Law is revoked and the following substituted:**

**Acceptance of application in certain cases**

(3) The Society shall only accept an application that is submitted by a licensee who is the subject of an audit, investigation, search or seizure by the Society or who is a party to a proceeding under Part II of the Act if it determines that it would not be contrary to the public interest to do so.

**12. Subsection 26 (3) of the French version of the By-Law is revoked and the following substituted:**

**Acceptation d'une demande dans certains cas**

(3) Le Barreau n'accepte une demande présentée par une ou un titulaire de permis qui fait l'objet d'un audit, d'une investigation, d'une perquisition ou d'une saisie de la part du Barreau ou qui est visé(e) par une instance aux termes de la partie II de la Loi que s'il détermine que cette acceptation ne serait pas contraire à l'intérêt public.

THE LAW SOCIETY OF UPPER CANADA  
**BY-LAWS MADE UNDER  
SUBSECTIONS 62 (0.1) AND (1) OF THE *LAW SOCIETY ACT***

**BY-LAW 8  
[REPORTING AND FILING REQUIREMENTS]**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON April 28, 2016

MOVED BY

SECONDED BY

THAT By-Law 8 [Reporting and Filing Requirements], made by Convocation on May 1, 2007 and amended by Convocation on June 28, 2007, April 24, 2008, June 26, 2008, October 30, 2008 April 30, 2009, September 29, 2010 and October 25, 2012 be further amended as follows:

**1. Subsection 10 (1) of the English version of the By-Law is amended by adding the following paragraph:**

6. Where applicable, the agreed statement of facts referred to in subsection 23 (3) of By-Law 4.

**2. Subsection 10 (1) of the French version of the By-Law is amended by adding the following paragraph:**

6. Le cas échéant, l'énoncé conjoint des faits visé au paragraphe 23 (3) du Règlement administratif n° 4.

**BY-LAW 4**

Redline Version April 19, 2016 showing changes proposed by PRC – TAB 6.1.3

Made: May 1, 2007  
Amended: May 25, 2007  
June 28, 2007  
September 20, 2007  
October 25, 2007 (editorial changes)  
January 24, 2008  
April 24, 2008  
May 22, 2008  
June 26, 2008  
December 19, 2008 (editorial changes)  
January 29, 2009  
January 29, 2009 (editorial changes)  
June 25, 2009  
June 25, 2009 (editorial changes)  
June 29, 2010  
July 8, 2010 (editorial changes)  
September 29, 2010  
September 30, 2010 (editorial changes)  
October 28, 2010  
April 28, 2011  
May 2, 2011 (editorial changes)  
June 23, 2011  
September 22, 2011  
November 24, 2011  
October 25, 2012  
February 27, 2014  
March 4, 2014  
January 29, 2015  
June 25, 2015  
October 19, 2015 (editorial changes)

**LICENSING**

(...)

**PART II**

**ISSUANCE OF LICENCE**

(...)

## GENERAL REQUIREMENTS

### Requirements for issuance of any licence

8. (1) The following are the requirements for the issuance of any licence under the Act:
  1. The applicant must submit to the Society a completed application, for the class of licence for which application is made, in a form provided by the Society.
  2. The applicant must pay the applicable fees, including the applicable application fee.
  3. The applicant must be of good character.
  4. The applicant must take the applicable oath.
  5. The applicant must provide to the Society all documents and information, as may be required by the Society, relating to any licensing requirement.

### Time for submitting application

(1.1) An application for a licence shall be submitted contemporaneously with the applicant's registration form under section 18.

### Submitting another application after one is deemed abandoned

(1.2) If an application for a licence is deemed to have been abandoned by the applicant under clause (4) (b), another application for a licence may not be submitted until after one year after the date on which the previous application was deemed to have been abandoned and may only be submitted if a material change in circumstances is demonstrated to the Society.

### Submitting another application after licence surrendered in certain circumstances

(1.3) A licensee, who applied to surrender his or her licence while a subject of an audit, investigation, search or seizure by the Society or a party to a proceeding under Part II of the Act and whose application was accepted by the Society pursuant to subsection 26 (3) of this By-Law, may not submit a fresh application for a licence until after,

- (a) five years after the date on which the Society accepted his or her application to surrender his or her previous licence;
- (b) payment of all costs awarded to the Society against the licensee under the Act; and
- (c) payment to the Society for the Compensation Fund an amount equal to the total amount of grants made from the Fund as a result of dishonesty on the part of the licensee.

### **Misrepresentations**

(2) An applicant who makes any false or misleading representation or declaration on or in connection with an application for a licence, by commission or omission, is deemed thereafter not to meet, and not to have met, the requirements for the issuance of any licence under the Act.

### **Documents and information re good character requirement**

- (3) An applicant shall provide to the Society,
- (a) at the time she or he submits her or his completed application, all documents and information specified by the Society on the application form relating to the requirement that the applicant be of good character; and
  - (b) by the time specified by the Society, all additional documents and information specified by the Society relating to the requirement that the applicant be of good character.

### **Failure to do something: abandonment of application**

- (4) An applicant's application for a licence is deemed to have been abandoned by the applicant if the applicant,
- (a) fails to do anything required to be done under subsection (3), under paragraph 2 of subsection 9 (1), under paragraph 2 of subsection 13 (1), under subclause 13 (2) (b) (iii), subclause 13 (2) (c) (iii) or subclause 13 (2) (d) (iii) or under subsection 15 (2.2) within the time specified for the thing to be done; or
  - (b) takes the same licensing examination three, or if entitled four, times and fails to successfully complete the licensing examination.

( . . . )

## **PART III**

### **SURRENDER OF LICENCE**

#### **Procedure for surrendering licence**

23. (1) Subject to section 25, a licensee who wishes to surrender his or her licence shall apply in writing to the Society to do so.

#### **Statutory declaration or affidavit**

- (2) An application under subsection (1) shall be accompanied by a statutory declaration or, if the applicant is not a resident of Canada, an affidavit, setting forth,
- (a) the applicant's age, the date on which the applicant was issued his or her licence, the applicant's place of residence, the applicant's business address, if any, the number of years, if any, that the applicant has practised law in Ontario or provided legal services in Ontario and the reasons why the applicant wishes to surrender his or her licence;
  - (b) that all money or property held in trust for which the applicant was responsible has been accounted for and paid over or distributed to the persons entitled thereto, or, alternatively, that the applicant has not been responsible for any money or property held in trust;
  - (c) that all clients' matters have been completed and disposed of or that arrangements have been made to the clients' satisfaction to have their papers returned to them or turned over to some other appropriate licensee or, alternatively, that the applicant,
    - (i) has not practised law in Ontario as a barrister and solicitor or has not provided legal services in Ontario, or
    - (ii) has practised law in Ontario as a barrister and solicitor or has provided legal services in Ontario, but only in circumstances in which he or she is permitted under the Act to do so without a licence;
  - (d) that the applicant is not aware of any claim against him or her in his or her professional capacity, or in respect of his or her practice of law in Ontario or provision of legal services in Ontario; and
  - (e) such additional information or explanation as may be relevant by way of amplification of the foregoing.

**Same**

~~(3) An accountant's certificate to the effect that all money and property held in trust for which the applicant was responsible have been accounted for and paid over or distributed to the persons entitled thereto shall be attached, and marked as an exhibit, to the statutory declaration or affidavit required under subsection (2).~~

**Agreed statement of facts**

(3) An application under subsection (1) that is submitted by a licensee who is the subject of an audit, investigation, search or seizure by the Society or who is a party to a proceeding under Part II of the Act shall, in addition to the statutory declaration or affidavit mentioned in subsection (2), be accompanied by a statement of facts that was agreed to by the Society specifically for the purposes of an application under subsection (1) and that was agreed

to by the Society not more than thirty days prior to the day on which the application is submitted under subsection (1).

#### **Publication of notice of intention to surrender licence**

24. (1) Subject to subsection (2), a licensee who wishes to surrender his or her licence shall, at least thirty days before the day on which he or she applies to the Society under subsection 23 (1), publish in the Ontario Reports a notice of intention to surrender a licence.

#### **Exemption from requirement to publish notice**

(2) Upon the written application of the licensee, the Society may exempt the licensee from the requirement to publish a notice of intention to surrender a licence.

#### **Notice of Intention to Surrender Licence**

(3) The notice of intention to surrender a licence which the licensee is required to publish under subsection (1) shall be in Form 4A [Notice of Intention to Surrender Licence].

#### **Proof of publication of notice of intention to surrender licence**

(4) Unless the licensee is exempted from the requirement to publish a notice of intention to surrender a licence, an application under subsection 23 (1) shall be accompanied by proof of publication, in accordance with subsection (1), of a notice of intention to surrender a licence.

#### **Application by licensee's representative**

25. (1) The Society may permit any person on behalf of the licensee to make an application under subsection 23 (1) if the Society is satisfied that the licensee for any reason is unable to make the application himself or herself.

#### **Application of subss. 23 (2) and (3) and ss. 24, 26 and 27**

(2) Subsections 23 (2) and (3) and sections 24, 26 and 27 apply, with necessary modifications, to an application made under subsection 23 (1) by a person on behalf of the licensee.

#### **Society to consider application**

26. (1) ~~Subject to subsection (2),~~ the Society shall consider every application made under subsection 23 (1) in respect of which the requirements set out in subsections 23 (2), 23 (3) and 24 (4) have been complied with, and the Society may consider an application made under subsection 23 (1) in respect of which any or all of the requirements set out in subsection 23 (2), ~~23 (3)~~ and 24 (4) have not been complied with, and,

- (a) Subject to subsection (3), the Society shall accept an application if it is satisfied,
- (i) that all money or property held in trust for which the applicant was responsible have been accounted for and paid over or distributed to the persons entitled thereto, or, alternatively, that the applicant has not been responsible for any money or property held in trust,
  - (ii) that all clients' matters have been completed and disposed of or that arrangements have been made to the clients' satisfaction to have their papers returned to them or turned over to some other appropriate licensee or, alternatively, that the applicant,
    - 1. has not practised law in Ontario as a barrister and solicitor or has not provided legal services in Ontario, or
    - 2. has practised law in Ontario as a barrister and solicitor or has provided legal services in Ontario, but only in circumstances in which he or she is permitted under the Act to do so without a licence;
  - (iii) that there are no claims against the applicant in his or her professional capacity or in respect of his or her practice of law in Ontario or provision of legal services in Ontario,
  - (iv) that, if the applicant has practised law in Ontario, the applicant has paid all insurance premium levies which he or she is required to pay and has filed all certificates, reports and other documents which he or she is required to file under any policy for indemnity for professional liability;
  - (v) that the applicant is no longer the subject of or has fully complied with all terms and conditions of any order made under Part II of the Act, any order made under Part II of the Act as it was before May 1, 2007, any order, other than an order cancelling membership, made under section 34 of the Act as that section read before February 1, 1999 and any order made under section 35 or 36 of the Act as those sections read before February 1, 1999; and
  - (vi) that the applicant if not exempted from the requirement to publish a notice of intention to surrender a licence has complied with subsection 24 (1); or
- (b) subject to subsection (2), the Society shall reject an application if it is not satisfied of a matter mentioned in clause (a).

### **Acceptance of application**

(2) Subject to subsection (3), ~~the~~ Society may accept an application if it is not satisfied of the matter mentioned in subclause (1) (a) (iv) or (v) but is satisfied of the matters mentioned in subclauses (1) (a) (i), (ii), (iii) and (vi).

### **~~Society not to consider application~~**

~~(3) — The Society shall not consider an application made under subsection 23 (1) of this By Law if the applicant is,~~

~~(a) — the subject of an audit, investigation, search or seizure by the Society; or~~

~~(b) — a party to a proceeding under Part II of the Act.~~

### Acceptance of application in certain cases

(3) The Society shall only accept an application that is submitted by a licensee who is the subject of an audit, investigation, search or seizure by the Society or who is a party to a proceeding under Part II of the Act if it determines that it would not be contrary to the public interest to do so.

### **Documents, explanations, releases, etc.**

(4) For the purposes of assisting the Society to consider the application, the applicant shall,

(a) provide to the Society such documents and explanations as the Society may require; and

(b) provide to the insurer of the Society's insurance plan such releases, directions and consent as may be required to permit the insurer to make available to the Society information relating to the payment by the applicant of insurance premium levies and the filing by the applicant of any certificate, report or other document required under any policy for indemnity for professional liability.

### **Rejection of application**

27. If the Society rejects an application under clause 26 (1) (b), the Society may specify terms and conditions to be complied with by the applicant as a condition of his or her application being accepted, and if the applicant complies with the terms and conditions to the satisfaction of the Society, the Society shall accept the application.

(...)

## **BY-LAW 8**

**Redline Showing Changes Proposed by the Professional Regulation Committee April 19, 2016**

### **Tab 6.1.4**

Made: May 1, 2007  
Amended: June 28, 2007  
April 24, 2008  
June 26, 2008  
October 30, 2008  
April 30, 2009  
May 21, 2009 (editorial changes)  
September 29, 2010  
October 25, 2012

## **REPORTING AND FILING REQUIREMENTS**

(...)

### **PART III**

#### **REGISTER**

##### **Contents of register**

10. (1) In addition to the information mentioned in subsection 27.1 (2) of the Act, the register that the Society is required to establish and maintain under section 27.1 of the Act shall contain the following information:

1. The assumed names, if any, of each licensee.
2. An indication of every time period that the licensee practises law in Ontario as a barrister and solicitor or provides legal services in Ontario.
3. For each time period that a licensee practises law in Ontario as a barrister and solicitor or provides legal services in Ontario,
  - i. where and in what capacity the licensee practises law or provides legal services, and

- ii. the licensee's business contact information, including address, telephone number, facsimile number and e-mail address.
4. For each time period that a licensee does not practise law in Ontario as a barrister and solicitor or provide legal services in Ontario,
  - i. if the licensee is otherwise working, the licensee's business contact information, including address, telephone number, facsimile number and e-mail address, or
  - ii. if the licensee is not otherwise working, information as to how a licensee may be contacted by former clients.
5. For a licensee who is deceased, the name and contact information, if any, of the licensee's estate trustee.
6. Where applicable, the agreed statement of facts referred to in subsection 23(3) of By-Law 4.

**Availability to public**

(2) The Society shall make the register available for public inspection in one or more of the following ways:

1. By establishing and maintaining a directory of licensees containing some or all of the information contained in the register on the Society's website.
  2. By publishing a print directory of licensees containing some or all of the information contained in the register.
  3. By establishing and maintaining a telephone line, open during the Society's normal business hours, for answering inquiries about contents of the register with respect to any licensee.
-

**Tab 6.2**

**FOR INFORMATION**

**NATIONAL DISCIPLINE STANDARDS PILOT PROJECT**

33. The goal of the National Discipline Standards Project of the Federation of Law Societies of Canada (Federation) is to develop a set of standards against which each Law Society's performance in the area of lawyer (and, in the case of Ontario, paralegal) discipline can be assessed. There are 21 standards.
34. The National Discipline Standards were the subject of a pilot project which ended in April 2014 and were modified throughout the pilot project period. The Law Society has been involved in the project since the outset and has been regularly reporting to the Federation about the Law Society's performance on the draft standards. The regular reporting process contributed to the modification of some of the standards.
35. The National Discipline Standards were approved by Convocation in principle on February 27, 2014, and by the Federation on April 3, 2014. The Standards took effect on January 1, 2015, and are set out at **Tab 6.2.1**. The Standards may be viewed online at <http://flsc.ca/wp-content/uploads/2014/10/discipline1.pdf>.
36. The Federation requested a report from each Law Society about their 2015 performance against the standards. A report from the Law Society of Upper Canada was provided in March 2016 and is at **Tab 6.2.2**.
37. The Professional Regulation, Paralegal Standing, and Tribunal Committees reviewed the March 2016 report at their April meetings.

Federation of Law Societies  
of Canada



Fédération des ordres professionnels  
de juristes du Canada

## NATIONAL DISCIPLINE STANDARDS

(As approved by the Federation Council April 3, 2014\*)

### Timeliness

1. **Telephone inquiries:**  
75% of telephone inquiries are acknowledged within one business day and 100% within two business days.
2. **Written complaints:**  
100% of written complaints are acknowledged in writing within three business days.
3. **Timeline to resolve or refer complaint:**  
80% of all complaints are resolved or referred for a disciplinary or remedial response within 12 months.  
90% of all complaints are resolved or referred for a disciplinary or remedial response within 18 months.
4. **Contact with complainant:**  
For 90% of open complaints there is contact with the complainant at least once every 90 days during the investigation stage.
5. **Contact with lawyer or Québec notary:**  
For 90% of open complaints there is contact with the lawyer or Quebec notary at least once every 90 days during the investigation stage.

### Hearings

6. 75% of citations or notices of hearings are issued and served upon the lawyer or Québec notary within 60 days of authorization.  
95% of citations or notices of hearings are issued and served upon the lawyer or Québec notary within 90 days of authorization.
7. 75% of all hearings commence within 9 months of authorization.  
90% of all hearings commence within 12 months of authorization.
8. Reasons for 90% of all decisions are rendered within 90 days from the last date the panel receives submissions.
9. Each law society will report annually to its governing body on the status of standards 3, 4 and 5. For standards 6, 7 and 8, each law society will report quarterly to its governing body on the status of the standards.

\* The standards were modified in May, 2014 to include the participation of the *Chambre des notaires du Québec* and to provide a more accurate title for standards 20 and 21.

**NATIONAL DISCIPLINE STANDARDS**  
(As approved by the Federation Council April 3, 2014)

**Public Participation**

10. There is public participation at every stage of discipline; i.e. on all hearing panels of three or more; at least one public representative; on the charging committee, at least one public representative.
11. There is a complaints review process in which there is public participation for complaints that are disposed of without going to a charging committee.

**Transparency**

12. Hearings are open to the public.
13. Reasons are provided for any decision to close hearings.
14. Notices of charge or citation are published promptly after a date for the hearing has been set.
15. Notices of hearing dates are published at least 60 days prior to the hearing, or such shorter time as the pre-hearing process permits.
16. There is an ability to share information about a lawyer or Québec notary who is a member of another law society with that other law society when an investigation is underway in a manner that protects solicitor-client privilege, or there is an obligation on the lawyer Québec notary to disclose to all law societies of which he/she is a member that there is an investigation underway.
17. There is an ability to report to police about criminal activity in a manner that protects solicitor/client privilege.

**Accessibility**

18. A complaint help form is available to complainants.
19. There is a directory available with status information on each lawyer or Québec notary, including easily accessible information on discipline history.

**Qualification of Adjudicators and Volunteers**

20. There is ongoing mandatory training for all adjudicators, including training on decision writing, with refresher training no less often than once a year and the curriculum for mandatory training will comply with the national curriculum if and when it is available.
21. There is mandatory orientation for all volunteers involved in conducting investigations or in the charging process to ensure that they are equipped with the knowledge and skills to do the job.



## NATIONAL DISCIPLINE STANDARDS

LAW SOCIETY OF UPPER CANADA  
STATUS – DECEMBER 2015

STANDARD	CURRENT STATUS
1. <b>Telephone inquiries:</b> 75% of telephone inquiries are acknowledged within 1 business day and 100% within 2 business days.	The Law Society currently meets this standard.
2. <b>Written complaints:</b> 100% of written complaints are acknowledged in writing within 3 business days.	The Law Society currently meets this standard.
3. <b>Timeline to close or refer complaint:</b> 80% of all complaints are resolved or referred for a disciplinary or remedial response within 12 months.  90% of all complaints are resolved or referred for a disciplinary or remedial response within 18 months.	The Law Society currently meets this standard.
4. <b>Contact with complainant:</b> For 90% of open complaints there is contact with the complainant at least once every 90 days during the investigation stage.	The reported results show that the complainant is contacted at least once every 90 days in 77% of open investigations
5. <b>Contact with lawyer or Quebec notary:</b> For 90% of open complaints there is contact with the lawyer or Quebec notary at least once every 90 days during the investigation stage.	Our reported results show the subject (including lawyers, paralegal licensees and non-licensees) are contacted at least once every 90 days in 74% of open investigations.

STANDARD	CURRENT STATUS
<p>6. 75% of citations or notices of hearings are issued and served upon the lawyer or Quebec notary within 60 days of authorization.</p> <p>95% of citations or notices of hearings are issued and served upon the lawyer or Quebec notary within 90 days of authorization.</p>	<p>The Law Society currently meets this standard.</p> <p>93% of notices are issued less than 90 days after authorization by the Proceedings Authorization Committee.</p>
<p>7. 75% of all hearings commence within 9 months of authorization.</p> <p>90% of all hearings commence within 12 months of authorization.</p>	<p>99 files had their first hearing in 2015.</p> <p>71% (70) of these hearings commenced within 9 months of authorization.</p> <p>88% (87) of these hearings commenced within 12 months of authorization.</p>
<p>8. Reasons for 90% of all decisions are rendered within 90 days from the last date the panel receives submissions</p>	<p>77% (107 of 139) of reasons were provided within 90 days.</p>
<p>9. Each law society will report annually to its governing body on the status of standards 3, 4 and 5. For standards 6, 7 and 8, each law society will report quarterly to its governing body on the status of the standards</p>	<p>The Law Society currently meets this standard.</p>
<p>10. There is public participation at every stage of discipline; i.e. on all hearing panels of three or more, at least one public representative; on the charging committee, at least one public representative.</p>	<p>The Law Society currently meets this standard.</p>

STANDARD	CURRENT STATUS
11. There is a complaints review process in which there is public participation for complaints that are disposed of without going to a charging committee.	The Law Society currently meets this standard.
12. Hearings are open to the public.	The Law Society currently meets this standard.
13. Reasons are provided for any decision to close hearings.	The Law Society currently meets this standard.
14. Notices of charge or citation are published promptly after a date for the hearing has been set.	The Law Society currently meets this standard.
15. Notices of hearing dates are published at least 60 days prior to the hearing, or such shorter time as the pre-hearing process permits.	The Law Society currently meets this standard.
16. There is an ability to share information about a lawyer or Quebec notary who is a member of another law society with that other law society when an investigation is underway in a manner that protects solicitor-client privilege, or there is an obligation on the lawyer or Quebec notary to disclose to all law societies of which he/she is a member that there is an investigation underway.	The Law Society currently meets this standard.
17. There is an ability to report to police about criminal activity in a manner that protects solicitor/client privilege.	The Law Society currently meets this standard.
18. A complaints help form is available to complainants.	The Law Society currently meets this standard.

STANDARD	CURRENT STATUS
19. There is a directory available with status information on each lawyer or Quebec notary, including easily accessible information on discipline history.	The Law Society currently meets this standard.
20. There is ongoing mandatory training for all adjudicators, including training on decision writing, with refresher training no less often than once a year and the curriculum for mandatory training will comply with the national curriculum if and when it is available.	The Law Society currently meets this standard.
21. There is mandatory orientation for all volunteers involved in conducting investigations or in the charging process to ensure that they are equipped with the knowledge and skills to do the job.	No volunteers are involved in conducting investigations or in the screening. Benchers involved in the screening process (Proceedings Authorization Committee) are provided with an orientation.

**Tab 6.3**

**FOR INFORMATION**

**REPORT OF THE ACTING EXECUTIVE DIRECTOR,  
PROFESSIONAL REGULATION DIVISION, REGARDING  
COMPLAINTS RECEIVED IN 2014**

38. The report at [Tab 6.3.1](#) provides an analysis of the complaints against lawyers and paralegals received by the Professional Regulation Division in 2014.



Tab 6.3.1

## PROFESSIONAL REGULATION

### Executive Director's Report: Analysis of Complaints Received by Professional Regulation in 2014

Prepared by: Lesley Cameron

Date: April 14, 2016

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This report provides an analysis of complaints against lawyers and paralegals received in the Professional Regulation Division ("Professional Regulation") in 2014.

In **Section A**, the per capita rate of complaints from 2009 to 2014 is discussed

- a) for all licensed lawyers and for all licensed lawyers in private practice
- b) for all licensed paralegals and all licensed paralegals in private practice.

In **Section B**, all complaints against lawyers and paralegals received in Professional Regulation in 2014 are analyzed by

- a) the size of the firm in which the lawyers and paralegals practised; and
- b) the number of years since the lawyers and paralegals were licensed.

In **Section C**, the analysis focuses on the types of complaints against lawyers and paralegals received by Professional Regulation in 2014. The types of complaints received are analyzed by

- a) the size of the firm in which the lawyers and paralegals practised; and
- b) the number of years since the lawyers and paralegals were licensed.

In **Section D**, the analysis focuses on the area of law specified in the complaints against lawyers and paralegals received in Professional Regulation in 2014. The complaints listing an area of law are analyzed by

- a) the size of the firm in which the lawyers and paralegals practised; and
- b) the number of years since the lawyers and paralegals were licensed.

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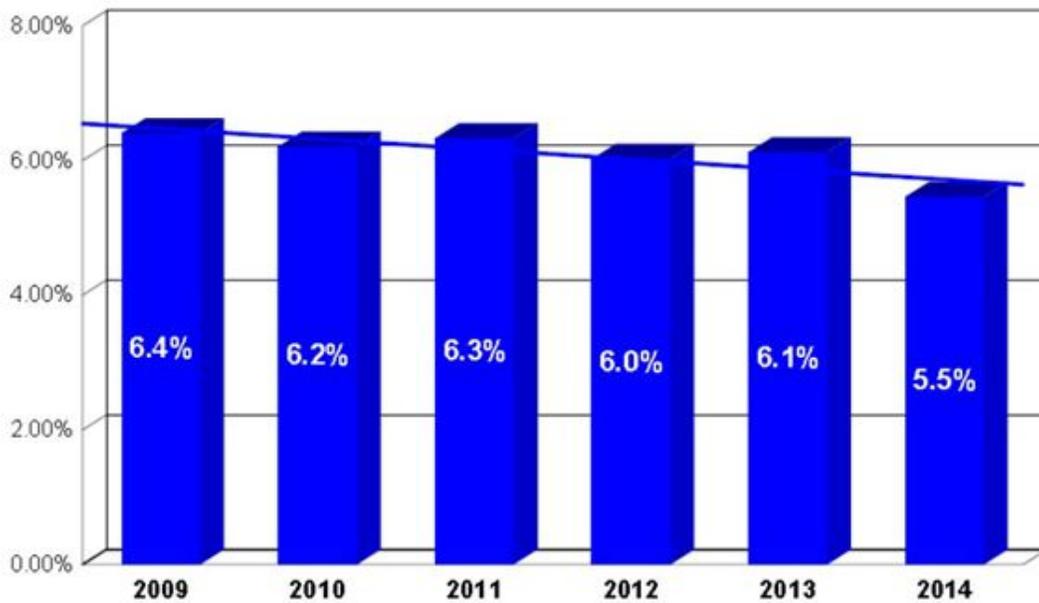
**A. Per Capita Rate of Complaints**

In 2014, 4781 complaints were received in Professional Regulation. Of those complaints, 3734 were complaints against lawyers and 543 were complaints against licensed paralegals.

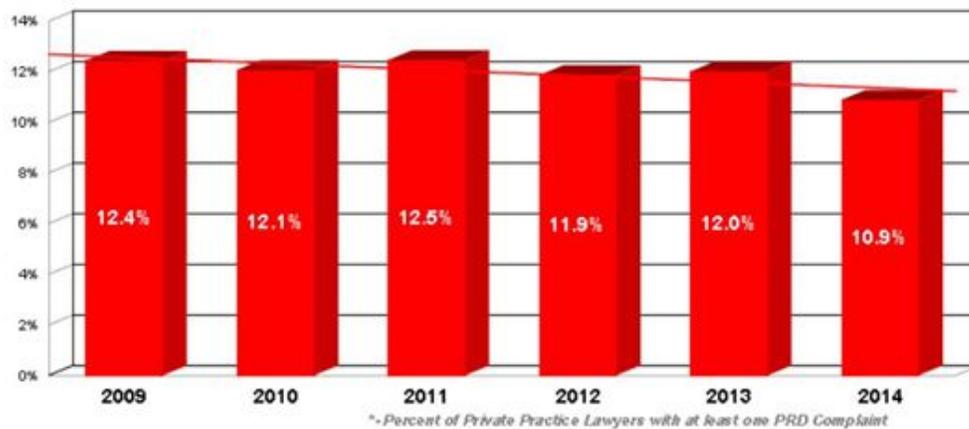
**a) Lawyers**

The following two graphs demonstrate a downward trend since 2009 in the percentage of (i) all licensed lawyers and (ii) all licensed lawyers in private practice with at least one complaint in Professional Regulation.

**(i) All Licensed Lawyers with at least one complaint in Professional Regulation**



**(ii) Lawyers in Private Practice with at least one complaint in Professional Regulation**



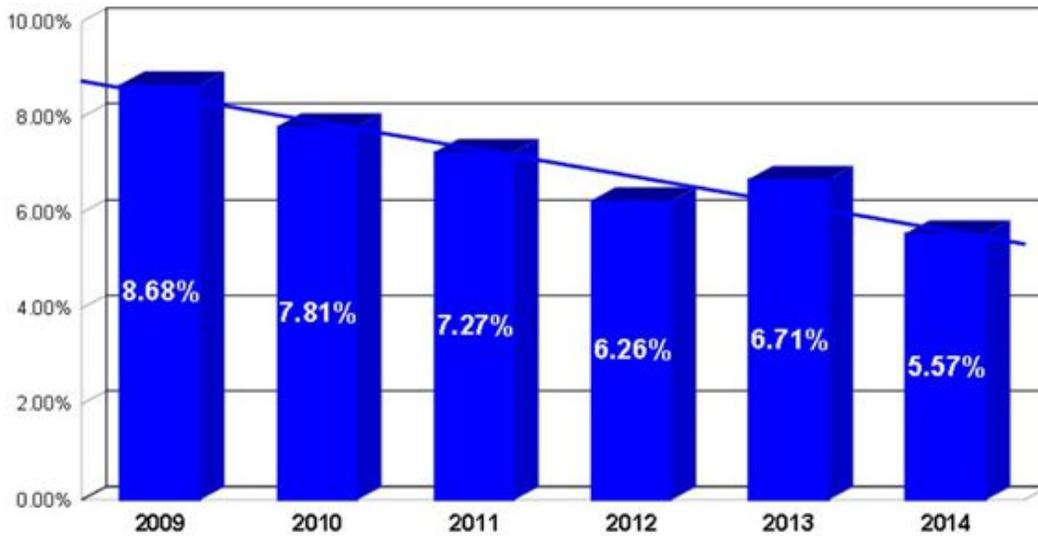
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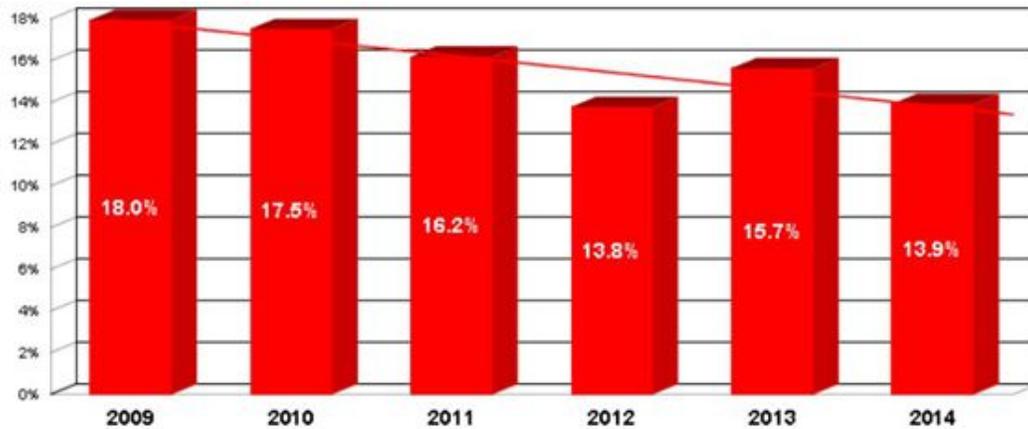
**b) Paralegals**

The following two graphs demonstrate a downward trend since 2009 in the percentage of (i) all licensed paralegals and (ii) all licensed paralegals in private practice with at least one complaint in Professional Regulation.

**(i) All Licensed Paralegals with at least one complaint in Professional Regulation**



**(ii) All Paralegals in Private Practice with at least one complaint in Professional Regulation**



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**B. Complaints Received in 2014**

**a) Complaints Received in 2014, according to Size of Firm**

**Lawyers**

The following graphs analyze the complaints received against lawyers in 2014 according to the size of firm. For lawyers, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 10 licensees;
- Firms with 11 to 25 licensees;
- Firms with 26 to 50 licensees; and
- Firms with more than 50 licensees.

**Findings**

As at December 31, 2014<sup>1</sup>, the Law Society’s membership database listed the following number of lawyers in active practice with a firm size (see graph on left below):

- 33% of lawyers were sole practitioners;
- 30% of lawyers were in firms with 2 to 10 licensees;
- 9% of lawyers were in firms with 11 to 25 licensees;
- 7% of lawyers were in firms with 26 to 50 licensees; and
- 19% of lawyers were in firms with more than 50 licensees.

It is expected that the breakdown of lawyers who received complaints in Professional Regulation would mirror the above breakdown. However, as shown in the graph on the right, below, while sole practitioners constitute 33% of all practising lawyers, 53% of complaints against lawyers that are received in Professional Regulation involve lawyers in sole practice.



<sup>1</sup> As at December 31, 2014, there were 23,987 lawyers in active practice with a firm size designated in the Law Society’s membership database

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**Paralegals**

The following graphs analyze the complaints received against paralegals in 2014 according to the size of firm. For paralegals, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 3 licensees;
- Firms with 4 to 6 licensees; and
- Firms with more than 6 licensees.

**Findings**

As at December 31, 2014<sup>2</sup>, the Law Society’s membership database listed the following number of paralegals in active practice with a firm size (see graph to left, below):

- 51% of paralegals were sole practitioners;
- 20% of paralegals were in firms with 2 to 3 licensees;
- 12% of paralegals were in firms with 4 to 6 licensees; and
- 17% of paralegals were in firms with more than 6 licensees.

It is expected that the breakdown of paralegals who received complaints in Professional Regulation would mirror the above breakdown. However, as shown in the graph to the right, below, while sole practitioners constitute 51% of all practising paralegals, over 70% of complaints against paralegals that were received in Professional Regulation involve paralegals practising in this group.



**b) Complaints Received in 2014, according to Years in Practice**

**Lawyers**

The following graphs analyze the complaints received against lawyers in 2014 according to the years since they were licensed (i.e. years in practice). For lawyers, the years in practice are grouped as follows:

- 0 – 5 years in practice;

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<sup>2</sup> As at December 31, 2014, there were 3,254 paralegals in active practice with a firm size designated in the Law Society’s membership database.

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- 6 – 10 years in practice;
- 11 – 15 years in practice;
- 16 – 20 years in practice;
- 21 – 25 years in practice;
- 26 – 30 years in practice; and
- Over 30 years in practice

**Findings**

As at December 31, 2014<sup>3</sup>, the breakdown of all lawyers in active practice by years of practice was (see graph to left, below):

- 20% of all lawyers had been practising between 0 – 5 years;
- 15% of all lawyers had been practising between 6 – 10 years;
- 15% of all lawyers had been practising between 11 – 15 years;
- 11% of all lawyers had been practising between 16 – 20 years;
- 10% of all lawyers had been practising between 21 – 25 years;
- 9% of all lawyers had been practising between 26 – 30 years; and
- 20% of all lawyers had been practising for more than 30 years.

It is expected that the breakdown of lawyers who received complaints in Professional Regulation would mirror the above breakdown. However, as shown in the graph to the right, below:

- Lawyers who have been in practice for up to 5 years make up 20% of all lawyers practising. However, this group only received 12% of all complaints received in Professional Regulation.
- At the other end of the spectrum, lawyers who have been in practice for more than 30 years received 29% of all complaints received in Professional Regulation. This group only constitutes 20% of all lawyers practising.



<sup>3</sup> As at December 31, 2014, there were 37,204 lawyers in active practice.

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**Paralegals**

The following graphs analyze the complaints received against paralegals in 2014 according to the years since being licensed (i.e. years in practice). For paralegals, the years in practice are grouped as follows:

- 0 to 1 year since licensed;
- 2 to 3 years since licensed;
- 4 to 5 years since licensed; and
- More than 5 since licensed.

**Findings**

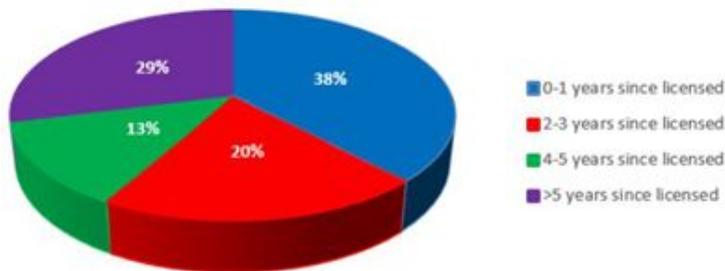
As at December 31, 2014<sup>4</sup>, the breakdown of all paralegals in active practice by years since being licensed was (see graph at left, below):

- 38% of all paralegals had been licensed between 0 to 1 year;
- 20% of all paralegals had been licensed between 2 to 3 years;
- 13% of all paralegals had been licensed for 4 to 5 years; and
- 29% of all paralegals had been licensed for more than 5 years.

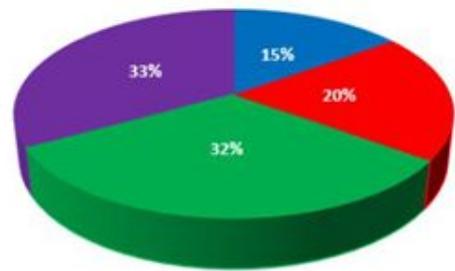
It is expected that the breakdown of paralegals who received complaints in Professional Regulation would mirror the above breakdown. However, as shown in the graph at right, below:

- Paralegals who have been licensed to provide legal services for up to 1 year make up 38% of all licensed paralegals. However, this group only received 15% of all complaints received in Professional Regulation.
- Paralegals who have been licensed for 4 to 5 years received 32% of all complaints received in Professional Regulation while only constituting 13% of all paralegals.

Paralegals in practice by years since licensed (%)



Paralegals in practice against whom a complaint was made in 2014 by years since licensed (%)



<sup>4</sup> As at December 31, 2014, there were 5,360 paralegals in active practice.

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**C. TYPES OF COMPLAINTS**

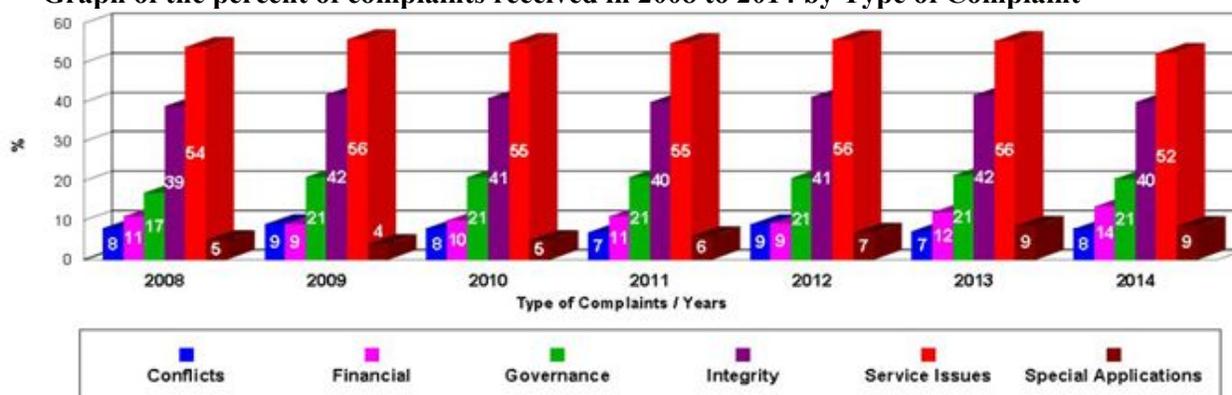
**a) Complaints Received in 2008 to 2014 by Type of Complaint**

Allegations raised in complaints received by Professional Regulation are classified according to a set of 6 case types. A list of these case types (and the corresponding allegations associated with the case types) is found at **Appendix A**.

The following chart and graph show the breakdown of complaints received in 2008, 2009, 2010, 2011, 2012, 2013 and 2014 by type of complaint. Note that one complaint can have more than one case type and, therefore, the percent for each year can total more than 100.

	2008	2009	2010	2011	2012	2013	2014
<b>Total Number of Complaints received per year</b>	<b>6796</b>	<b>6876</b>	<b>6762</b>	<b>6608</b>	<b>6528</b>	<b>6442</b>	<b>6155</b>
<b>Total Number of Complaints listing a case type</b>	<b>4094</b>	<b>4165</b>	<b>4210</b>	<b>4026</b>	<b>4138</b>	<b>4244</b>	<b>4250</b>
Conflicts	8% (328)	9% (354)	8% (327)	7% (306)	9% (372)	7% (309)	8% (334)
Financial	11% (455)	9% (357)	10% (414)	11% (480)	9% (381)	12% (513)	14% (574)
Governance	17% (716)	21% (883)	21% (902)	21% (881)	21% (859)	21% (909)	21% (875)
Integrity	39% (1613)	42% (1741)	41% (1734)	40% (1623)	41% (1712)	42% (1773)	40% (1701)
Service Issues	54% (2198)	56% (2316)	55% (2321)	55% (2252)	56% (2310)	56% (2357)	52% (2230)
Special Applications	5% (189)	4% (173)	5% (229)	6% (274)	7% (282)	9% (366)	9% (365)
Other Issues	5% (213)	6% (236)	5% (202)	3% (152)	4% (171)	4% (164)	3% (146)

**Graph of the percent of complaints received in 2008 to 2014 by Type of Complaint**



As the graph demonstrates, the distribution of the types of complaints is similar in each of the seven years: the highest proportion of complaints received related to Services Issues while the lowest proportion of complaints received raised Conflict Issues.

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**b) Types of Complaints Received in 2014, according to Size of Firm**

This section analyzes the distribution of the various types of complaints received against lawyers and paralegals by firm size. A breakdown of the total number of complaints received in each case type is attached at **Appendix B**.

**Lawyers**

The following graphs analyze the types of complaints received against lawyers in 2014 according to the size of firm. As noted previously, for lawyers, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 10 licensees;
- Firms with 11 to 25 licensees;
- Firms with 26 to 50 licensees; and
- Firms with more than 50 licensees.

The following chart sets out the complaints received against lawyers by types of complaints in the five groups (see also Appendix B).

	Sole Practitioners	Small Firms (2-10)	Medium Firms (11-25)	Large Firms (26-50)	X- Large Firms (over 50)
	Number (% of Total*)				
<b>Total Complaints</b>	<b>1384 (100%)</b>	<b>909 (100%)</b>	<b>196 (100%)</b>	<b>56 (100%)</b>	<b>76 (100%)</b>
Complaints alleging Conflict issue	162 (12%)	94 (10%)	22 (11%)	5 (9%)	10 (13%)
Complaints alleging Financial issue	179 (13%)	77 (8%)	16 (8%)	1 (2%)	1 (1%)
Complaints alleging Governance issue	196 (14%)	83 (9%)	25 (13%)	1 (2%)	0 (0%)
Complaints alleging Integrity issue	673 (49%)	426 (47%)	79 (40%)	36 (64%)	48 (63%)
Complaints alleging Service issue	888 (64%)	614 (68%)	121 (62%)	28 (50%)	33 (43%)
Complaints alleging Other issue	56 (4%)	53 (6%)	13 (7%)	3 (5%)	7 (9%)
Complaints alleging Special Application	17 (1%)	5 (<1%)	0 (0%)	0 (0%)	0 (0%)

\* As one complaint may contain more than one allegation, percentages will not total 100%.

The graphs below compare the percent of complaints that we expected to find for lawyers in the particular size of firm with the percent of complaints that was actually observed.

**Expected Findings**

The calculation of the “expected finding” was based on the number of lawyers in active practice with a firm size designated in the Law Society’s membership database as at December 31, 2014.<sup>5</sup>

As of that date:

- 33% of lawyers were sole practitioners. Hence it was expected that 33% of complaints received would be against sole practitioners;

<sup>5</sup> As at December 31, 2014, there were 23,987 lawyers in active practice with a firm size designated in the Law Society’s database.

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- 30% of lawyers were in firms with 2 to 10 licensees. Hence it was expected that 30% of complaints received would be against lawyers in these firms;
- 9% of lawyers were in firms with 11 to 25 licensees. Hence it was expected that 9% of complaints received would be against lawyers in these firms; and
- 7% of lawyers were in firms with 26 to 50 licensees. Hence it was expected that 7% of complaints received would be against lawyers in these firms.
- 19% of lawyers were in firms with more than 50 licensees. Hence it was expected that 19% of complaints received would be against lawyer in these firms.

**Summary of Observed Findings**

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the firm size.

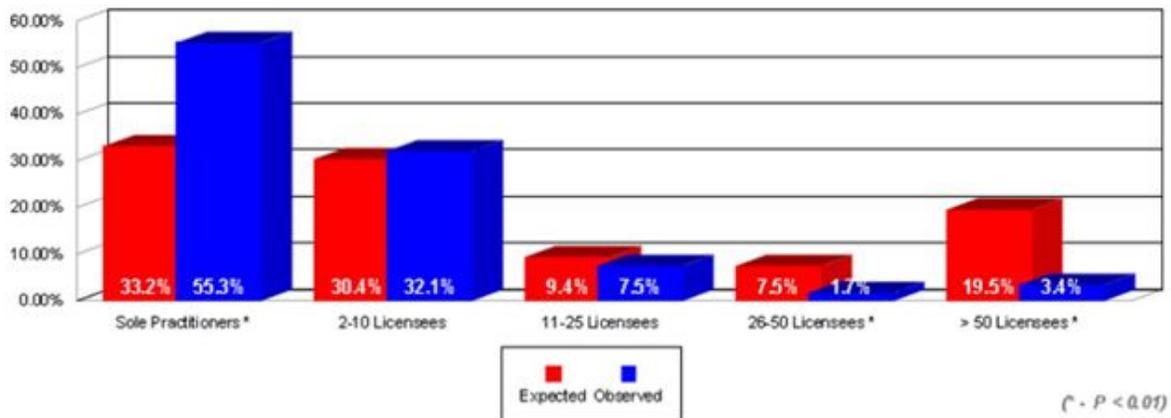
As in previous years:

- with respect to lawyers in sole practice, the observed percent of complaints received was significantly higher for all types of complaints than the percent that was expected.
- with respect to lawyers in larger firms (i.e. 26 to 50 licensees and > 50 licensees), the observed percent of complaints received was significantly lower for all types of complaints than the percent that was expected.

With respect to lawyers practising in firms with 2 to 10 licensees, the observed percent of complaints received was significantly higher than the percent that was expected only in complaints raising service issues. The differences noted between the observed and expected findings for the other types of complaints were not significant.

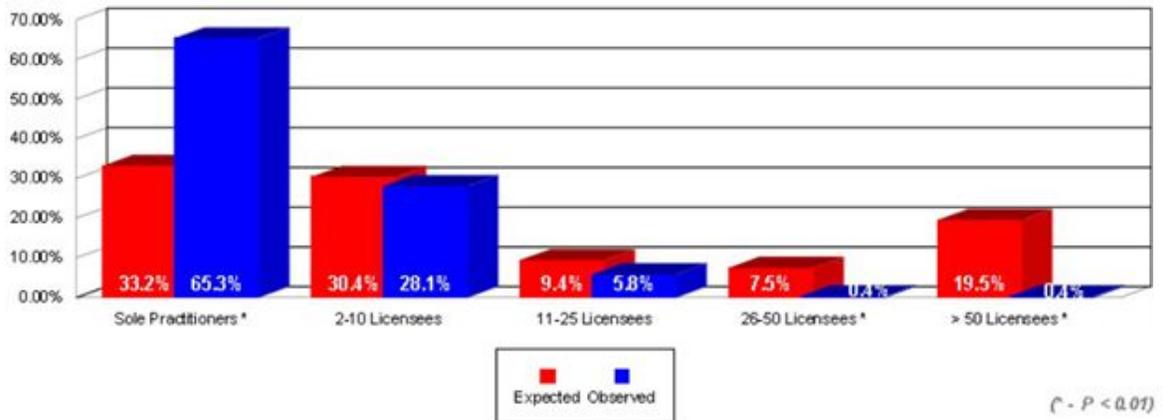
With respect to lawyers practising in firms with 11 to 25 licensees, the observed percent of complaints received was significantly lower than the percent that was expected in complaints raising governance and integrity issues. The differences noted between the observed and expected findings for other issues were not significant.

***Percent of complaints against Lawyers raising Conflict Issues received in 2014, by firm size***

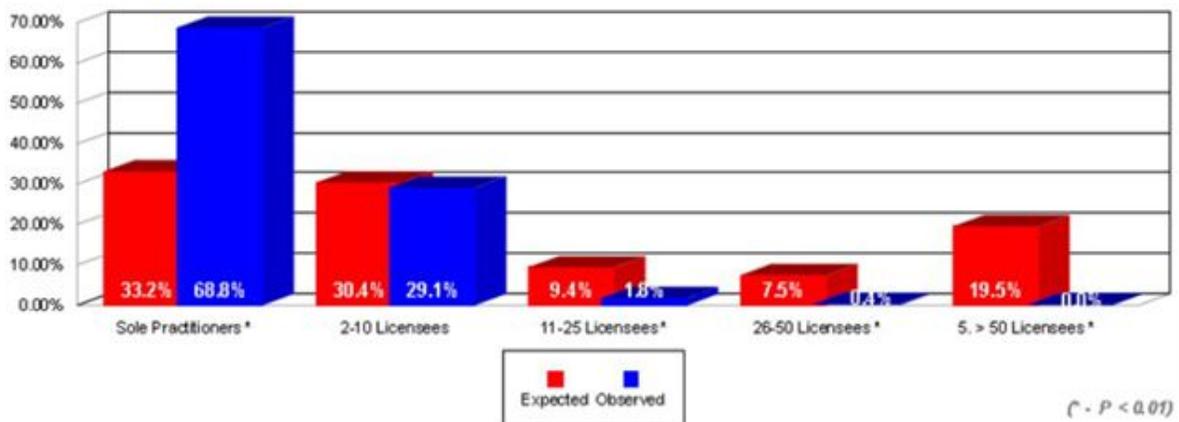


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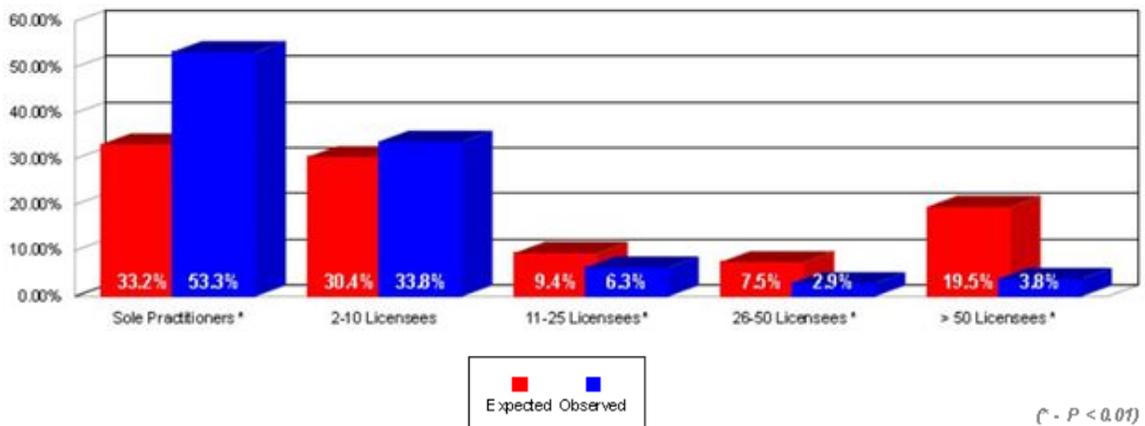
*Percent of complaints against Lawyers raising Financial Issues received in 2014, by firm size*



*Percent of complaints against Lawyers raising Governance Issues received in 2014, by firm size*

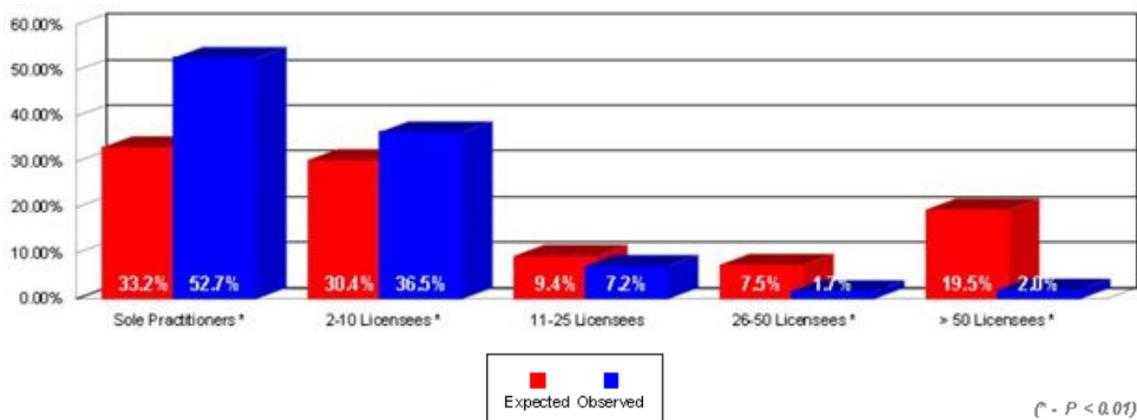


*Percent of complaints against Lawyers raising Integrity Issues received in 2014, by firm size*



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*Percent of complaints against Lawyers raising Services Issues received in 2014, by firm size*



**Paralegals**

The following graphs analyze the types of complaints received against paralegals in 2014, according to the size of firm. As noted previously, for paralegals, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 3 licensees;
- Firms with 4 to 6 licensees; and
- Firms with more than 6 licensees.

The following chart sets out the complaints received against paralegals by types of complaints in the four groups (see also Appendix B).

	Sole Practitioners	Firms with 2-3 licensees	Firms with 4- 6 licensees	Firms with > 6 licensees
	Number (% of Total*)	Number (% of Total*)	Number (% of Total*)	Number (% of Total*)
<b>Total Complaints</b>	<b>336 (100%)</b>	<b>74 (100%)</b>	<b>35 (100%)</b>	<b>11 (100%)</b>
Complaints alleging Conflict issue	7 (2%)	2 (3%)	3 (9%)	1 (9%)
Complaints alleging Financial issue	17 (5%)	8 (11%)	0 (0%)	0 (0%)
Complaints alleging Governance issue	81 (24%)	15 (20%)	11 (31%)	3 (27%)
Complaints alleging Integrity issue	118 (35%)	55 (74%)	20 (57%)	8 (73%)
Complaints alleging Service issue	128 (38%)	40 (54%)	15 (43%)	4 (36%)
Complaints alleging Other issue	2 (<1%)	1 (1%)	1 (3%)	1 (9%)
Complaints alleging Special Application	1 (<1%)	1 (1%)	0 (0%)	0 (0%)

\* As one complaint may contain more than one allegation, percentages will not total 100%.

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The graphs below compare the percent of complaints that we expected to find for paralegals in the particular size of firm with the percent of complaints that was actually observed.

**Expected Findings**

The calculation of the “expected finding” was based on the number of paralegals in active practice with a firm size designated in the Law Society’s membership database as at December 31, 2014.<sup>6</sup> As of that date:

- 51% of paralegals were sole practitioners. Hence it was expected that 51% of complaints received would be against paralegals in sole practice;
- 20% of paralegals were in firms with 2 to 3 licensees. Hence it was expected that 20% of complaints received would be against paralegals in these firms;
- 12% of paralegals were in firms with 4 to 6 licensees. Hence it was expected that 12% of complaints received would be against paralegals in these firms; and
- 17% of paralegals were in firms with more than 6 licensees. Hence it was expected that 17% of complaints received would be against paralegals in these firms.

**Summary of Observed Findings**

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the firm size.

The number of complaints which raised conflicts or financial issues were too few to make any assessment of the differences between expected and observed findings.

Licensed paralegals providing legal services as sole practitioners received a significantly higher percent of complaints raising governance and service issues than was expected.

With respect to licensed paralegals in firms with 2 to 3 and 4 to 6 licensees, no significant differences between expected and observed findings were noted in any type of complaint.

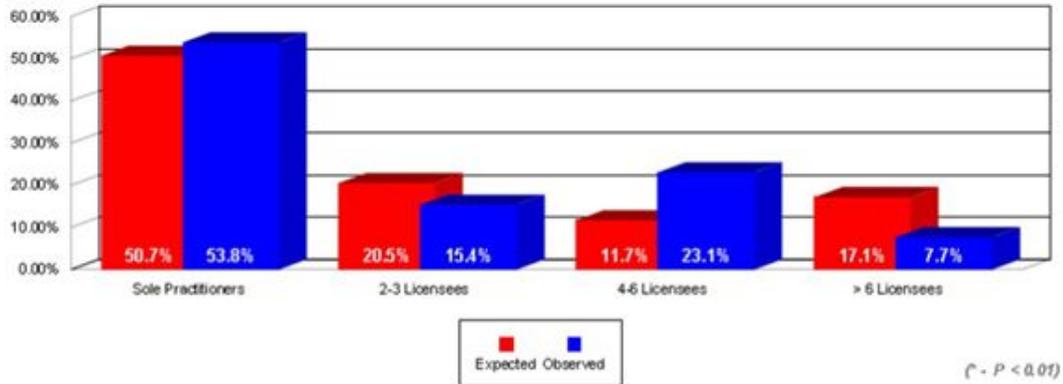
With respect to licensed paralegals in firms with more than 6 licensees, the observed percent of complaints received was significantly lower than the percent that was expected for governance, integrity and services issues.

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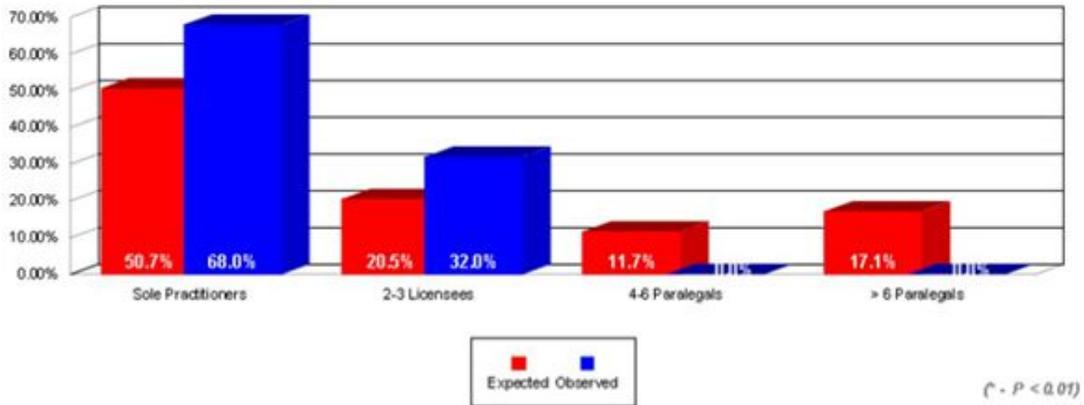
<sup>6</sup> As at December 31, 2014, there were 3,254 licensed paralegals in active practice with a firm size designated in the Law Society’s database.

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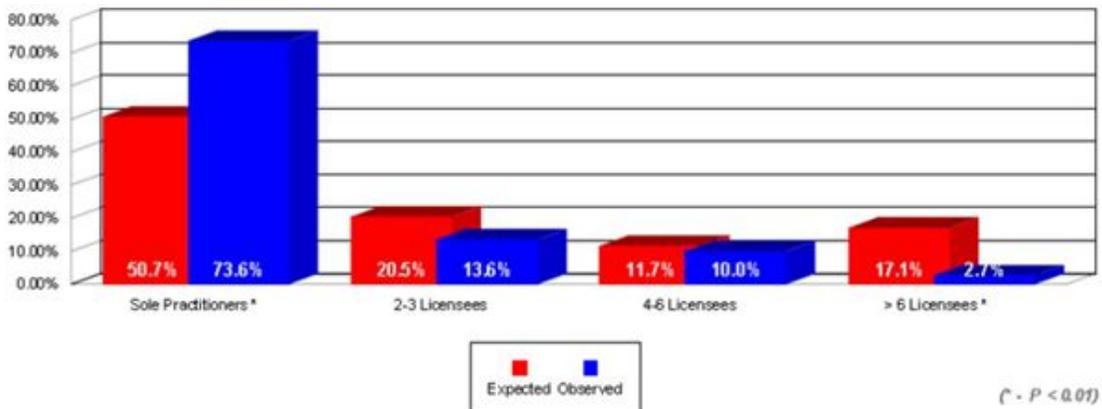
*Percent of complaints against Paralegals raising Conflict Issues received in 2014, by firm size*



*Percent of complaints against Paralegals raising Financial Issues received in 2014, by firm size*

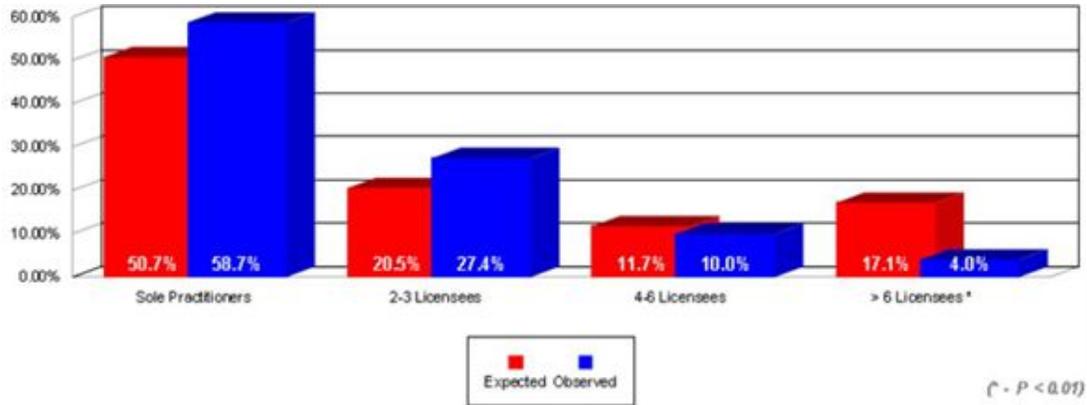


*Percent of complaints against Paralegals raising Governance Issues received in 2014, by firm size*

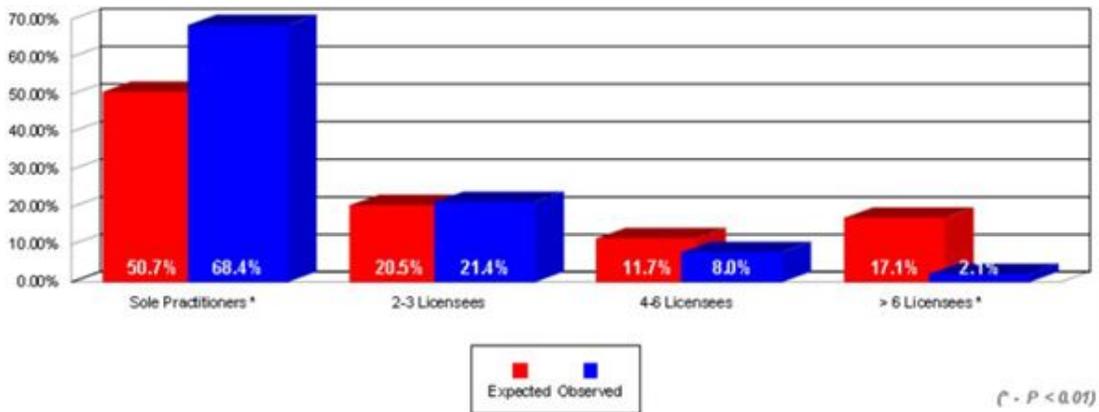


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*Percent of complaints against Paralegals raising Integrity Issues received in 2014, by firm size*



*Percent of complaints against Paralegals raising Services Issues received in 2014, by firm size*



**c) Types of Complaints Received in 2014, according to Years in Practice**

The following graphs analyze the percent of complaints received by lawyers and paralegals in 2014 in the top 5 case types (Conflicts, Financial, Governance, Integrity and Service Issues) according to the number of years since the licensee was licensed (“years in practice”). A breakdown of the total number of complaints received by each group in each of the complaint types in 2014 is attached at **Appendix C**.

**Lawyers**

The following graphs analyze the types of complaints received against lawyers in 2014 according to the years in practice. For lawyers, the years in practice are grouped as follows:

- 0 – 5 years in practice;
- 6 – 10 years in practice;
- 11 – 15 years in practice;
- 16 – 20 years in practice;

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- 21 – 25 years in practice;
- 26 – 30 years in practice; and
- Over 30 years in practice.

The graphs compare the percent of complaints that we expected to find for lawyers in each of the identified groups with the percent of complaints that was actually observed.

### **Expected Findings**

The calculation of the “expected finding” was based on the number of lawyers in active practice as at December 31, 2014.<sup>7</sup> As of that date:

- 20% of lawyers had been practising between 0 – 5 years. Hence it was expected that 20% of complaints received would be against lawyers in this group.
- 15% of lawyers had been practicing between 6 – 10 years. Hence it was expected that 15% of complaints received would be against lawyers in this group.
- 15% of lawyers had been practising between 11 – 15 years. Hence it was expected that 15% of complaints received would be against lawyers in this group.
- 11% of lawyers had been practising between 16 – 20 years. Hence it was expected that 11% of complaints received would be against lawyers in this group.
- 10% of lawyers had been practising between 21 – 25 years. Hence it was expected that 10% of complaints received would be against lawyers in this group.
- 9% of lawyers had been practising between 26 – 30 years. Hence it was expected that 9% of complaints received would be against lawyers in this group.
- 20% of lawyers had been practising for more than 30 years. Hence it was expected that 20% of complaints received would be against lawyers in this group.

### **Summary of Observed Findings**

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the “years in practice” group.

As in previous years, with respect to lawyers who have been in practice for 5 years or less, the observed percent of complaints that was received was significantly lower than the percent of complaints that we expected this group to receive for all types of complaints.

With respect to lawyers who have been in practice for more than 30 years, the observed percent of complaints that was received was significantly higher than the expected finding for all types of complaints except for complaints raising financial issues. No significant difference was noted in financial complaints.

Lawyers who have been in practice for 6 to 10 years received a significantly lower percent of complaints raising financial issues only. Any differences noted between the observed and expected findings for the other types of complaints were not significant

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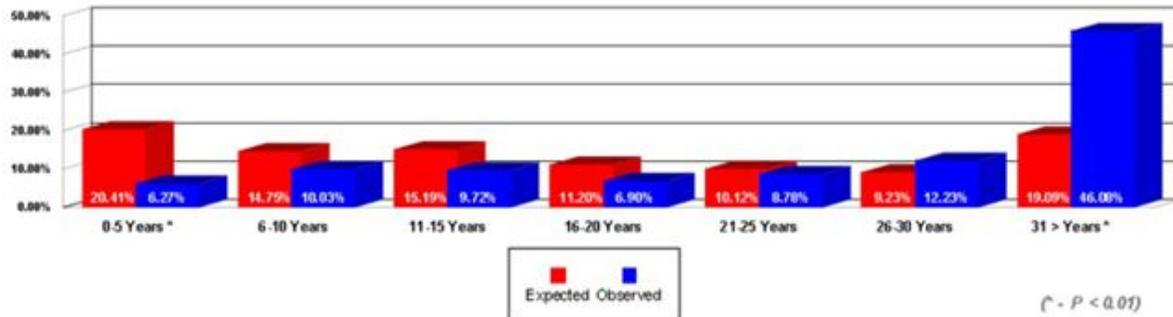
<sup>7</sup> As of December 31, 2014, there were 37,204 lawyers in active practice.

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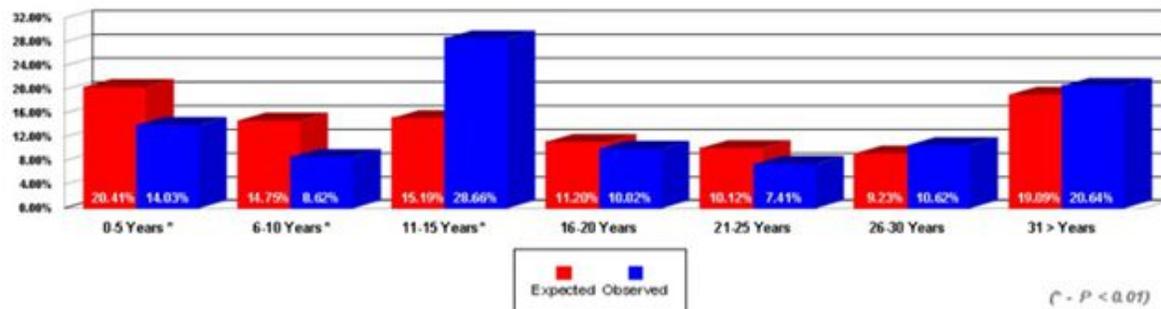
Lawyers who have been in practice for 11 to 15 years received a significantly higher percent of complaints raising financial issues but a significantly lower percent of complaints raising service issues than was expected. The differences noted between the observed and expected findings for the other types of complaints were not significant

No significant differences were noted in the 16 to 20, 21 to 25 and 26 to 30 year groups.

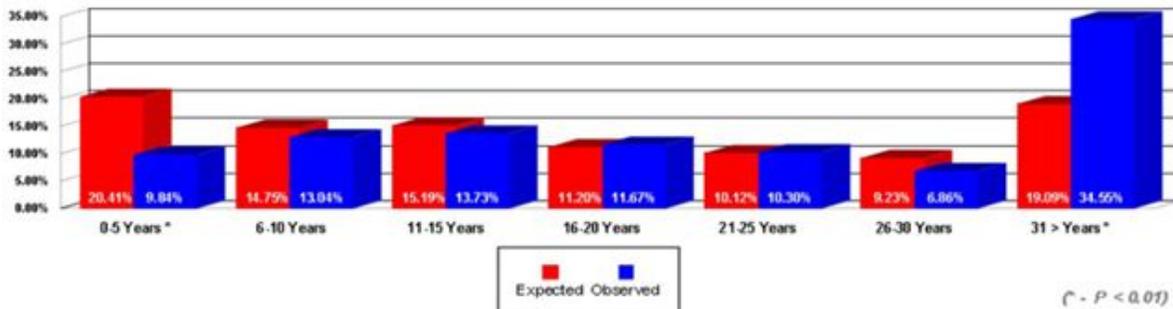
***Percent of complaints against Lawyers raising Conflict Issues received in 2014, by years in practice***



***Percent of complaints against Lawyers raising Financial Issues received in 2014, by years in practice***

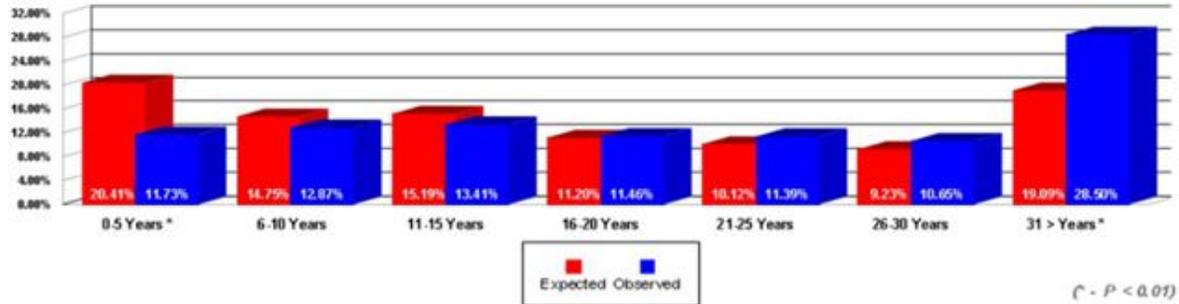


***Percent of complaints against Lawyers raising Governance Issues received in 2014, by years in practice***

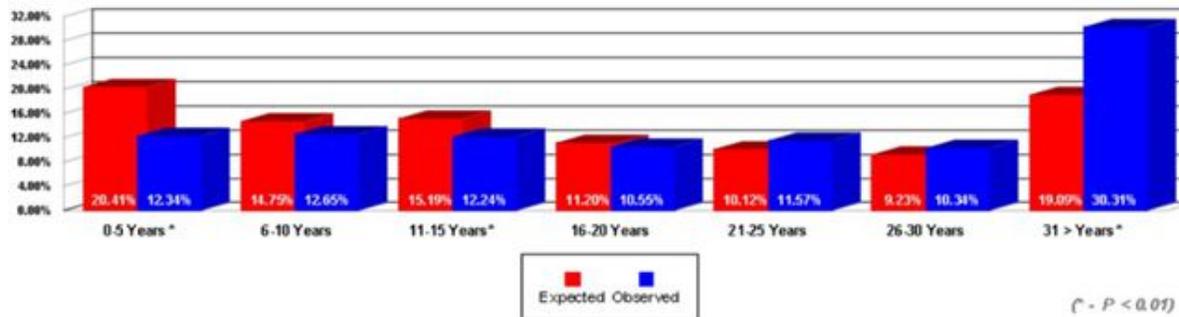


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*Percent of complaints against Lawyers raising Integrity Issues received in 2014, by years in practice*



*Percent of complaints against Lawyers raising Services Issues received in 2014, by years in practice*



**Paralegals**

The following graphs analyze the types of complaints received against paralegals in 2014 according to the years since being licensed (“years in practice”). For paralegals, the years in practice are grouped as follows:

- 0 - 1 year;
- 2 - 3 years; and
- 4 - 5 years; and
- More than 5 years.

**Expected Findings**

The calculation of the “expected finding” was based on the number of paralegals in active practice as at December 31, 2014.<sup>8</sup> As of that date:

- 38% of paralegals had been licensed between 0 – 1 year. Hence it was expected that 38% of complaints received against paralegals would be against paralegals in this group.
- 20% of paralegals had been licensed between 2 – 3 years. Hence it was expected that 20% of complaints received against paralegals would be against paralegals in this group.

<sup>8</sup> As of December 31, 2014, there were 5,360 licensed paralegals in active practice.

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- 13% of paralegals had been licensed 4 – 5 years. Hence it was expected that 13% of complaints received against paralegals would be against paralegals in this group.
- 29% of paralegals had been licensed more than 5 years. Hence it was expected that 29% of complaints received against paralegals would be against paralegals in this group.

**Summary of Observed Findings**

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the firm size.

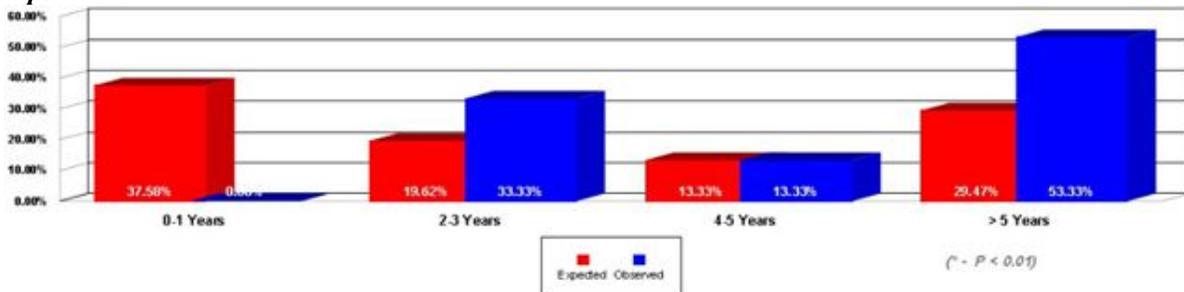
Given the small number of complaints against licensed paralegals which raised conflict issues, no assessment of the differences between expected and observed findings could be made.

Paralegals in their first year of being licensed received a significantly lower percent of the remaining types of complaints than was expected, except for financial complaints. This group received too few complaints raising financial issues (7) to make any assessment of the noted differences.

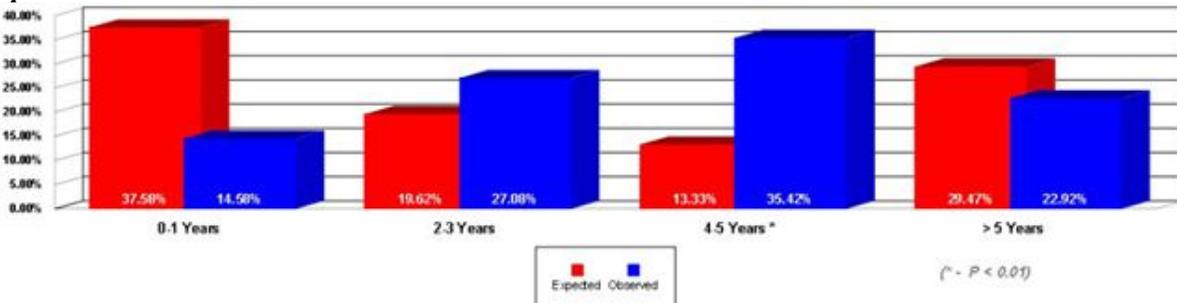
Paralegals who have been licensed for 4 to 5 years, had a significantly higher percent of all other types of complaints than was expected (i.e. financial, governance, integrity and service-related complaints).

No significant differences were noted in the 2 to 3 and more than 5 year groups.

*Percent of complaints against Paralegals raising Conflict Issues received in 2014, by years in practice*

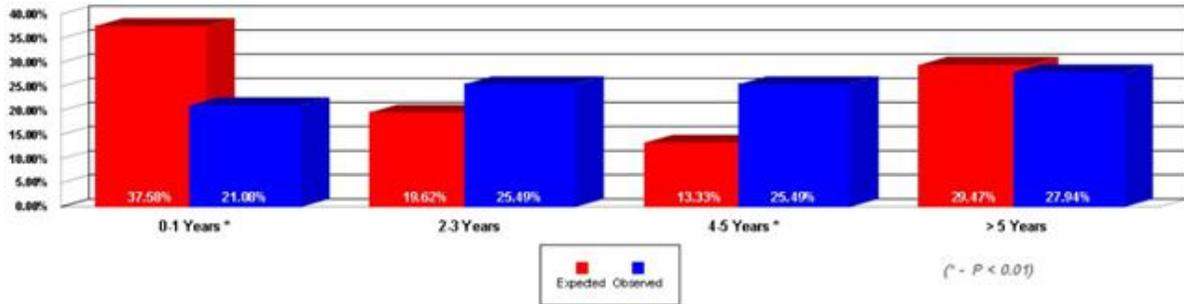


*Percent of complaints against Paralegals raising Financial Issues received in 2014, by years in practice*

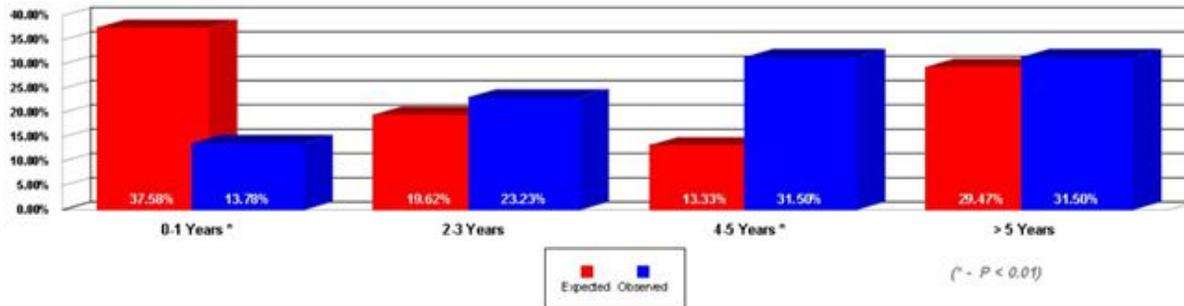


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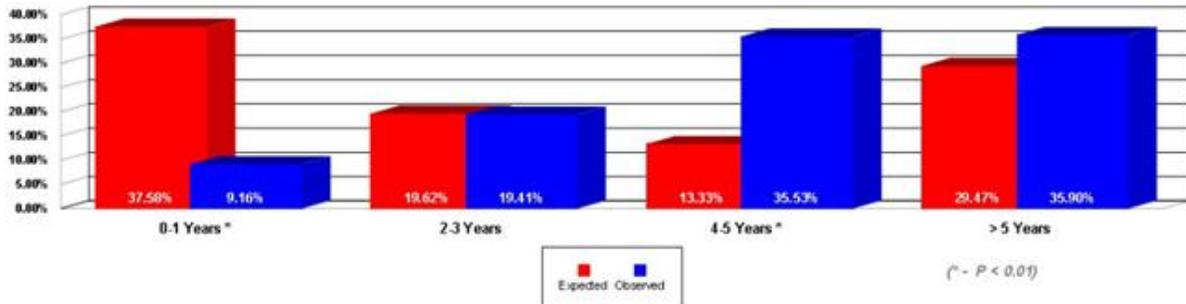
*Percent of complaints against Paralegals raising Governance Issues received in 2014, by years in practice*



*Percent of complaints against Paralegals raising Integrity Issues received in 2014, by years in practice*



*Percent of complaints against Paralegals raising Services Issues received in 2014, by years in practice*



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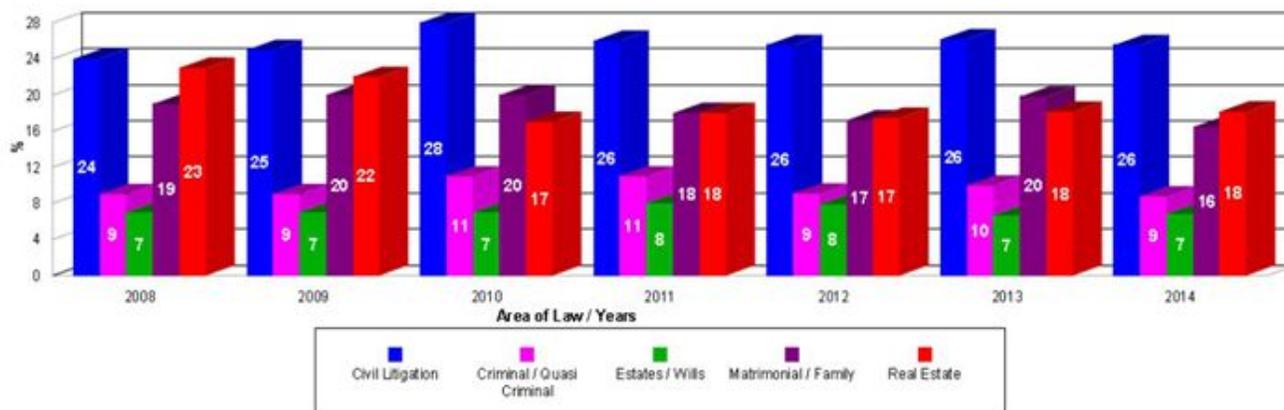
## D. AREA OF LAW

### a) Complaints Received By Area of Law for 2008 to 2014

The data for all years was calculated based on the number of complaints which actually listed an area of law. Cases which do not include an area of law (for example, cases which raised issues outside of the Law Society's jurisdiction) were excluded.

	2008	2009	2010	2011	2012	2013	2014
<b>Total Number of Complaints received per year</b>	<b>6796</b>	<b>6876</b>	<b>6762</b>	<b>6608</b>	<b>6528</b>	<b>6442</b>	<b>6155</b>
<b>Total Number Complaints listing an area of law</b>	<b>5078</b>	<b>5386</b>	<b>5601</b>	<b>5174</b>	<b>5466</b>	<b>5139</b>	<b>5075</b>
<b>Civil Litigation</b>	24% (1199)	25% (1357)	28% (1107)	26% (1337)	26% (1396)	26% (1033)	26% (1299)
<b>Criminal/Quasi Criminal</b>	9% (461)	9% (487)	11% (432)	11% (543)	9% (496)	10% (393)	9% (442)
<b>Estates/Wills</b>	7% (355)	7% (394)	7% (282)	8% (423)	8% (431)	7% (263)	7% (357)
<b>Matrimonial/Family</b>	19% (958)	20% (1055)	20% (784)	18% (907)	17% (940)	20% (783)	16% (850)
<b>Real Estate</b>	23% (1147)	23% (1246)	17% (679)	18% (932)	17% (954)	17% (677)	18% (920)

**Graph Showing Percent of Complaints Received By Area of Law for 2008 to 2014**



The above graph demonstrates the breakdown of complaints by area of law for the seven years in question. In each year, Civil Litigation, Real Estate, Matrimonial/Family and Criminal/Quasi-Criminal were the four areas of law receiving the most complaints. The above graph also reveals that the distribution of complaints by area of law was stable throughout the seven year period, with only small, minor differences.

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**b) Complaints Received in 2014 by Area of Law according to Size of Firm**

The following graphs look at the areas of law specified in the complaints which were received the most for lawyers (matrimonial/family, real estate, civil litigation, and criminal/quasi-criminal) and for paralegals (civil litigation and criminal/quasi-criminal). Each graph analyzes the distribution of complaints received in 2014 by the size of firm. A breakdown of the total number of complaints received by each group in each area of law in 2014 is attached at **Appendix D**.

**Lawyers**

The following graphs analyze the complaints received against lawyers in 2014 by area of law according to the size of firm. Once again, for lawyers, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 10 licensees;
- Firms with 11 to 25 licensees;
- Firms with 26 to 50 licensees; and
- Firms with > 50 licensees.

The following chart sets out the complaints received against lawyers according to area of law in the five groups (see also Appendix D).

	Sole Practitioners	Small Firms (2-10)	Medium Firms (11-25)	Large Firms (26-50)	X- Large Firms (over 50)
	Number (% of Total*)				
<b>Total Complaints</b>	<b>1360 (100%)</b>	<b>890 (100%)</b>	<b>196 (100%)</b>	<b>56 (100%)</b>	<b>76 (100%)</b>
Civil Litigation	245 (18%)	277 (31%)	83 (42%)	38 (68%)	40 (53%)
Matrimonial / Family Law	358 (26%)	171 (19%)	46 (23%)	2 (4%)	6 (8%)
Real Estate	333 (25%)	161 (18%)	30 (15%)	2 (4%)	8 (11%)
Criminal / Quasi-Criminal	132 (10%)	61 (7%)	7 (4%)	1 (2%)	5 (7%)
Estates / Wills	130 (10%)	80 (9%)	13 (7%)	1 (2%)	2 (3%)
Administrative / Immigration	101 (7%)	66 (7%)	8 (4%)	8 (14%)	8 (11%)
Corporate/Commercial/Business	59 (4%)	56 (6%)	12 (6%)	2 (4%)	7 (9%)
Other	119 (9%)	89 (10%)	16 (8%)	6 (11%)	4 (5%)

\* As more than one area of law may be identified in a complaint, percentages will not total 100%.

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The graphs below compare the percent of complaints that we expected to find for lawyers in the particular size of firm with the percent of complaints that was actually observed.

**Expected Findings**

As noted previously, the calculation of the “expected finding” was based on the number of lawyers in active practice with a firm size designated in the Law Society’s membership database as at December 31, 2014.<sup>9</sup> As of that date:

- 33% of lawyers were sole practitioners. Hence it was expected that 33% of complaints received would be against sole practitioners;
- 30% of lawyers were in firms with 2 to 10 licensees. Hence it was expected that 30% of complaints received would be against lawyers in these firms;
- 9% of lawyers were in firms with 11 to 25 licensees. Hence it was expected that 9% of complaints received would be against lawyers in these firms;
- 7% of lawyers were in firms with 26 to 50 licensees. Hence it was expected that 7% of complaints received would be against lawyers in these firms; and
- 19% of lawyers were in firms with more than 50 licensees. Hence it was expected that 19% of complaints received would be against lawyers in these firms.

**Summary of Observed Findings**

In the graphs which follow, a significant finding is noted by an asterisk (\*) beside the firm size.

As in previous years, lawyers who are in sole practice received a significantly higher percent of complaints in all areas of law with the exception of civil litigation complaints.

At the other end of the scale, lawyer who practice in firms with more than 50 licensees received a significantly lower than expected percent of complaints in all areas of law.

With respect to the remaining groups, the only significant findings were:

- lawyers practicing in firms with 2 to 10 licensees received a significantly higher than expected percent of complaints in the area of civil litigation.
- Lawyers practicing in firms with 26 to 50 licensees received a significantly lower than expected percent of complaints in the areas of criminal-quasi criminal, matrimonial/family and real estate law.

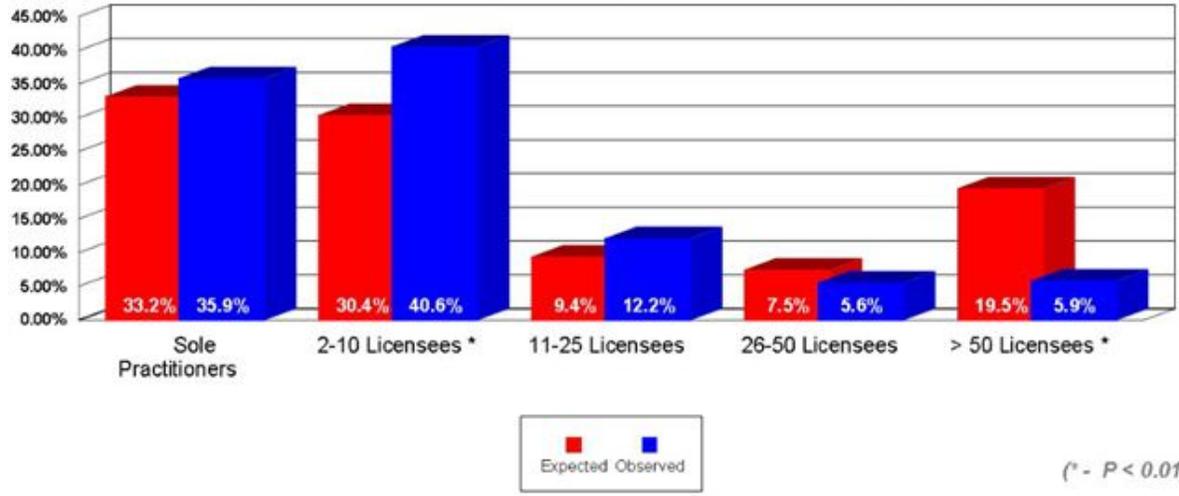
No differences were noted in the 11 to 24 licensee group.

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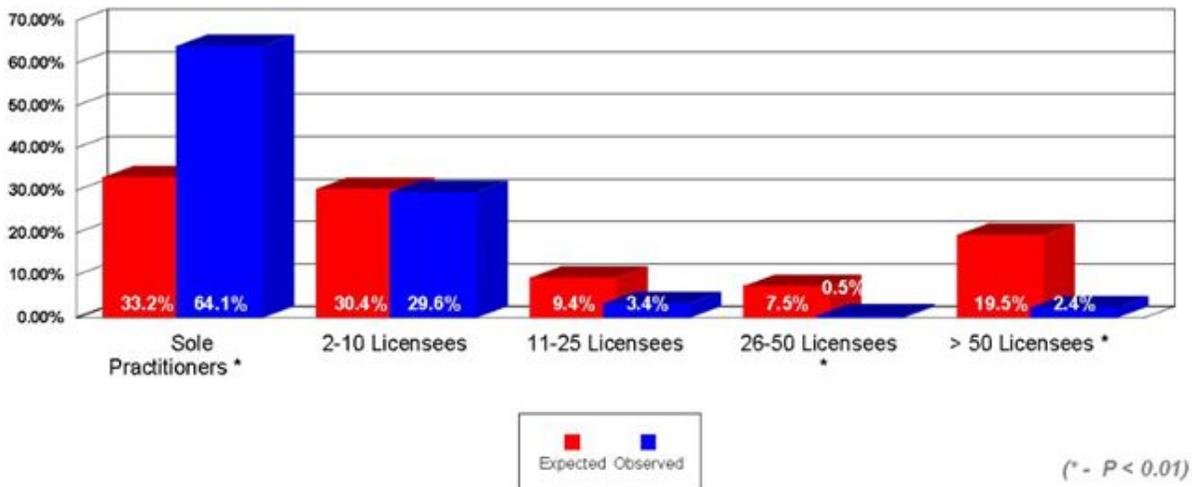
<sup>9</sup> As at December 31, 2014, there were 23,987 lawyers in active practice with a firm size designated in the Law Society’s membership database.

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*Percent of Civil Litigation complaints against Lawyers received in 2014 by size of firm*



*Percent of Criminal/Quasi-Criminal complaints against Lawyers received in 2014, by size of firm*

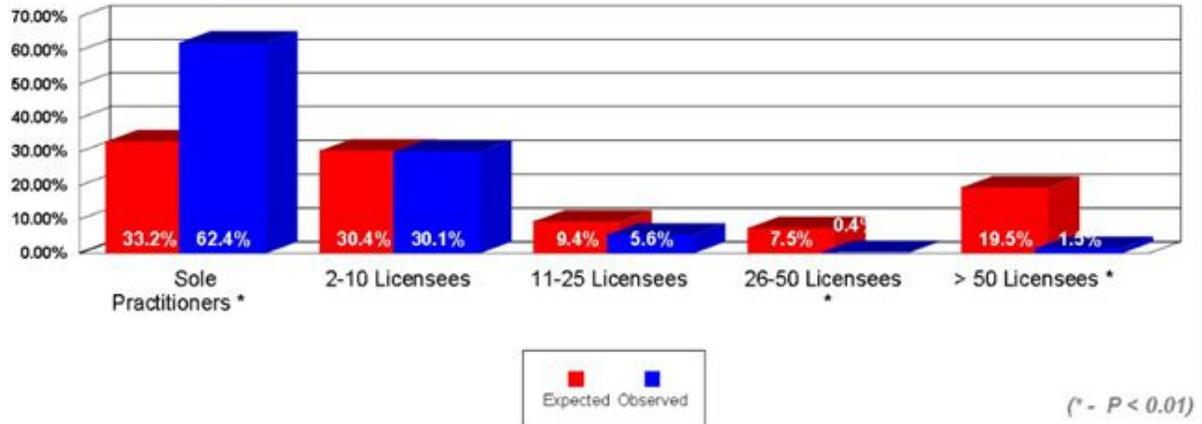


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***Percent of Matrimonial/Family complaints against Lawyers received in 2014 by size of firm***



***Percent of Real Estate complaints against Lawyers received in 2013 by size of firm***



**Paralegals**

The following graphs analyze the complaints received against paralegals in 2014 by area of law according to the size of firm. As noted previously, for paralegals, firm sizes are defined as follows:

- Sole practitioner;
- Firms with 2 to 3 licensees;
- Firms with 4 to 6 licensees; and
- Firms with more than 6 licensees.

The following chart sets out the complaints received against paralegals according to area of law in the four groups (see also Appendix D).<sup>10</sup>

<sup>10</sup> Complaints against paralegals were received in other areas of law such as matrimonial / family law and corporate/commercial/business law. However, the numbers were too small to include. Please see Appendix D for a complete list.

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	Sole Practitioners	Firms with 2-3 licensees	Firms with 4-6 licensees	Firms with > 6 licensees
	Number (% of Total*)	Number (% of Total*)	Number (% of Total*)	Number (% of Total*)
<b>Total Complaints</b>	<b>223 (100%)</b>	<b>74 (100%)</b>	<b>33 (100%)</b>	<b>11 (100%)</b>
Civil Litigation	72 (32%)	31 (42%)	16 (49%)	6 (55%)
Criminal / Quasi- Criminal	46 (21%)	10 (14%)	3 (9%)	1 (9%)
Administrative /Immigration	71 (32%)	21 (28%)	10 (30%)	2 (18%)
Other	24 (11%)	12 (16%)	4 (12%)	0 (0%)

\* As more than one area of law may be identified in a complaint, percentages may not total 100%.

The graphs below compare the percent of complaints that we expected to find for paralegals in the particular size of firm with the percent of complaints that was actually observed.

### Expected Findings

The calculation of the “expected finding” was based on the number of paralegals in active practice with a firm size designated in the Law Society’s membership database as at December 31, 2014.<sup>11</sup> As at that date:

- 51% of paralegals were sole practitioners. Hence it was expected that 51% of complaints received would be against paralegals in sole practice;
- 20% of paralegals were in firms with 2 to 3 licensees. Hence it was expected that 20% of complaints received would be against paralegals in these firms;
- 12% of paralegals were in firms with 4 to 6 licensees. Hence it was expected that 12% of complaints received would be against paralegals in these firms; and
- 17% of paralegals were in firms with more than 6 licensees. Hence it was expected that 17% of complaints received would be against paralegals in these firms.

### Summary of Observed Findings

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the firm size.

The only significant findings were:

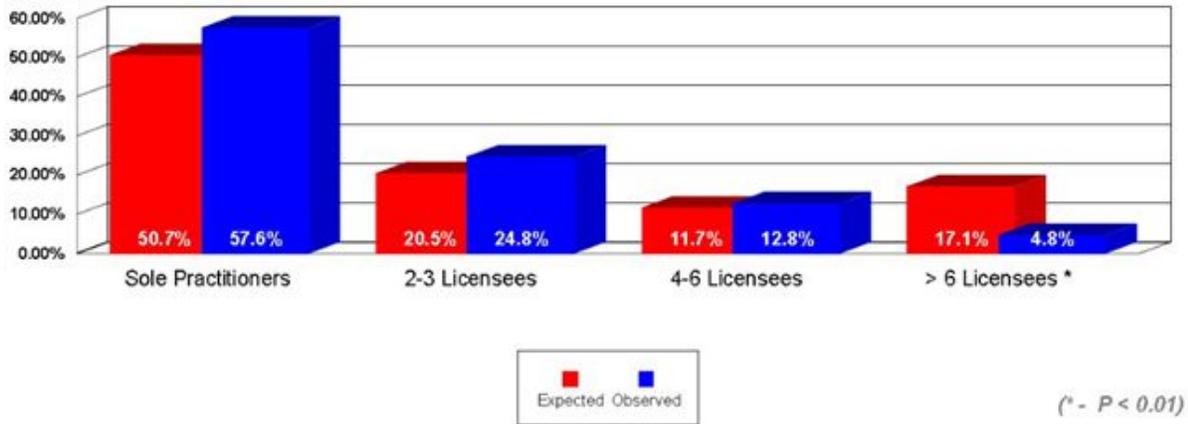
- Paralegals in sole practice received a significantly higher percent of complaints in the area of criminal – quasi-criminal;
- Paralegals practicing in firms with more than 6 licensees received a significantly lower percent of complaints in the area of civil litigation.

All other noted differences were not significant.

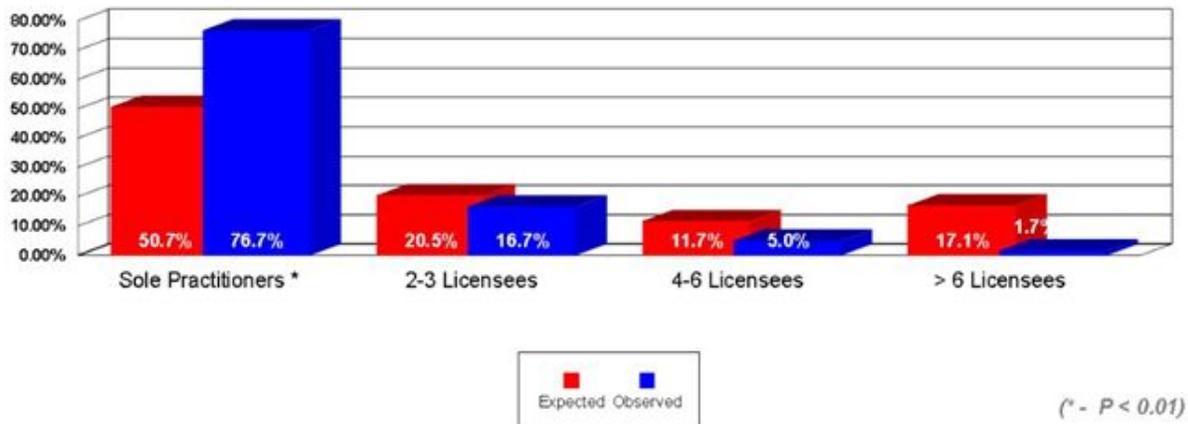
<sup>11</sup> As at December 31, 2013, there were 2,880 licensed paralegals in active practice with a firm size designated in the Law Society’s database.

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*Percent of Civil Litigation complaints against Paralegals received in 2014 by size of firm*



*Percent of Criminal/Quasi-Criminal complaints against Paralegals received in 2014, by size of firm*



**c) Complaints Received in 2014 by Area of Law according to Years in Practice**

The following graphs analyze the percent of complaints received in 2014 in the areas of civil litigation, criminal/quasi-criminal, matrimonial/family law and real estate for lawyers and civil litigation and criminal/quasi-criminal law for paralegals according to the number of years since the licensees receiving the complaints have been licensed (i.e. years in practice). A breakdown of the total number of complaints received by each group in each area of law in 2014 is attached at **Appendix E**.

**Lawyers**

The following graphs analyze the complaints received against lawyers in 2014 by area of law according to the years in practice. For lawyers, the years in practice are grouped as follows:

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- 0 – 5 years in practice;
- 6 – 10 years in practice;
- 11 – 15 years in practice;
- 16 – 20 years in practice;
- 21 – 25 years in practice;
- 26 – 30 years in practice; and
- Over 30 years in practice.

The graphs compare the percent of complaints that we expected to find for lawyers in each of the identified groups with the percent of complaints that was actually observed.

**Expected Findings**

The calculation of the “expected finding” was based on the number of lawyers in active practice as at December 31, 2014.<sup>12</sup> As of that date:

- 20% of lawyers had been practising between 0 – 5 years. Hence it was expected that 20% of complaints received would be against lawyers in this group.
- 15% of lawyers had been practicing between 6 – 10 years. Hence it was expected that 15% of complaints received would be against lawyers in this group.
- 15% of lawyers had been practising between 11 – 15 years. Hence it was expected that 15% of complaints received would be against lawyers in this group.
- 11% of lawyers had been practising between 16 – 20 years. Hence it was expected that 11% of complaints received would be against lawyers in this group.
- 10% of lawyers had been practising between 21 – 25 years. Hence it was expected that 10% of complaints received would be against lawyers in this group.
- 9% of lawyers had been practising between 26 – 30 years. Hence it was expected that 9% of complaints received would be against lawyers in this group.
- 20% of lawyers had been practising for more than 30 years. Hence it was expected that 20% of complaints received would be against lawyers in this group.

**Summary of Observed Findings**

In the graphs that follow, a significant finding is noted by an asterisk (\*) beside the “years in practice” group.

Lawyers practicing in the first 5 years had a significantly lower than expected percent of complaints in each area of law, except in the area of criminal – quasi-criminal law. The difference noted in the latter area of law was not significant.

With respect to the remaining groups:

- Lawyers in practice for 6 to 10 years and 16 to 20 years had a significantly lower than expected percent of complaints in the area of real estate law while lawyers in the 11 to 15 year group had a significantly higher than expected percent of complaints in this area. No other significant differences were noted for these three groups.

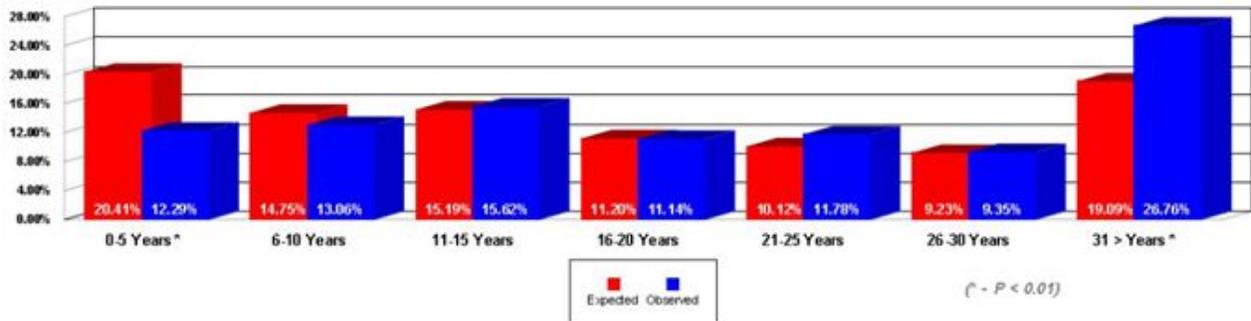
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<sup>12</sup> As of December 31, 2014, there were 37,204 lawyers in active practice.

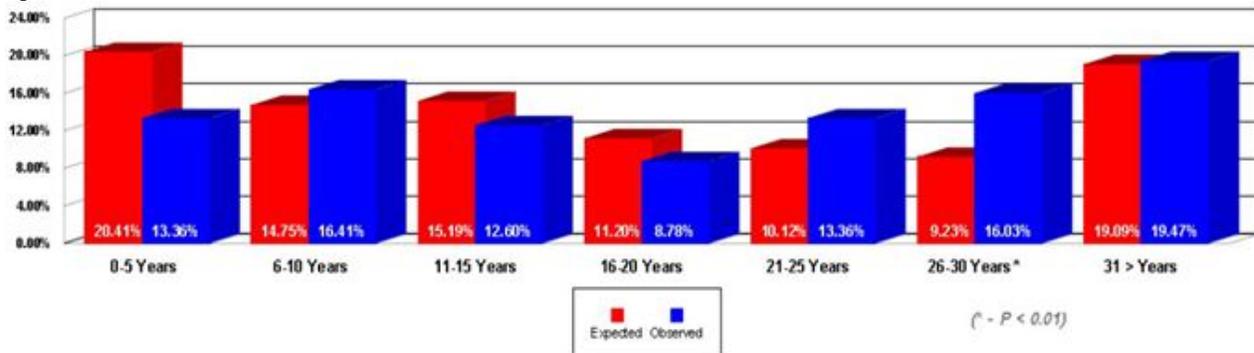
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- Lawyers in practice for 26 to 30 years had a significantly higher than expected percent of complaints in the area of criminal-quasi criminal law. No other differences were noted for this group of lawyers.
- Lawyers in practice for more than 30 years had a significantly higher percent of complaints than was expected for complaints in the areas of civil litigation and real estate law.
- No significant findings were made with respect to lawyers in practice for 21 to 25 years.

*Percent of Civil Litigation complaints against Lawyers received in 2014 by years in practice*

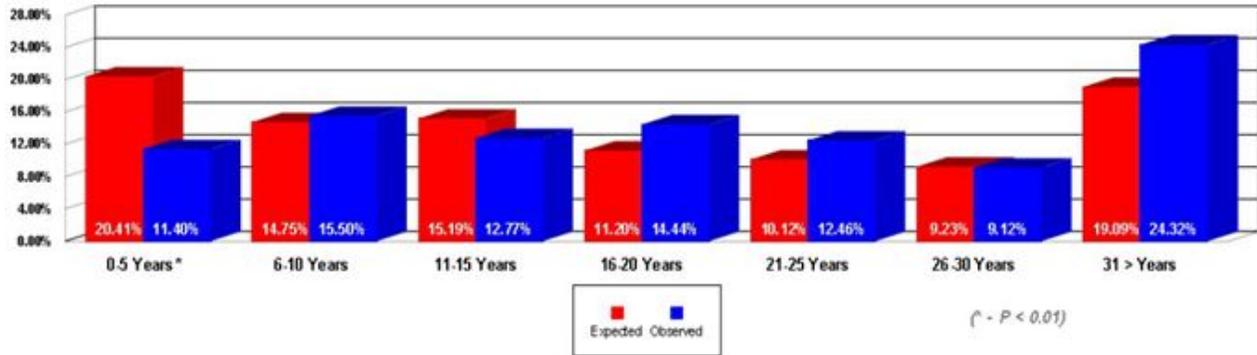


*Percent of Criminal/Quasi Criminal complaints against Lawyers received in 2014 by years in practice*

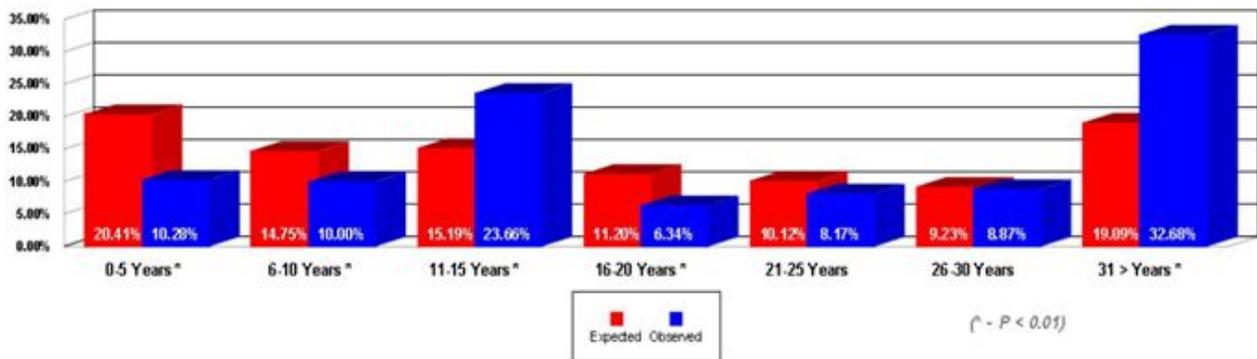


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*Percent of Matrimonial/Family complaints against Lawyers received in 2014 by years in practice*



*Percent of Real Estate complaints against Lawyers received in 2014 by years in practice*



**Paralegals**

The following graphs analyze the complaints received against paralegals in 2014 by area of law according to the years since being licensed (i.e. years in practice). For paralegals, the years in practice are grouped as follows:

- 0 to 1 year;
- 2 to 3 years;
- 4 to 5 years; and
- More than 5 years.

**Expected Findings**

The calculation of the “expected finding” was based on the number of paralegals in active practice as at December 31, 2014.<sup>13</sup> As of that date:

- 38% of paralegals had been licensed between 0 – 1 year. Hence it was expected that 38% of complaints received against paralegals would be against paralegals in this group.

<sup>13</sup> As of December 31, 2013, there were 5,360 licensed paralegals in active practice.

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- 20% of paralegals had been licensed between 2 – 3 years. Hence it was expected that 20% of complaints received against paralegals would be against paralegals in this group.
- 13% of paralegals had been licensed 4 – 5 years. Hence it was expected that 13% of complaints received against paralegals would be against paralegals in this group.
- 29% of paralegals had been licensed for more than 5 years. Hence it was expected that 29% of complaints received against paralegals would be against paralegals in this group.

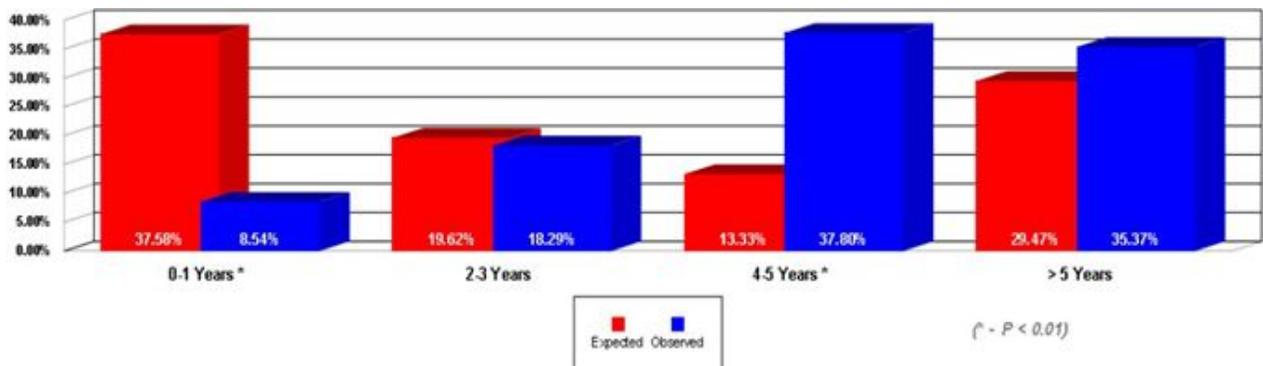
**Summary of Observed Findings**

In the two graphs that follow, a significant finding is noted by an asterisk (\*) beside the “years in practice” group.

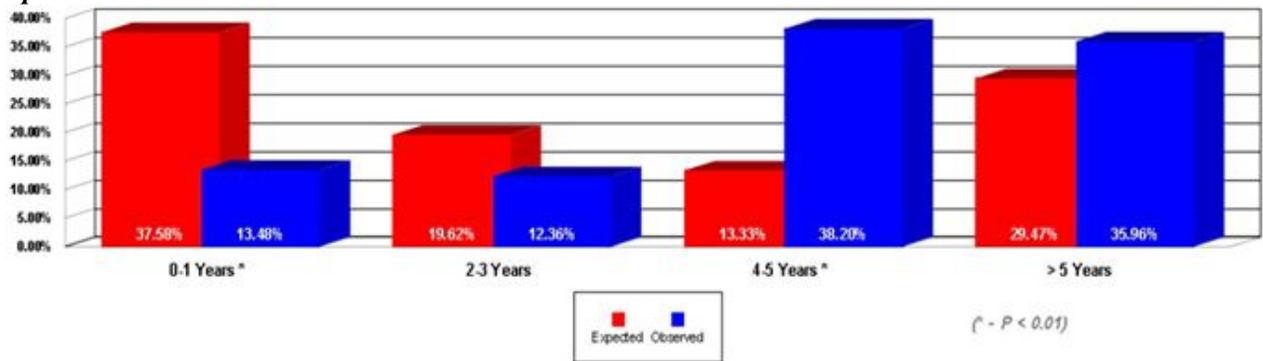
As in previous years, licensed paralegals who have been licensed up to 1 year had a significantly lower percent of civil litigation and criminal / quasi-criminal complaints than was expected. No significant differences were noted in the complaints received by paralegals who have been licensed between 2 – 3 years and for more than 5 years.

Paralegals licensed for 4 to 5 years or more years had a significantly higher percent of civil litigation and criminal/quasi-criminal law complaints than was expected.

***Percent of Civil Litigation complaints against Paralegals received in 2014 by years in practice***



***Percent of Criminal/Quasi Criminal complaints against Paralegals received in 2014 by years in practice***



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**APPENDIX A – GLOSSARY OF CASE TYPES**

<b>Case Type Name</b>	<b>Individual Allegations</b>	
<b>Conflicts</b>	Licensee in a Position of Conflict Business / Financial Relations with Client	
<b>Financial</b>	Estate / Power of Attorney Real Estate / Mortgage Schemes Misapplication Misappropriation Pre-Taking Co-mingling / Mishandling Trust Accounts Breach of No-Cash Rule	
<b>Governance</b>	Fail to Maintain Books & Records Practice by Former / Suspended Licensee Relations Prohibited Persons / Fail Prevent UAP UAP by Non-Licensee Fail to Prevent Practise Outside Scope of Licence Practising Outside Scope of Licence Fail to Report Misconduct / Error / Omission Fail to Cooperate with LSUC Practising without insurance / Fee Category Student Investigations Improper Advertising Operating Trust Account while Bankrupt	
<b>Integrity</b>	Conduct Unbecoming outside the Practice of Law Criminal Charges Counseling / Behaving Dishonourably Discriminatory Conduct Sexual Misconduct Direct Communications with Represented Parties Misleading Breach of Orders, Undertaking or Escrow Civility	
<b>Service Issues</b>	Fail to Provide Client Report Fail to Follow Client Instructions Fail to Communicate Fail to Preserve Client Property Fail to Serve Client Withdrawal of Services / Abandonment Fail to Supervise Staff Fail to Account Fail to Pay Financial Obligations Breach of Confidentiality / Fiduciary Duty	
<b>Special Applications</b>	Readmission Admission Capacity Reinstatement – Variation of Order	Reinstatement – Order Fulfilled Restoration Competency from PD&C Interlocutory Suspension
<b>Other Issues</b>	Other Issues	

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**APPENDIX B**  
**Complaints Received in 2014 by Type of Complaint and Size of Firm**

**Lawyers**

<i>Type</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Conflicts</b>	<b>293</b>	
Sole Practitioners	162	55%
Firms with 2-10 licensees	94	32%
Firms with 11 – 25 licensees	22	8%
Firms with 26 to 50 licensees	5	2%
Firms with > 50 licensees	10	3%
<b>Financial</b>	<b>274</b>	
Sole Practitioners	179	65%
Firms with 2-10 licensees	77	28%
Firms with 11 – 25 licensees	16	6%
Firms with 26 to 50 licensees	1	0%
Firms with > 50 licensees	1	0%
<b>Governance</b>	<b>285</b>	
Sole Practitioners	196	69%
Firms with 2-10 licensees	83	29%
Firms with 11 – 25 licensees	25	2%
Firms with 26 to 50 licensees	1	0%
Firms with > 50 licensees	0	0%
<b>Integrity</b>	<b>1,262</b>	
Sole Practitioners	673	53%
Firms with 2-10 licensees	426	34%
Firms with 11 – 25 licensees	79	6%
Firms with 26 to 50 licensees	36	3%
Firms with > 50 licensees	48	4%
<b>Other Issues</b>	<b>132</b>	
Sole Practitioners	56	42%
Firms with 2-10 licensees	53	40%
Firms with 11 – 25 licensees	13	10%
Firms with 26 to 50 licensees	3	2%
Firms with > 50 licensees	7	5%
<b>Service Issues</b>	<b>1,684</b>	
Sole Practitioners	888	53%
Firms with 2-10 licensees	614	36%
Firms with 11 – 25 licensees	121	7%
Firms with 26 to 50 licensees	28	2%
Firms with > 50 licensees	33	2%
<b>Special Applications</b>	<b>22</b>	
Sole Practitioners	17	77%
Firms with 2-10 licensees	5	23%
Firms with 11 – 25 licensees	0	0%
Firms with 26 to 50 licensees	0	0%
Firms with > 50 licensees	0	0%

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**Licensed Paralegals**

<i>Type</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Conflicts</b>	<b>13</b>	
Sole Practitioners	7	54%
Firms with 2-3 licensees	2	15%
Firms with 4-6 licensees	3	23%
Firms with > 6 licensees	1	8%
<b>Financial</b>	<b>25</b>	
Sole Practitioners	17	68%
Firms with 2-3 licensees	8	32%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	0	0%
<b>Governance</b>	<b>110</b>	
Sole Practitioners	81	74%
Firms with 2-3 licensees	15	14%
Firms with 4-6 licensees	11	10%
Firms with > 6 licensees	3	3%
<b>Integrity</b>	<b>201</b>	
Sole Practitioners	118	59%
Firms with 2-3 licensees	55	27%
Firms with 4-6 licensees	20	10%
Firms with > 6 licensees	8	4%
<b>Other Issues</b>	<b>4</b>	
Sole Practitioners	2	50%
Firms with 2-3 licensees	1	25%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	1	25%
<b>Service Issues</b>	<b>187</b>	
Sole Practitioners	128	68%
Firms with 2-3 licensees	40	21%
Firms with 4-6 licensees	15	8%
Firms with > 6 licensees	4	2%
<b>Special Applications</b>	<b>2</b>	
Sole Practitioners	1	50%
Firms with 2-3 licensees	0	0%
Firms with 4-6 licensees	1	50%
Firms with > 6 licensees	0	0%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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**APPENDIX C**  
**Complaints Received in 2014 by Type of Complaint and Years of Practice**

**Lawyers**

<i>Type</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Conflicts</b>	<b>318</b>	
0 – 5 years	20	6%
6 – 10 years	32	10%
11 – 15 years	31	10%
16 – 20 years	22	7%
21 – 25 years	28	9%
26 – 30 years	39	12%
Over 30 years	146	46%
<b>Financial</b>	<b>497</b>	
0 – 5 years	70	14%
6 – 10 years	43	9%
11 – 15 years	143	29%
16 – 20 years	50	10%
21 – 25 years	37	7%
26 – 30 years	53	11%
Over 30 years	101	20%
<b>Governance</b>	<b>434</b>	
0 – 5 years	43	10%
6 – 10 years	56	13%
11 – 15 years	60	14%
16 – 20 years	51	12%
21 – 25 years	45	10%
26 – 30 years	30	7%
Over 30 years	149	34%
<b>Integrity</b>	<b>1,480</b>	
0 – 5 years	174	12%
6 – 10 years	189	13%
11 – 15 years	199	13%
16 – 20 years	170	11%
21 – 25 years	169	11%
26 – 30 years	158	11%
Over 30 years	421	28%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<i>Type</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Other Issues</b>	<b>139</b>	
0 – 5 years	16	12%
6 – 10 years	12	9%
11 – 15 years	14	10%
16 – 20 years	8	6%
21 – 25 years	17	12%
26 – 30 years	14	10%
Over 30 years	58	42%
<b>Service Issues</b>	<b>1,947</b>	
0 – 5 years	241	12%
6 – 10 years	247	13%
11 – 15 years	238	12%
16 – 20 years	205	11%
21 – 25 years	226	12%
26 – 30 years	202	10%
Over 30 years	588	30%
<b>Special Applications</b>	<b>57</b>	
0 – 5 years	8	14%
6 – 10 years	8	14%
11 – 15 years	7	12%
16 – 20 years	10	18%
21 – 25 years	8	14%
26 – 30 years	2	4%
Over 30 years	14	25%
<b><u>Licensed Paralegals</u></b>		
<b>Type</b>	<b>Number of Complaints</b>	<b>Percent of Total Complaints</b>
<b>Conflicts</b>	<b>15</b>	
0 – 1 year	0	0%
2 – 3 years	5	33%
4 – 5 years	2	13%
> 5 years	8	53%
<b>Financial</b>	<b>48</b>	
0 – 1 year	7	15%
2 – 3 years	13	27%
4 – 5 years	17	35%
> 5 years	11	23%
<b>Governance</b>	<b>202</b>	
0 – 1 year	43	21%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<b>Type</b>	<b>Number of Complaints</b>	<b>Percent of Total Complaints</b>
2 – 3 years	52	26%
4 – 5 years	52	26%
> 5 years	55	27%
<b>Integrity</b>	<b>252</b>	
0 – 1 year	35	14%
2 – 3 years	59	23%
4 – 5 years	80	32%
> 5 years	78	31%
<b>Other Issues</b>	<b>7</b>	
0 – 1 year	0	0%
2 – 3 years	2	29%
4 – 5 years	4	57%
> 5 years	1	14%
<b>Service Issues</b>	<b>270</b>	
0 – 1 year	25	9%
2 – 3 years	53	20%
4 – 5 years	97	36%
> 5 years	95	35%
<b>Special Applications</b>	<b>7</b>	
0 – 1 year	1	14%
2 – 3 years	3	43%
4 – 5 years	2	29%
> 5 years	1	14%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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**APPENDIX D**  
**Complaints Received in 2014 by Area of Law and Size of Firm**

**Lawyers**

<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Administrative / Immigration</b>	<b>191</b>	
Sole Practitioners	101	53%
Firms with 2-10 licensees	66	35%
Firms with 11 – 25 licensees	8	4%
Firms with 26 to 50 licensees	8	4%
Firms with > 50 licensees	8	4%
<b>Bankruptcy / Insolvency</b>	<b>6</b>	
Sole Practitioners	3	50%
Firms with 2-10 licensees	2	33%
Firms with 11 – 25 licensees	0	0%
Firms with 26 to 50 licensees	1	17%
Firms with > 50 licensees	0	0%
<b>Civil Litigation</b>	<b>683</b>	
Sole Practitioners	245	36%
Firms with 2-10 licensees	277	41%
Firms with 11 – 25 licensees	83	12%
Firms with 26 to 50 licensees	38	6%
Firms with > 50 licensees	40	6%
<b>Corporate/Commercial/Business</b>	<b>136</b>	
Sole Practitioners	59	43%
Firms with 2-10 licensees	56	41%
Firms with 11 – 25 licensees	12	9%
Firms with 26 to 50 licensees	2	1%
Firms with > 50 licensees	7	5%
<b>Criminal / Quasi-Criminal</b>	<b>206</b>	
Sole Practitioners	132	64%
Firms with 2-10 licensees	61	30%
Firms with 11 – 25 licensees	7	3%
Firms with 26 to 50 licensees	1	0%
Firms with > 50 licensees	5	2%
<b>Employment / Labour</b>	<b>38</b>	
Sole Practitioners	5	13%
Firms with 2-10 licensees	22	58%
Firms with 11 – 25 licensees	6	16%
Firms with 26 to 50 licensees	4	11%
Firms with > 50 licensees	1	3%
<b>Estates / Wills</b>	<b>227</b>	
Sole Practitioners	130	57%
Firms with 2-10 licensees	80	35%
Firms with 11 – 25 licensees	13	6%
Firms with 26 to 50 licensees	1	0%
Firms with > 50 licensees	2	1%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Intellectual Property</b>	<b>1</b>	
Firms with > 50 licensees	1	100%
<b>Matrimonial / Family Law</b>	<b>583</b>	
Sole Practitioners	358	61%
Firms with 2-10 licensees	171	29%
Firms with 11 – 25 licensees	46	8%
Firms with 26 to 50 licensees	2	0%
Firms with > 50 licensees	6	1%
<b>Real Estate</b>	<b>534</b>	
Sole Practitioners	333	62%
Firms with 2-10 licensees	161	30%
Firms with 11 – 25 licensees	30	6%
Firms with 26 to 50 licensees	2	0%
Firms with > 50 licensees	8	1%
<b>Other</b>	<b>234</b>	
Sole Practitioners	119	51%
Firms with 2-10 licensees	89	38%
Firms with 11 – 25 licensees	16	7%
Firms with 26 to 50 licensees	6	3%
Firms with > 50 licensees	4	2%

**Licensed Paralegals**

<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Administrative / Immigration</b>	<b>104</b>	
Sole Practitioners	71	68%
Firms with 2-3 licensees	21	20%
Firms with 4-6 licensees	10	10%
Firms with > 6 licensees	2	2%
<b>Civil Litigation</b>	<b>125</b>	
Sole Practitioners	72	58%
Firms with 2-3 licensees	31	25%
Firms with 4-6 licensees	16	13%
Firms with > 6 licensees	6	5%
<b>Corporate/Commercial/Business</b>	<b>14</b>	
Sole Practitioners	12	86%
Firms with 2-3 licensees	1	7%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	1	7%
<b>Criminal / Quasi-Criminal</b>	<b>60</b>	
Sole Practitioners	46	77%
Firms with 2-3 licensees	10	17%
Firms with 4-6 licensees	3	5%
Firms with > 6 licensees	1	2%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Employment / Labour</b>	<b>10</b>	
Sole Practitioners	9	90%
Firms with 2-3 licensees	1	10%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	0	0%
<b>Estates / Wills</b>	<b>3</b>	
Sole Practitioners	2	67%
Firms with 2-3 licensees	1	33%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	0	0%
<b>Matrimonial / Family</b>	<b>10</b>	
Sole Practitioners	8	80%
Firms with 2-3 licensees	0	0%
Firms with 4-6 licensees	1	10%
Firms with > 6 licensees	1	10%
<b>Real Estate</b>	<b>7</b>	
Sole Practitioners	5	71%
Firms with 2-3 licensees	2	29%
Firms with 4-6 licensees	0	0%
Firms with > 6 licensees	0	0%
<b>Other</b>	<b>40</b>	
Sole Practitioners	24	60%
Firms with 2-3 licensees	12	30%
Firms with 4-6 licensees	4	10%
Firms with > 6 licensees	0	0%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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**APPENDIX E**  
**Complaints Received in 2014**  
**By Area of Law and Years of Practice**

**Lawyers**

<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Administrative / Immigration</b>	<b>256</b>	
0 – 5 years	31	12%
6 – 10 years	35	14%
11 – 15 years	40	16%
16 – 20 years	32	13%
21 – 25 years	29	11%
26 – 30 years	23	9%
Over 30 years	66	26%
<b>Bankruptcy / Insolvency</b>	<b>7</b>	
0 – 5 years	2	29%
6 – 10 years	0	10%
11 – 15 years	0	0%
16 – 20 years	2	29%
21 – 25 years	2	29%
26 – 30 years	0	0%
Over 30 years	1	14%
<b>Civil Litigation</b>	<b>779</b>	
0 – 5 years	96	12%
6 – 10 years	101	13%
11 – 15 years	122	16%
16 – 20 years	86	11%
21 – 25 years	92	12%
26 – 30 years	73	9%
Over 30 years	209	27%
<b>Corporate/Commercial/Business</b>	<b>155</b>	
0 – 5 years	16	19%
6 – 10 years	14	9%
11 – 15 years	19	12%
16 – 20 years	14	9%
21 – 25 years	27	17%
26 – 30 years	17	11%
Over 30 years	48	31%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Criminal / Quasi-Criminal</b>	<b>260</b>	
0 – 5 years	35	13%
6 – 10 years	42	14%
11 – 15 years	33	13%
16 – 20 years	23	9%
21 – 25 years	35	13%
26 – 30 years	42	16%
Over 30 years	50	19%
<b>Employment / Labour</b>	<b>47</b>	
0 – 5 years	8	17%
6 – 10 years	7	15%
11 – 15 years	7	15%
16 – 20 years	6	13%
21 – 25 years	6	13%
26 – 30 years	3	6%
Over 30 years	10	21%
<b>Estates / Wills</b>	<b>256</b>	
0 – 5 years	15	6%
6 – 10 years	14	5%
11 – 15 years	13	5%
16 – 20 years	22	9%
21 – 25 years	28	11%
26 – 30 years	35	14%
Over 30 years	128	50%
<b>Intellectual Property Law</b>	<b>2</b>	
0 – 5 years	0	0%
6 – 10 years	0	0%
11 – 15 years	0	0%
16 – 20 years	0	0%
21 – 25 years	0	0%
26 – 30 years	0	0%
Over 30 years	2	100%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<b>Matrimonial / Family</b>	<b>656</b>	
0 – 5 years	75	11%
6 – 10 years	102	16%
11 – 15 years	84	13%
16 – 20 years	95	14%
21 – 25 years	82	13%
26 – 30 years	60	9%
Over 30 years	158	24%
<b>Real Estate</b>	<b>708</b>	
0 – 5 years	73	10%
6 – 10 years	71	10%
11 – 15 years	167	24%
16 – 20 years	45	6%
21 – 25 years	58	8%
26 – 30 years	63	9%
Over 30 years	231	33%
<b>Other</b>	<b>336</b>	
0 – 5 years	51	15%
6 – 10 years	32	10%
11 – 15 years	29	9%
16 – 20 years	31	9%
21 – 25 years	37	11%
26 – 30 years	38	11%
Over 30 years	118	35%

**Licensed Paralegals**

<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
<b>Administrative / Immigration</b>	<b>149</b>	
0 – 1 year	32	21%
2 – 3 years	34	23%
4 – 5 years	37	25%
> 5 years	46	31%
<b>Bankruptcy / Insolvency</b>	<b>0</b>	
0 – 1 year	0	0%
2 – 3 years	0	0%
4 – 5 years	0	0%
> 5 years	0	0%
<b>Civil Litigation</b>	<b>162</b>	
0 – 1 year	14	9%
2 – 3 years	30	19%

**Report of the Executive Director, Professional Regulation, April 2016**  
**Analysis of Complaints Received by Professional Regulation in 2014**

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<i>Area of Law</i>	<i>Number of Complaints</i>	<i>Percent of Total Complaints</i>
4 – 5 years	62	38%
> 5 years	56	35%
<b>Corporation/Commercial/Business</b>	<b>18</b>	
0 – 1 year	3	17%
2 – 3 years	1	6%
4 – 5 years	5	28%
> 5 years	9	50%
<b>Criminal / Quasi-Criminal</b>	<b>89</b>	
0 – 1 year	12	13%
2 – 3 years	11	12%
4 – 5 years	34	38%
> 5 years	32	36%
<b>Employment / Labour</b>	<b>10</b>	
0 – 1 year	0	0%
2 – 3 years	2	20%
4 – 5 years	3	30%
> 5 years	5	50%
<b>Estates / Wills</b>	<b>3</b>	
0 – 1 year	1	33%
2 – 3 years	0	0%
4 – 5 years	0	0%
> 5 years	2	67%
<b>Matrimonial / Family</b>	<b>12</b>	
0 – 1 year	0	%
2 – 3 years	3	25%
4 – 5 years	3	25%
> 5 years	6	50%
<b>Real Estate</b>	<b>9</b>	
0 – 1 year	1	11%
2 – 3 years	1	11%
4 – 5 years	3	33%
> 5 years	4	44%
<b>Other</b>	<b>74</b>	
0 – 1 year	12	16%
2 – 3 years	24	32%
4 – 5 years	17	23%
> 5 years	21	28%



**TAB 7**

**Report to Convocation  
April 28, 2016**

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**Tribunal Committee**

**Committee Members**

Barbara Murchie (Chair)  
Peter Wardle (Vice-Chair)  
Raj Anand  
Larry Banack  
Marion Boyd  
Jack Braithwaite  
Christopher Bredt  
Robert Burd  
Lee Ferrier  
Rocco Galati  
Isfahan Merali  
Baljit Sikand

**Purpose of Report: Decision  
Information**

**Prepared by the Policy Secretariat  
(Sophia Sperdakos 416-947-5209)**

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### **Decision**

Amendments to Law Society Tribunal Hearing Division Rules Of Practice and Procedure	<b>TAB 7.1</b>
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### **Information**

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## **COMMITTEE PROCESS**

1. The Committee met on April 14, 2016. Committee members Barbara Murchie (Chair), Larry Banack, Marion Boyd, Jack Braithwaite, Christopher Brecht, Robert Burd, Isfahan Merali, and Baljit Sikand attended. Bencher Paul Cooper also attended. Tribunal Chair David Wright and staff members Grace Knakowski, Lisa Mallia and James Varro also attended.

FOR DECISION

**AMENDMENTS TO LAW SOCIETY TRIBUNAL HEARING  
DIVISIONS RULES OF PRACTICE AND PROCEDURE**

**Motion**

2. That Convocation approve the proposed French and English amendments to the Law Society Tribunal Hearing Division Rules of Practice and Procedure set out in the motion at [TAB 7.1.1: Motion – Law Society Tribunal Rules of Practice and Procedure – Hearing Division \(English and French\)](#).

**Proposal under Consideration**

3. A number of housekeeping and other minor amendments to the Law Society Tribunal Hearing Division Rules of Practice and Procedure (“Rules”) are proposed for Convocation’s consideration and approval.

**Rationale**

4. A number of minor corrections, as well as additions, to the Rules to reflect Convocation policy decisions are necessary to ensure the Rules are accurate.

**Key issues and Considerations**

5. There are three changes proposed:
  - a. Remembrance Day and Easter Monday are removed as holidays. This reflects current practice as the Tribunal does not close on either day.
  - b. Currently the parties can agree to have the pre-hearing adjudicator sit on the panel hearing the merits, but there is no form for this purpose. The proposal establishes such a form.
  - c. The proposal creates a “retired judge appearing as counsel proceeding” and a “working with or employing unauthorized persons proceeding” in the Rules. Under Rule 7.6-1.1 of the Rules of Professional Conduct/6.01(6) of the Paralegal Rules of Conduct, licensees can request permission from the Tribunal to work with a suspended or revoked lawyer or paralegal. Under Rule 7.7-1.1 of the Rules of Professional Conduct, a retired judge can request permission from the Tribunal to appear in certain levels of courts that are not otherwise permitted.

Prior to February 2016, the Rules of Professional Conduct provided for permission to be granted by a “committee of Convocation” and the process was set out in an internal document. The hearing panel was in fact designated as the committee of Convocation and the process was administered through the Tribunal Office. In February 2016, Convocation amended the Rules of Professional Conduct to formally designate the Law Society Tribunal as the body that grants permission. These proposed Rules set out how the application is made, through a Notice of Referral for Hearing.

**TAB 7.1.1**

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 28, 2016

MOVED BY

SECONDED BY

THAT Convocation amend the Rules of Practice and Procedure - Hearing Division, made by Convocation on March 12, 2014, and amended by Convocation on May 22, 2014, September 24, 2014, October 30, 2014, and February 25, 2016 by,

1. revoking the definition of “holiday” in [Rule 1.02](#) and replacing it with the definition of “holiday” at **Tab 7.1.1.1**;
2. amending [Rule 22.10\(2\)](#) as indicated at **Tab 7.1.1.1**;
3. adding [Form 22A](#) – Consent to Hearing Before Pre-Hearing Panelist as indicated at **Tab 7.1.1.1**;
4. adding [Rule 29](#) – Retired Judge Appearing as Counsel Proceeding and Working with or Employing Unauthorized Persons Proceeding as indicated at **Tab 7.1.1.1**;
5. approving consequential amendments to the Rules as a result of the addition of Rule 29 – Retired Judge Appearing as Counsel Proceeding and Working with or Employing Unauthorized Persons Proceeding as indicated at [Tab 7.1.1.1](#).

**ONGLET 7.1.1**

BARREAU DU HAUT-CANADA

**TRIBUNAL DU BARREAU  
RÈGLES DE PRATIQUE ET DE PROCÉDURE**

MOTION À PRÉSENTER À LA RÉUNION DU CONSEIL LE 28 AVRIL 2016

PRÉSENTÉE PAR

APPUYÉE PAR

QUE le Conseil modifie comme suit les règles de pratique et de procédure de la Section de première instance adoptées par le Conseil le 12 mars 2014, et modifiées par le Conseil le 22 mai 2014, le 24 septembre 2014, le 30 octobre 2014 et le 25 février 2016 :

1. en abrogeant la définition de « jour férié » dans [la règle 1.02](#) et en la remplaçant par la définition de « jour férié » à **l'onglet 7.1.1.2**;
2. en modifiant [la règle 22.10 \(2\)](#) tel qu'indiqué à **l'onglet 7.1.1.2**;
3. en ajoutant [le formulaire 22A](#) — Consentement à l'audience devant un membre de la formation qui préside la conférence préparatoire à l'audience tel qu'indiqué à **l'onglet 7.1.1.2**;
4. en ajoutant [la règle 29](#) — Instances portant sur un juge à la retraite qui désire plaider comme avocat et sur la rétention des services d'une personne non autorisée ou sur son embauche tel qu'indiqué à **l'onglet 7.1.1.2**;
5. en approuvant les modifications corrélatives aux règles en conséquence de l'ajout de la règle 29 — Instances portant sur un juge à la retraite qui désire plaider comme avocat et sur la rétention des services d'une personne non autorisée ou sur son embauche tel qu'indiqué à **l'onglet 7.1.1.2**.

**LAW SOCIETY TRIBUNAL  
HEARING DIVISION  
RULES OF PRACTICE AND PROCEDURE**

Made: March 12, 2014

Amended: May 22, 2014, September 24, 2014 ~~and~~, October 30, 2014~~-,~~ February 28, 2016 and  
April 28, 2016

## RULE 1 APPLICATION AND INTERPRETATION

### Application

**1.01** These Rules apply to the following proceedings before the Hearing Division that are commenced on or after July 1, 2009:

1. A licensing proceeding.
2. A restoration proceeding.
3. A conduct proceeding.
4. A capacity proceeding.
5. A competence proceeding.
6. A non-compliance proceeding.
7. A reinstatement proceeding.
8. A terms dispute proceeding.
9. A retired judge appearing as counsel proceeding.
10. A working with or employing unauthorized persons proceeding.

### Definitions and interpretation

**1.02** (1) In these Rules, unless the context requires otherwise, “holiday” means,

- (a) any Saturday or Sunday,
- (b) New Year’s Eve Day, and where New Year’s Eve Day falls on a Saturday or Sunday, the preceding Friday,
- (c) New Year’s Day, and where New Year’s Day falls on a Saturday or Sunday, the following Monday,
- (d) Family Day,
- (e) Good Friday,
- ~~(f) Easter Monday,~~
- (g)(f) Victoria Day,
- (h)(g) Canada Day, and where Canada Day falls on a Saturday or Sunday, the following Monday,
- (i)(h) Civic Holiday,
- (j)(i) Labour Day,
- (k)(j) Thanksgiving Day,
- ~~(l) Remembrance Day, and where Remembrance Day falls on a Saturday or~~

~~Sunday, the following Monday,~~

~~(m)~~(k) Christmas Eve Day, and where Christmas Eve Day falls on a Saturday or Sunday, the preceding Friday,

~~(n)~~(l) Christmas Day, and where Christmas Day falls on a Saturday or Sunday, the following Monday and Tuesday, and where Christmas Day falls on a Friday, the following Monday,

~~(o)~~(m) Boxing Day, and

~~(p)~~(n) any special holiday proclaimed by the Governor General or the Lieutenant Governor;

“licensing proceeding” means a proceeding under section 27 of the Act;

“moving party” means a person who makes a motion;

“non-compliance proceeding” means a proceeding under section 45 of the Act;

“non-party participant” means a person who is not a party to a proceeding who is permitted to participate in a proceeding or a part thereof;

“panel” means the panelist or, collectively, the panelists assigned to a hearing;

“panelist” means a member of the Hearing Division;

“party” includes a moving party and a responding party;

“reinstatement proceeding” means a proceeding under section 49.42 of the Act;

“representative” means a person authorized under the *Law Society Act* to represent a person in a proceeding;

“responding party” means a person against whom a motion is made;

“restoration proceeding” means a proceeding under section 31 of the Act;

“retired judge appearing as counsel proceeding” means a proceeding under Rule 7.7-1.1 of the *Rules of Professional Conduct*;

“subject of the proceeding” means,

- (a) in a licensing proceeding, the person referred to, in subsection 27 (5) of the Act, as the applicant,
- (b) in a restoration proceeding, the person referred to, in subsection 31 (4) of the Act, as the person whose licence is in abeyance,
- (c) in a conduct proceeding, the person referred to, in subsection 34 (2) of the Act, as the licensee who is the subject of the application,

- (d) in a capacity proceeding, the person referred to, in subsection 38 (2) of the Act, as the licensee who is the subject of the application,
- (e) in a competence proceeding, the person referred to, in subsection 43 (2) of the Act, as the licensee who is the subject of the application,
- (f) in a non-compliance proceeding, the person referred to, in subsection 45 (2) of the Act, as the licensee who is the subject of the application,
- (g) in a reinstatement proceeding, the person referred to, in subsection 49.42 (4) of the Act, as the applicant,

~~(h)~~ in a retired judge appearing as counsel proceeding, the retired judge as the applicant.

(i) in a terms dispute proceeding, the person referred to, in subsection 49.43 (3) of the Act, as the applicant, and

~~(j)~~ in a working with or employing unauthorized persons proceeding, the licensee applying for approval to work with or employ an unauthorized person, as the applicant;

“terms dispute proceeding” means a proceeding under section 49.43 of the Act.;

“Tribunal” means the Law Society Tribunal established under the *Law Society Act*, R.S.O. 1990, c. L.8;

“Vice-Chair” means the Vice-Chair of the Hearing Division,

“working with or employing unauthorized persons proceeding” means a proceeding under Rule 7.6-1.1 of the *Rules of Professional Conduct* or subrule 6.01(6) of the *Paralegal Rules of Conduct*.

(2) A word or phrase used in these Rules that is defined in the Act bears the definition contained in the Act.

### **Interpretation of Rules**

**1.03** (1) These Rules shall be liberally construed to secure the just and expeditious determination of every proceeding on its merits.

(2) Where matters are not provided for in these Rules, the practice shall be determined by analogy to them.

## **RULE 9 COMMENCEMENT, AMENDMENT AND ABANDONMENT OF PROCEEDINGS**

### **How proceeding commenced**

**9.01** (1) A proceeding shall be commenced by the issuing of an originating process.

### **Notice of application**

(2) The originating process for the following proceedings is a notice of application (Form 9A):

1. A conduct proceeding.
2. A capacity proceeding.
3. A competence proceeding.
4. A non-compliance proceeding.
5. A reinstatement proceeding.
6. A terms dispute proceeding.

### **Notice of referral for hearing**

(3) The originating process for the following proceedings is a notice of referral for hearing (Form 9B):

1. A licensing proceeding.
2. A restoration proceeding.
3. A retired judge appearing as counsel proceeding.
4. A working with or employing unauthorized persons proceeding.

### **How originating process issued**

(4) An originating process is issued by the act of it being assigned a file number and being dated by the Tribunal Office.

### **Same**

- (5) An originating process may be issued,
- (a) on personal attendance in the Tribunal Office by the party seeking to issue it or by someone on the party's behalf; or
  - (b) by mail or courier, by the party seeking to issue it,
    - (i) mailing an original of the originating process by regular lettermail or registered mail to the Tribunal; or
    - (ii) sending an original of the originating process by courier to the Tribunal.

### **Copy of originating process to be sent to party**

(6) Where an originating process is issued by mail or courier, the Tribunal shall mail a copy of the originating process as issued by regular lettermail to the party that issued it.

### **File copy of originating process**

(7) An original of the originating process as issued shall be filed with the Tribunal when it is issued.

### **Service of originating process**

(8) A copy of the originating process as issued shall be served by the party that issued it on every other party and proof of service shall be filed with the Tribunal within thirty days after the originating process is issued.

### **Deemed abandonment**

(9) Where a party that issued an originating process fails to file, within thirty days after the originating process is issued, proof of service of the originating process on every other party, the proceeding commenced by the issuing of the originating process is deemed to have been abandoned by that party.

### **Motion to set aside deemed abandonment**

(10) On the motion of a person who was deemed to have abandoned a proceeding under subrule (9), an order may be made, as is just, setting aside the deemed abandonment.

### **Effect of deemed abandonment on subsequent proceeding**

(11) Where a party is deemed to have abandoned a proceeding under subrule (9), the deemed abandonment is not a bar to a subsequent proceeding commenced by that party involving the same subject matter.

### **Amendment of originating process by party**

- 9.02** (1) A party may amend its originating process,
- (a) at any time prior to ten days before the hearing on the merits of the proceeding; and
  - (b) at any time after the time mentioned in clause (a), with leave.

### **Leave to amend**

- (2) In considering whether to grant leave to a party to amend its originating process, the Hearing Division may consider,
- (a) prejudice to a person;
  - (b) timeliness of notice to the opposite party; and
  - (c) any other relevant factor.

**No addition of party**

(3) An amendment under this Rule shall not include the addition of a party.

**How amendment made**

(4) A party amending its originating process shall file, with the Tribunal, a copy of the original originating process as amended, bearing the date of the original originating process and the title of the original originating process preceded by the word “amended”.

**Amendments indicated**

(5) A party amending its originating process shall indicate text added to the original originating process by underlining it and text deleted from the original originating process by striking it through.

**Same**

(6) Where an originating process is amended more than once, each subsequent amendment shall be underlined or struck through with an additional line.

**Duties of Tribunal Office**

(7) When an amended originating process is filed, the Tribunal Office shall note on it the date on which it is filed and the authority by which the amendment was made.

**Date of amendment**

(8) The date on which an amended originating process is filed with the Tribunal shall be deemed to be the date on which the original originating process is amended.

**Service of amended originating process**

(9) A party that amends its originating process shall serve a copy of the amended originating process on every other party forthwith after it is filed with the Tribunal.

**Same**

(10) An amended originating process shall be served in accordance with subrule 10.01 (1).

**Proof of service**

(11) Proof of service of an amended originating process shall be filed with the Tribunal forthwith after it is served.

**Amendment at hearing**

(12) Where an originating process is amended at the hearing on the merits of the proceeding, the amendment shall be made on the face of the record and subrules (4) to (11) do not apply.

## **Abandonment of proceedings prior to hearing on the merits**

### **Conduct, capacity, competence, non-compliance, reinstatement or terms dispute proceeding**

**9.03** (1) Prior to the hearing on the merits of the following proceedings, the applicant may abandon the proceeding by delivering a notice of abandonment (Form 9C):

1. A conduct proceeding.
2. A capacity proceeding.
3. A competence proceeding.
4. A non-compliance proceeding.
5. A reinstatement proceeding.
6. A terms dispute proceeding.

### **Abandonment of licensing or restoration proceeding by Society**

(2) Prior to the hearing on the merits of a licensing or a restoration proceeding, the Society may abandon the proceeding by delivering a notice of abandonment (Form 9D).

### **Abandonment of a licensing or, a restoration, a retired judge appearing as counsel, or a working with or employing unauthorized persons proceeding by applicant**

(3) Prior to the hearing on the merits of a licensing or restoration proceeding the following proceedings, the applicant may abandon the application that has been referred for a hearing and the proceeding by delivering a notice of abandonment (Form 9E):

1. A licensing proceeding.
2. A restoration proceeding.
3. A retired judge appearing as counsel proceeding.
4. A working with or employing unauthorized persons proceeding.

## RULE 15 LANGUAGE OF HEARING

### Hearing in English or French

**15.01** (1) A hearing in a proceeding shall be conducted in the English or French language.

### Hearing in English

(2) A hearing in a proceeding shall be conducted in the English language unless a party to the proceeding requires that the hearing be conducted in the French language.

### Requiring hearing in French: Society

(3) Where the subject of the proceeding speaks French, the Society may require that every hearing in the following proceedings be conducted in the French language by filing with the Tribunal the originating process in the French language:

1. A licensing proceeding.
2. A restoration proceeding.
3. A conduct proceeding.
4. A capacity proceeding.
5. A competence proceeding.
6. A non-compliance proceeding.
7. A retired judge appearing as counsel proceeding.
8. A working with or employing unauthorized persons proceeding.

### Requiring hearing in French: subject of the proceeding

(4) The subject of the proceeding who speaks French may require that every hearing in the following proceedings be conducted in the French language by notifying the Tribunal of the requirement within thirty days after he or she is deemed to have been served with the originating process:

1. A licensing proceeding.
2. A restoration proceeding.
3. A conduct proceeding.
4. A capacity proceeding.
5. A competence proceeding.
6. A non-compliance proceeding.
7. A retired judge appearing as counsel proceeding.
8. A working with or employing unauthorized persons proceeding.

### **Requiring hearing in French: subject of the proceeding**

(5) The subject of the proceeding who speaks French may require that every hearing in the following proceedings be conducted in the French language by filing with the Tribunal the originating process in the French language:

1. A reinstatement proceeding.
2. A terms dispute proceeding.

### **Compliance with subrule (4) not required**

(6) The subject of the proceeding is not required to comply with subrule (4) if he or she was served with the originating process in the French language.

### **Hearing in English**

**15.02** Where a hearing in a proceeding is conducted in the English language,

- (a) evidence given at the hearing in a language other than the English language shall be interpreted into the English language; and
- (b) a document with respect to the hearing filed with the Tribunal, or received by the panel presiding at the hearing, under these Rules shall be in the English language or shall be accompanied by a translation of the document into the English language certified by an affidavit of the translator.

### **Hearing in French**

**15.03** Where a hearing in a proceeding is conducted in the French language,

- (a) evidence given and submissions made in the hearing in the English or French language shall be received, recorded and transcribed in the language in which they are given or made;
- (b) a document with respect to the hearing filed with the Tribunal, or received by the panel presiding at the hearing, under these Rules may be in the French language and need not be accompanied by a translation of the document into the English language;
- (c) on the request of the subject of the proceeding who speaks French but not French and English, the panel presiding at the hearing shall cause anything given orally at the hearing in a language other than the French language to be interpreted into the French language;
- (d) on the request of the subject of the proceeding who speaks French but not French and English, the Tribunal may cause any document with respect to the hearing filed with the Tribunal, or received by the panel, in the English language to be translated into the French language; and
- (e) the Tribunal shall cause an endorsement, a decision, an order or reasons for a decision or an order with respect to the hearing written in

the English language to be translated into the French language, unless the parties to the proceeding agree otherwise.

## RULE 16 FORM OF HEARING

### Oral hearing

16.01 Subject to rules 16.02, 16.03 and ~~46-03,29.02(1)~~, a hearing shall be held as an oral hearing with the parties, non-party participants, if any, and their representatives, if any, appearing in person.

## RULE 19 DISCLOSURE

### Obligations of subject of the proceeding

[19.01](2) In a licensing proceeding, a restoration proceeding, a reinstatement proceeding ~~or a terms dispute, a terms dispute proceeding, a retired judge appearing as counsel proceeding, or a working with or employing unauthorized persons~~ proceeding, the subject of the proceeding shall provide to the Society, not later than ten days before the hearing on the merits of the proceeding,

- (a) a copy of every document upon which the subject of the proceeding intends to rely as evidence;
- (b) for every witness upon whose oral evidence the subject of the proceeding intends to rely, a signed witness statement or, where there is no signed witness statement for a witness, a summary of the anticipated oral evidence of the witness; and
- (c) a list of witnesses that the subject of the proceeding intends to call.

## **RULE 22 PRE-HEARING CONFERENCES**

### **Purpose of pre-hearing conference**

**22.01** (1) The purpose of a pre-hearing conference is to facilitate the just and most expeditious disposition of a proceeding.

(2) Without limiting the generality of subrule (1), in a pre-hearing conference, the panelist or other person conducting the pre-hearing conference may discuss with the parties,

- (a) the identification, limitation or simplification of the issues in the proceeding;
- (b) the identification and limitation of evidence and witnesses;
- (c) the possibility of settlement of any or all of the issues in the proceeding;
- (d) the possibility of the parties entering into an agreed statement of facts with respect to all or part of the facts in issue in the proceeding; and
- (e) directions to be given to the parties with respect to the conduct of the proceeding or a motion in the proceeding.

### **Pre-hearing conference to be conducted**

**22.02** A pre-hearing conference shall be conducted in a proceeding where,

- (a) one party to the proceeding estimates that the hearing on the merits of the proceeding will be longer than two days;
- (b) a panelist or panel directs the parties to a proceeding to attend at a pre-hearing conference; or
- (c) the parties agree to attend at a pre-hearing conference.

### **Who presides at pre-hearing conference**

**22.03** A pre-hearing conference shall be conducted by a panelist or another person assigned by the Chair or Vice-Chair.

### **Timing of pre-hearing conferences**

**22.04** All pre-hearing conferences in a proceeding shall be conducted prior to the completion of the hearing on the merits of the proceeding and, unless otherwise directed, shall be conducted prior to the commencement of the hearing on the merits of the proceeding.

### **Method of conducting pre-hearing conference**

**22.05** (1) Subject to subrule (2), a pre-hearing conference shall be conducted in person.

### **Pre-hearing conference by telephone conference**

- (2) A pre-hearing conference may be conducted by telephone conference,
  - (a) if the parties consent; or
  - (b) the panelist or other person conducting the pre-hearing conference permits it.

### **Scheduling of pre-hearing conference: by panelist**

**22.06** (1) A pre-hearing conference may be scheduled by a panelist or by the Tribunal Office.

#### **Endorsement**

(2) An endorsement of every scheduled pre-hearing conference shall be made on the originating process by the panelist, if the pre-hearing conference is scheduled by a panelist, or by the Tribunal Office, if the pre-hearing is scheduled by the Tribunal Office.

#### **Notice of pre-hearing conference**

(3) The Tribunal shall send to all parties a notice of the date and time of every pre-hearing conference in the proceeding, including the name of the panelist or other person conducting the pre-hearing conference.

#### **Notice not required**

- (4) Subrule (3) does not apply if,
  - (a) a panel directs the parties to a proceeding to attend at a pre-hearing conference,
  - (b) a member of the panel that gave the direction will conduct the pre-hearing conference, and
  - (c) the pre-hearing conference will be conducted immediately after the direction has been given.

### **Pre-Hearing Conference Memoranda**

**22.07** (1) Each party shall prepare a pre-hearing conference memorandum containing a statement of the facts the party relies upon and its position on the issues in the proceeding.

(2) A pre-hearing conference memorandum is without prejudice and only for the purpose of the pre-hearing. It is not retained by the Tribunal Office, does not form part of the record of proceeding and may not be referred to or relied upon in the proceeding or in any other proceeding.

(3) Each party's memorandum shall be sent by e-mail to the other parties and to the person conducting the pre-hearing conference. If the licensee does not have access to e-mail, the memorandum may be sent by regular mail. The Law Society's memorandum must be received by the person conducting the pre-hearing conference at least seven

days prior to the pre-hearing conference. The licensee's memorandum must be received by the person conducting the pre-hearing conference at least two days prior to the pre-hearing conference.

(4) The requirement to file a pre-hearing conference memorandum may be waived by the panelist scheduling the pre-hearing conference or by the Registrar, if the preparation of the memorandum would not be practical or of assistance in the circumstances. A request to waive this requirement shall be made, together with reasons in support, no later than one week after the pre-hearing conference is scheduled, absent exceptional circumstances.

### **Attendance at pre-hearing conference**

**22.08** Unless otherwise directed by the panelist or other person conducting the pre-hearing conference, all parties to the proceeding, or their representatives, are required to attend at or participate in the pre-hearing conference.

### **Results of pre-hearing conference**

**22.09** (1) At the conclusion of the pre-hearing conference, the panelist or other person conducting the pre-hearing conference shall endorse on the originating process,

- (a) who attended at or participated in, and who did not attend at or participate in, the pre-hearing conference;
- (b) any agreement reached; and
- (c) any directions given to the parties with respect to the conduct of the proceeding or a motion in the proceeding.

(2) Any agreement reached at the pre-hearing conference, as endorsed on the originating process, is binding on the parties.

### **No disclosure to panel**

**22.10** (1) No communication shall be made to the panel presiding at the hearing on the merits of the proceeding or at the hearing of a motion in the proceeding with respect to any statement made at the pre-hearing conference, except as disclosed in the endorsement made under Rule 22.09.

### **Pre-hearing conference panelist cannot preside at hearing**

(2) A panelist conducting a pre-hearing conference in a proceeding shall not preside at the hearing on the merits of the proceeding, except with the consent of the parties to the proceeding. The parties may agree to the assignment of the pre-hearing panelist to the hearing of the merits by filing a consent (Form 22A),

- (a) sent to the Tribunal, as early as possible but not later than three days before the hearing on the merits of the proceeding; or
- (b) with the panel, immediately prior to the commencement of the hearing on the

merits of the proceeding.

## **RULE 29 RETIRED JUDGE APPEARING AS COUNSEL PROCEEDINGS AND WORKING WITH OR EMPLOYING UNAUTHORIZED PERSONS PROCEEDINGS**

### **Filing of materials**

**29.01** This rule applies to Retired Judge Appearing as Counsel Proceedings and Working with or Employing Unauthorized Persons Proceedings.

### **Proceeding on consent**

**29.02 (1)** Where a proceeding under this Rule is on consent, the proceeding may be heard in writing. The written consent of the parties and a draft order shall be filed with the Tribunal at the time the notice of referral for hearing is filed or as soon thereafter as possible.

**(2)** In a proceeding under this Rule that is on consent, the Society shall file, together with the notice of referral for hearing:

- i.** a copy of the licensee's application filed with the Law Society.
- ii.** any undertakings given or draft plan of supervision prepared, and
- iii.** a memorandum setting out the Society's position on the application.

**(3)** The applicant may file any additional materials no later than 7 days after the Society files its materials under this Rule.

**LAW SOCIETY TRIBUNAL**  
**HEARING DIVISION**

**FORMS UNDER THE**  
**RULES OF PRACTICE AND PROCEDURE**

*Made: March 12, 2014*  
*Revised: April 23, 2015 and April 28, 2016*

**GENERAL HEADING (LICENSING, RESTORATION,  
RETIRED JUDGE APPEARING AS COUNSEL,  
WORKING WITH OR EMPLOYING UNAUTHORIZED  
PERSONS PROCEEDING)**

(Law Society Tribunal file no.)

**LAW SOCIETY TRIBUNAL**

**HEARING DIVISION**

**BETWEEN:**

(name)

Applicant

and

The Law Society of Upper Canada

Respondent

APPLICATION UNDER (statutory provision under which the application is made) referred  
for hearing under (statutory provision under which application is required to be heard).

OR

APPLICATION UNDER RULE (section of Rules of Professional Conduct or Paralegal  
Rules of Conduct).

(Title of document)

(Text of document)

## **FORM 9B - NOTICE OF REFERRAL FOR HEARING**

(General heading)

### **NOTICE OF REFERRAL FOR HEARING**

TO THE APPLICANT:

YOUR APPLICATION (FOR A LICENCE / TO HAVE YOUR LICENCE RESTORED / AS A RETIRED JUDGE APPEARING AS COUNSEL / TO WORK WITH OR EMPLOY UNAUTHORIZED PERSONS) HAS BEEN REFERRED FOR HEARING TO THE LAW SOCIETY TRIBUNAL HEARING DIVISION, thereby resulting in the commencement of a (licensing / restoration / retired judge appearing as counsel / working with or employing unauthorized persons) 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.

OR:

The proposed method of hearing is in writing under Rule 29.02(1).

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)

**FORM 9E - NOTICE OF ABANDONMENT**  
**(LICENSING, RESTORATION, RETIRED JUDGE**  
**APPEARING AS COUNSEL, WORKING WITH OR**  
**EMPLOYING UNAUTHORIZED PERSONS**  
**PROCEEDING)**

*(General heading)*

**NOTICE OF ABANDONMENT (LICENSING, RESTORATION, RETIRED JUDGE**  
**APPEARING AS COUNSEL, WORKING WITH OR EMPLOYING UNAUTHORIZED**  
**PERSONS PROCEEDING)**

THE APPLICANT hereby abandons this application.

(Date)

(Name, address, telephone number, fax number  
And e-mail address of applicant's  
representative or applicant)

TO: (Name and address of the representative of  
The Law Society of Upper Canada)

## **FORM 22A – CONSENT TO HEARING BEFORE PRE-HEARING PANELIST**

*(General heading)*

### **CONSENT TO HEARING BEFORE PRE-HEARING PANELIST**

Pursuant to Rule 22.10 (2) of the *Rules of Practice and Procedure (Name of party other than The Law Society of Upper Canada)* and The Law Society of Upper Canada hereby consent that the Chair or Vice-Chair may assign (*name of panelist*), who conducted a pre-hearing conference in this matter, to the hearing of the merits of this proceeding.

(Date)

(Signature of party other than The Law Society of Upper Canada)

(Print name of party)

(Date)

(Signature of representative for The Law Society of Upper Canada)

(Print name of representative for The Law Society of Upper Canada)

# TRIBUNAL DU BARREAU SECTION DE PREMIÈRE INSTANCE RÈGLES DE PRATIQUE ET DE PROCÉDURE

Prises le 12 mars 2014

Modifiées les : 22 mai 2014, 24 septembre 2014, 30 octobre 2014, 25 février 2016, et 27 avril 2016

# RÈGLE 1 CHAMP D'APPLICATION ET INTERPRÉTATION

## Champ d'application

**1.01** Les présentes règles s'appliquent aux instances suivantes introduites devant la Section de première instance le 1<sup>er</sup> juillet 2009 ou par la suite :

1. Les instances portant sur la délivrance d'un permis.
2. Les instances en rétablissement visé à l'article 31 de la Loi.
3. Les instances portant sur la conduite.
4. Les instances portant sur l'incapacité.
5. Les instances portant sur la compétence professionnelle.
6. Les instances portant sur l'inobservation.
7. Les instances portant sur rétablissement visé à l'article 49.42 de la Loi.
8. Les instances portant sur un différend concernant des conditions.
9. Les instances portant sur un juge à la retraite qui désire plaider comme avocat.
10. Les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

## Définitions et interprétation

**1.02** (1) Sauf indication contraire du contexte, les définitions qui suivent s'appliquent aux présentes règles.

« instance portant sur un juge à la retraite qui désire plaider comme avocat » s'entend au sens d'une instance en vertu de la règle 7.7-1.1 du Code de déontologie ; (« retired judge appearing as counsel proceeding »)

« instance portant sur la rétention des services d'une personne non autorisée ou sur son embauche » s'entend au sens d'une instance en vertu de la règle 7.6-1.1 du Code de déontologie ou du paragraphe 6.01 (6) du Code de déontologie des parajuristes ; (« working with or employing unauthorized persons proceeding »)

« jour férié » :

- a) le samedi et le dimanche ;

- b) la veille du jour de l'An ; si elle tombe un samedi ou un dimanche, le vendredi précédant ;
- c) le jour de l'An ; s'il tombe un samedi ou un dimanche, le lundi suivant ;
- d) le jour de la Famille ;
- e) le Vendredi saint ;
- f) ~~le lundi de Pâques ;~~
- ~~g) la fête de Victoria ;~~
- ~~h) la fête du Canada ; si elle tombe un samedi ou un dimanche, le lundi suivant ;~~
- ~~i) le Congé civique ;~~
- ~~j) la fête du Travail ;~~
- ~~k) le jour d'Action de grâce ;~~
- ~~l) le jour du Souvenir ; s'il tombe un samedi ou un dimanche, le lundi suivant ;~~
- ~~m) k) la veille de Noël ; si elle tombe un samedi ou un dimanche, le vendredi précédant ;~~
- ~~n) le jour de Noël ; s'il tombe un samedi ou un dimanche, le lundi et le mardi suivants et, s'il tombe un vendredi, le lundi suivant,~~
- ~~o) le 26 décembre ;~~
- ~~p) le jour proclamé tel par le gouverneur général ou le lieutenant-gouverneur ; (« holiday ») ;~~

« Loi » La *Loi sur le Barreau* ; (« Act »)

« membre de la formation » Membre de la Section de première instance ; (« *panelist* »)

« partie » S'entend notamment de l'auteur d'une motion et de la partie intimée ; (« *party* »)

« partie intimée » Personne contre laquelle une motion est présentée ; (« *respondent* »)

« président » Désigne le président du Tribunal du Barreau ; (« *Chair* »)

« remettre » Signifier et déposer auprès du Tribunal avec la preuve de la signification ; (« *deliver* »)

« représentant » Personne autorisée en vertu de la *Loi sur le Barreau* à en représenter une autre dans le cadre d'une instance ; (« *representative* »)

« tiers » Personne qui, sans être partie à l'instance, est autorisée à intervenir dans tout ou partie

de celle-ci ; (« *non-party participant* »)

« Tribunal » Désigne le Tribunal du Barreau établi en vertu de la *Loi sur le Barreau*, L.R.O. 1990, c. L.8 ; (« *Tribunal* »)

« vice-président » Désigne le vice-président de la Section de première instance ; (« *Vice-Chair* »)

« visée par l'instance » S'entend des personnes suivantes :

- a) dans le cadre d'une instance portant sur la délivrance d'un permis, celle appelée l'auteur de la demande au paragraphe 27 (5) de la Loi ;
- b) dans le cadre d'une instance portant sur le rétablissement visé à l'article 31 de la Loi, celle appelée la personne dont le permis est en suspens au paragraphe 31 (4) de la Loi ;
- c) dans le cadre d'une instance portant sur la conduite, celle appelée le titulaire de permis visé par la requête au paragraphe 34 (2) de la Loi ;
- d) dans le cadre d'une instance portant sur la capacité, celle appelée le titulaire de permis visé par la requête au paragraphe 38 (2) de la Loi ;
- e) dans le cadre d'une instance portant sur la compétence professionnelle, celle appelée le titulaire de permis visé par la requête au paragraphe 43 (2) de la Loi ;
- f) dans le cadre d'une instance portant sur l'inobservation, celle appelée le titulaire de permis visé par la requête au paragraphe 45 (2) de la Loi ;
- g) dans le cadre d'une instance portant sur le rétablissement visé à l'article 49.42 de la Loi, celle appelée le requérant au paragraphe 49.42 (4) de la Loi ;
- h) dans le cadre d'une instance portant sur un juge à la retraite qui désire plaider comme avocat, le juge à la retraite plaidant comme requérant ;
- i) dans le cadre d'une instance portant sur un différend concernant les conditions, celle appelée le requérant au paragraphe 49.43 (3) de la Loi ;
- j) dans le cadre d'une instance portant sur la rétention des services d'une personne non autorisée ou sur son embauche, le ou la titulaire de permis qui fait une demande d'approbation pour retenir les services d'une personne non autorisée ou l'embaucher, plaidant comme requérant. (« *subject of the proceeding* »)

(2) Les termes qui figurent dans les présentes règles et qui sont définies/définis dans la Loi s'entendent au sens de la Loi.

## Interprétation des règles

**1.03** (1) Les présentes règles doivent recevoir une interprétation large de façon à entraîner la résolution équitable sur le fond de chaque instance.

(2) En cas de silence des présentes règles, la pratique applicable est déterminée par analogie avec celles-ci.

## RÈGLE 9 INTRODUCTION ET MODIFICATION D'UNE INSTANCE ET DÉSISTEMENT

### Mode d'introduction d'une instance

9.01 (1) Les instances sont introduites par la délivrance d'un acte introductif d'instance.

### Avis de requête

(2) L'acte introductif d'instance est l'avis de requête (formulaire 9A) dans le cas des instances suivantes :

1. Les instances portant sur la conduite.
2. Les instances portant sur la capacité.
3. Les instances portant sur la compétence professionnelle.
4. Les instances portant sur l'inobservation.
5. Les instances portant sur le rétablissement visé à l'article 49.42 de la Loi.
6. Les instances portant sur un différend concernant des conditions.

### Avis de renvoi à l'audience

(3) L'acte introductif d'instance est l'avis de renvoi à l'audience (formulaire 9B) dans le cas des instances suivantes :

1. Les instances portant sur la délivrance d'un permis.
2. Les instances portant sur le rétablissement visé à l'article 31 de la Loi.
3. Les instances portant sur un juge à la retraite qui désire plaider comme avocat.
4. Les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

### Mode de délivrance d'un acte introductif d'instance

(4) L'acte introductif d'instance est délivré lorsque le greffe du Tribunal lui attribue un numéro de dossier et le date.

### Idem

- (5) Un acte introductif d'instance peut être délivré :
- a) si la partie qui en demande la délivrance ou son représentant ou sa représentante se présente en personne au greffe du Tribunal ;

- b) par courrier ou messagerie, si la personne qui en demande la délivrance :
  - (i) en envoie l'original par courrier ordinaire ou recommandé au Tribunal,
  - (ii) en envoie l'original par messagerie au Tribunal.

### **Envoi d'une copie de l'acte introductif d'instance à la partie**

(6) À la suite de la délivrance d'un acte introductif d'instance par courrier ou par messagerie, le Tribunal envoie une copie de l'acte tel que délivré à la partie qui en a demandé la délivrance.

### **Dépôt d'une copie de l'acte introductif d'instance**

(7) L'original de l'acte introductif d'instance délivré est déposé au Tribunal lors de sa délivrance.

### **Signification de l'acte introductif d'instance**

(8) Une copie de l'acte introductif d'instance délivré est signifiée par la partie qui en a demandé la délivrance à toutes les autres parties et la preuve de la signification est déposée auprès du Tribunal dans les trente jours de la délivrance de l'acte.

### **Défaut réputé un désistement**

(9) La partie qui a demandé la délivrance d'un acte introductif d'instance et qui ne dépose pas, dans les trente jours de sa délivrance, la preuve de sa signification à toutes les autres parties est réputée s'être désistée de l'instance introduite par cette délivrance.

### **Motion en annulation de désistement**

(10) Sur motion de la personne qui est réputée s'être désistée d'une instance en application du paragraphe (9), une ordonnance d'annulation du désistement peut être rendue à des conditions justes.

### **Effet du désistement sur une instance subséquente**

(11) Si une partie est réputée s'être désistée d'une instance en application du paragraphe (9), le désistement ne fait pas obstacle à une instance subséquente qu'elle introduira relativement au même objet.

### **Modification de l'acte introductif d'instance par une partie**

- 9.02** (1) Une partie peut modifier son acte introductif d'instance :
- a) avant le dixième jour qui précède l'audience sur le fond ;
  - b) après le délai fixé à l'alinéa a), avec autorisation.

### **Autorisation de modifier**

- (2) Lorsqu'il examine s'il y a lieu d'autoriser une partie à modifier son acte introductif

d'instance, la Section de première instance tient compte de ce qui suit :

- a) le préjudice causé à une personne ;
- b) la célérité de la notification de la partie adverse ;
- c) tout autre facteur pertinent.

#### **Interdiction de joindre une partie**

(3) La modification visée à la présente règle ne doit pas prévoir la jonction d'une partie.

#### **Procédure de modification**

(4) La partie qui modifie son acte introductif d'instance dépose, auprès du Tribunal, une copie de l'acte modifié portant la date de l'acte initial et son intitulé suivi du mot « modifié ».

#### **Indication des modifications**

(5) La partie qui modifie son acte introductif d'instance indique les ajouts faits à l'acte initial en les soulignant et les suppressions, en les biffant.

#### **Idem**

(6) Si un acte introductif d'instance a été modifié à plusieurs reprises, chacune des modifications subséquentes est indiquée par autant de traits de soulignement ou de biffage qu'il y a eu de modifications.

#### **Fonction du greffe du Tribunal**

(7) Quand des actes introductifs d'instance modifiés sont déposés, le greffe du Tribunal y consigne la date de leur dépôt et la disposition en vertu de laquelle la modification a été faite.

#### **Date de la modification**

(8) La date du dépôt d'un acte introductif d'instance modifié auprès du Tribunal est réputée la date de modification de l'acte initial.

#### **Signification de l'acte introductif d'instance modifié**

(9) La partie qui modifie son acte introductif d'instance signifie une copie de l'acte introductif d'instance modifié à toutes les autres parties immédiatement après l'avoir déposé auprès du Tribunal.

#### **Idem**

(10) L'acte introductif d'instance modifié est signifié conformément au paragraphe 10.01 (1).

#### **Preuve de la signification**

(11) La preuve de la signification d'un acte introductif d'instance modifié est déposée

après du Tribunal immédiatement après sa signification.

### **Modification à l’instruction**

(12) Si un acte introductif d’instance est modifié à l’audience sur le fond de l’instance, la modification est inscrite au dossier et les paragraphes (4) à (11) ne s’appliquent pas.

### **Désistement avant l’audience sur le fond**

#### **Instance portant sur la conduite, la capacité, la compétence professionnelle, l’inobservation, le rétablissement visé à l’article 49.42 de la Loi ou sur un différend concernant des conditions**

**9.03** (1) Avant l’instruction sur le fond des instances suivantes, le requérant ou la requérante peut se désister en remettant un avis de désistement (formulaire 9C) :

1. Les instances portant sur la conduite.
2. Les instances portant sur la capacité.
3. Les instances portant sur la compétence professionnelle.
4. Les instances portant sur l’inobservation.
5. Les instances portant sur le rétablissement visé à l’article 49.42 de la Loi.
6. Les instances portant sur un différend concernant des conditions.

#### **Désistement du Barreau dans une instance portant sur la délivrance d’un permis ou sur le rétablissement visé à l’article 31 de la Loi**

(2) Avant l’instruction sur le fond d’une instance portant sur la délivrance d’un permis ou sur le rétablissement visé à l’article 31 de la Loi, le Barreau peut se désister en remettant un avis de désistement (formulaire 9D).

#### **Désistement du requérant dans une instance portant sur la délivrance d’un permis ~~ou~~ sur le rétablissement visé à l’article 31 de la Loi, sur un juge à la retraite qui désire plaider comme avocat, ou sur la rétention des services d’une personne non autorisée ou sur son embauche.**

(3) Avant l’instruction sur le fond ~~d’une instance portant sur la délivrance d’un permis ou sur le rétablissement visé à l’article 31 de la Loi~~ des instances suivantes, le requérant ~~ou la requérante~~ peut se désister de ~~la requête qui a été renvoyée à l’audience~~ l’instance en remettant un avis de désistement (formulaire 9E) :

1. Les instances portant sur la délivrance d’un permis.
2. Les instances portant sur le rétablissement visé à l’article 31 de la Loi.
3. Les instances portant sur un juge à la retraite qui désire plaider comme avocat.

4. Les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

## RÈGLE 15 LANGUE DES AUDIENCES

### Audience en français ou en anglais

15.01 (1) L'audience d'une instance est instruite en français ou en anglais.

### Audience en anglais

(2) L'audience d'une instance est instruite en anglais, sauf si une partie à l'instance exige qu'elle soit instruite en français.

### Demande d'audience en français : Barreau

(3) Si la personne visée par l'audience est francophone, le Barreau peut exiger que toutes les audiences des instances suivantes soient instruites en français en déposant l'acte introductif d'instance en français auprès du Tribunal :

1. Les instances portant sur la délivrance d'un permis.
2. Les instances portant sur le rétablissement visé à l'article 31 de la Loi.
3. Les instances portant sur la conduite.
4. Les instances portant sur la capacité.
5. Les instances portant sur la compétence professionnelle.
6. Les instances portant sur l'inobservation.
7. Les instances portant sur un juge à la retraite qui désire plaider comme avocat.
8. Les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

### Demande d'audience en français : personne visée par l'instance

(4) La ou le francophone qui est visé par l'instance peut exiger que toutes les audiences des instances suivantes soient instruites en français en avisant le Tribunal dans les 30 jours qui suivent le moment où il ou elle est réputé avoir reçu signification de l'acte introductif d'instance :

1. Les instances portant sur la délivrance d'un permis.
2. Les instances portant sur le rétablissement visé à l'article 31 de la Loi.
3. Les instances portant sur la conduite.
4. Les instances portant sur la capacité.
5. Les instances portant sur la compétence professionnelle.

6. Les instances portant sur l'inobservation.

7. Les instances portant sur un juge à la retraite qui désire plaider comme avocat.

8. Les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

### **Demande d'audience en français : personne visée par l'instance**

(5) La ou le francophone qui est visé par l'instance peut exiger que toutes les audiences des instances suivantes soient instruites en français en déposant l'acte introductif d'instance en français auprès du Tribunal :

1. Les instances portant sur le rétablissement visé à l'article 49.42 de la Loi.
2. Les instances portant sur un différend concernant des conditions.

### **Observation du paragraphe (4) non obligatoire**

(6) La personne visée par l'instance n'est pas tenue d'observer le paragraphe (4) si elle a reçu signification de l'acte introductif d'instance en français.

### **Audience en anglais**

**15.02** Les règles suivantes s'appliquent si l'audience d'une instance se déroule en anglais :

- a) les témoignages présentés dans une autre langue que l'anglais à l'audience sont traduits en anglais ;
- b) les documents se rapportant à l'audience qui sont déposés auprès du Tribunal, ou qui sont reçus par la formation qui préside l'audience, en application des présentes règles sont soit rédigés en anglais, soit accompagnés d'une traduction en langue anglaise certifiée conforme par un affidavit du traducteur.

### **Audience en français**

**15.03** Les règles suivantes s'appliquent si l'audience d'une instance se déroule en français :

- a) les témoignages et les observations présentés en français ou en anglais sont reçus, enregistrés et transcrits dans la langue dans laquelle ils sont présentés ;
- b) les documents se rapportant à l'audience qui sont déposés auprès du Tribunal, ou qui sont reçus par la formation qui préside l'audience, en application des présentes règles peuvent être rédigés en français et ne doivent pas nécessairement être accompagnés de leur traduction en anglais ;
- c) à la demande de la personne visée par l'instance qui parle français, mais

pas anglais, la formation qui préside l'audience fournit l'interprétation en français de tout ce qui est donné oralement dans une autre langue que le français à l'audience ;

- d) à la demande de la personne visée par l'instance qui parle français, mais pas anglais, le Tribunal fait faire traduire en français tout document se rapportant à l'audience qui lui est déposé ou qui est reçu par la formation en anglais ;
- e) le Tribunal fait traduire en français les inscriptions, les décisions, les ordonnances ou les motifs d'une décision ou d'une ordonnance se rapportant à l'audience qui sont rédigés en anglais, à moins que les parties à l'instance ne conviennent autrement.

## RÈGLE 16 MÉTHODE D'INSTRUCTION

### Audience orale

16.01 Sous réserve des règles 16.02-~~et~~, 16.03, et 29.02 (1), les audiences se tiennent oralement, en présence des parties, des tiers, le cas échéant, et de leurs représentants respectifs, le cas échéant.

## RÈGLE 19 DIVULGATION

### Obligations de la personne visée par l'instance

(2) Dans les instances portant sur la délivrance d'un permis, sur le rétablissement visé à l'article 31 de la Loi, sur le rétablissement visé à l'article 49.42 de la Loi-~~04~~, sur un différend concernant des conditions, sur un juge à la retraite qui désire plaider comme avocat ou sur la rétention des services d'une personne non autorisée ou sur son embauche, la personne visée par l'instance fournit ce qui suit au Barreau, au plus tard 10 jours avant l'audience sur le fond de l'instance :

- a) une copie de tout document sur lequel elle se propose de s'appuyer ;
- b) une déclaration écrite signée de chaque témoin sur lequel elle se propose de s'appuyer ou, à défaut, un résumé du témoignage oral prévu du témoin ;
- c) la liste des témoins qu'elle se propose d'appeler.

## RÈGLE 22 CONFÉRENCES PRÉPARATOIRES À L'AUDIENCE

### Objet de la conférence préparatoire à l'audience

**22.01** (1) L'objet de la conférence préparatoire à l'audience est de faciliter une résolution équitable de l'instance, de la façon la plus expéditive.

(2) Sans préjudice de la portée générale du paragraphe (1), la personne, notamment un membre de la formation, qui préside une conférence préparatoire à l'audience peut discuter de ce qui suit avec les parties :

- a) la définition, la restriction ou la simplification des questions en litige ;
- b) la précision de la preuve, le choix des témoins et la restriction de l'une ou des autres ;
- c) la possibilité de transiger sur une partie ou la totalité des questions en litige dans l'instance ;
- d) la possibilité pour les parties de s'entendre sur un exposé conjoint de tout ou partie des faits en litige dans l'instance ;
- e) les directives à donner aux parties relativement au déroulement de l'instance ou à une motion dans l'instance.

### Obligation de tenir une conférence préparatoire à l'audience

**22.02** Il est tenu une conférence préparatoire à l'audience dans une instance si, selon le cas :

- a) une partie à l'instance estime que l'audience sur le fond de celle-ci durera plus de deux jours ;
- b) un membre de la formation ordonne aux parties à une instance de s'y présenter ;
- c) les parties conviennent de s'y présenter.

### Présidence de la conférence préparatoire à l'audience

**22.03** La conférence préparatoire à l'audience est présidée par la personne, notamment un membre de la formation, que nomme le président ou le vice-président.

### Temps des conférences préparatoires à l'audience

**22.04** Toutes les conférences préparatoires à l'audience tenues dans le cadre d'une instance le sont avant la fin de l'audience sur le fond de l'instance et, à moins de directive contraire, avant le début de cette audience.

### **Présence à la conférence préparatoire à l'audience**

**22.05** (1) Sous réserve du paragraphe (2), la conférence préparatoire à l'audience se tient en présence des parties.

### **Tenue de la conférence préparatoire à l'audience par conférence téléphonique**

(2) La conférence préparatoire à l'audience peut se tenir par conférence téléphonique si, selon le cas :

- a) les parties y consentent ;
- b) le membre de la formation ou la personne qui préside la conférence le permet.

### **Fixation de la date de la conférence préparatoire à l'audience : par le membre de la formation**

**22.06** (1) Un membre de la formation ou le greffe du Tribunal peuvent fixer les dates des conférences préparatoires à l'audience.

### **Inscription**

(2) Chaque conférence préparatoire à l'audience est inscrite à l'acte introductif d'instance par un membre de la formation ou par le greffe du Tribunal, selon celui qui en fixe la date.

### **Avis de la conférence préparatoire à l'audience**

(3) Le Tribunal avise toutes les parties de la date et de l'heure de chaque conférence préparatoire à l'audience tenue dans le cadre d'une instance en précisant le nom de la personne, notamment le membre de la formation, qui la présidera.

### **Avis facultatif**

- (4) Le paragraphe (3) ne s'applique pas si les conditions suivantes sont réunies :
- a) une formation ordonne aux parties à une instance de se présenter à une conférence préparatoire à l'audience ;
  - b) un membre de la formation qui a donné l'ordre présidera la conférence préparatoire à l'audience ;
  - c) la conférence préparatoire à l'audience suivra immédiatement l'ordre.

### **Mémoire de conférence préparatoire à l'audience**

**22.07** (1) Chaque partie prépare un mémoire de conférence préparatoire à l'audience contenant un exposé des faits sur lesquels la partie se fonde ainsi que sa position sur les questions en litige.

- (2) Un mémoire de conférence préparatoire à l'audience est rédigé sous toutes

réserves et ne sert qu'aux fins de la conférence. Il n'est pas conservé par le greffe du Tribunal, ne fait pas partie du registre des délibérations et ne peut pas être mentionné dans l'instance ni dans toute autre instance.

(3) Le mémoire de chaque partie est envoyé par courriel aux autres parties et à la personne présidant la conférence. Si le titulaire de permis n'a pas accès à un courriel, le mémoire peut être envoyé par la poste. Le mémoire du Barreau doit être reçu par la personne présidant la conférence au moins sept jours avant celle-ci. Le mémoire du titulaire de permis doit être reçu par la personne présidant la conférence au moins deux jours avant celle-ci.

(4) Le membre de la formation qui fixe la conférence ou la greffière peut dispenser de l'obligation de déposer un mémoire de conférence préparatoire à l'audience s'il est jugé que la préparation du mémoire ne serait ni pratique ni utile dans les circonstances. Une demande de dispense de cette obligation accompagnée des motifs à l'appui de celle-ci doit être faite au plus tard une semaine après la fixation de la date de la conférence, à moins de circonstances exceptionnelles.

### **Présence à la conférence préparatoire à l'audience**

**22.08** À moins que la personne, notamment un membre de la formation, qui préside la conférence préparatoire à l'audience n'ordonne le contraire, les parties à l'instance ou leurs représentants sont tenus d'assister en personne à la conférence et d'y participer.

### **Résultats de la conférence préparatoire à l'audience**

**22.09** (1) À l'issue de la conférence préparatoire à l'audience, la personne, notamment le membre de la formation, qui la préside inscrit ce qui suit à l'acte introductif d'instance :

- a) le nom des personnes qui ont assisté en personne à la conférence ou qui y ont participé, et celui de celles qui ne l'ont pas fait ;
- b) les transactions conclues ;
- c) toute directive donnée aux parties relativement au déroulement de l'instance ou à une motion dans l'instance.

(2) Les transactions conclues lors d'une conférence préparatoire à l'audience et inscrites à l'acte introductif d'instance lient les parties.

### **Non-divulgaration à la formation**

**22.10** (1) Aucun renseignement relatif à la conférence préparatoire à l'audience n'est communiqué à la formation qui préside l'audience sur le fond de l'instance ou l'audition d'une motion dans l'instance, sauf dans la mesure prévue par l'inscription faite en application de la règle 22.09.

### **Deux membres différents pour présider les audiences**

(2) Le membre de la formation qui préside la conférence préparatoire à l'audience ne préside pas l'audience sur le fond de l'instance, sauf avec le consentement des parties à

l'instance. Les parties peuvent convenir de la désignation du membre de la formation qui préside la conférence préparatoire pour présider l'audience sur le fond en en déposant leur consentement (formulaire 22A) :

- a) soit auprès du Tribunal, le plus tôt possible, mais au moins trois jours avant la date de l'audience ;
- b) soit auprès du membre ou des membres de la formation, avant le début de l'audience.

## **RÈGLE 29 INSTANCES PORTANT SUR UN JUGE À LA RETRAITE QUI DÉSIRE PLAIDER COMME AVOCAT ET SUR LA RÉTENTION DES SERVICES D'UNE PERSONNE NON AUTORISÉE OU SUR SON EMBAUCHE**

### **Documents à déposer**

29.01 La présente règle s'applique aux instances portant sur un juge à la retraite qui désire plaider comme avocat et les instances portant sur la rétention des services d'une personne non autorisée ou sur son embauche.

### **Instance sur consentement**

29.02 (1) Lorsqu'une instance en vertu de la présente règle est menée sur consentement, l'instance peut être instruite par écrit. Le consentement écrit des parties et une ébauche d'ordonnance devront être déposés auprès du Tribunal au moment du dépôt de l'avis de renvoi à l'audience ou dès que possible par la suite.

(2) Dans une instance en vertu de la présente règle qui est menée sur consentement, le Barreau dépose, avec l'avis de renvoi à l'audience :

- i. Une copie de la demande de la ou du titulaire de permis faite au Barreau.
- ii. Tout engagement pris ou ébauche de plan de supervision.
- iii. Un mémoire énonçant la position du Barreau sur la demande.

(3) Le requérant peut déposer tout document additionnel au plus tard 7 jours après que le Barreau dépose ses documents en vertu de la présente règle.

**TRIBUNAL DU BARREAU  
SECTION DE PREMIÈRE INSTANCE  
FORMULAIRES PRÉVUS PAR LES RÈGLES DE  
PRATIQUE ET DE PROCÉDURE**

Prises le : 12 mars 2014  
Modifiées ~~le~~ : 23 avril 2015 et 28 avril 2016

**TITRE DES DOCUMENTS (INSTANCES PORTANT SUR LA DÉLIVRANCE D'UN PERMIS OU, SUR LE RÉTABLISSEMENT VISÉ À L'ARTICLE 31 DE LA LOI, SUR UN JUGE À LA RETRAITE QUI DÉSIRE PLAIDER COMME AVOCAT, OU SUR LA RÉTENTION DES SERVICES D'UNE PERSONNE NON AUTORISÉE OU SUR SON EMBAUCHE)**

(N° du dossier du Tribunal du Barreau)

**TRIBUNAL DU BARREAU  
SECTION DE PREMIÈRE INSTANCE**

**ENTRE-:**

(nom)

requérant(e)

et

Le Barreau du Haut-Canada

intimé

REQUÊTE PRÉSENTÉE AUX TERMES DE (*disposition législative aux termes desquelles la requête est présentée*) renvoyée à l'audience aux termes de (*disposition législative aux termes de laquelle la requête doit être entendue*).

OU

REQUÊTE PRÉSENTÉE AUX TERMES DE LA RÈGLE (*disposition du Code de déontologie ou du Code de déontologie des parajuristes*).

**(Intitulé du document)**

**(Corps du document)**

## 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~~ /RÉTABLISSMENT DE VOTRE PERMIS EN APPLICATION DE L'ARTICLE 31 DE LA LOI/DE PLAIDER COMME AVOCAT/DE TRAVAILLER AVEC UNE PERSONNE NON AUTORISÉE OU DE L'EMBAUCHER) 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~~~~adresse~~), Toronto (Ontario). Vous pouvez choisir de ~~comparaître~~~~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*)

**FORMULAIRE 9E – AVIS DE DÉSISTEMENT (INSTANCE PORTANT SUR LA DÉLIVRANCE D’UN PERMIS ~~OU, SUR~~ LE RÉTABLISSEMENT VISÉ À L’ARTICLE 31 DE LA LOI, SUR UN JUGE À LA RETRAITE QUI DÉSIRE PLAIDER COMME AVOCAT, OU SUR LA RÉTENTION DES SERVICES D’UNE PERSONNE NON AUTORISÉE OU SUR SON EMBAUCHE)**

(titre)

**AVIS DE DÉSISTEMENT**

**(INSTANCE PORTANT SUR LA DÉLIVRANCE D’UN PERMIS ~~OU, LE~~ RÉTABLISSEMENT VISÉ À L’ARTICLE 31 DE LA LOI, SUR UN JUGE À LA RETRAITE QUI DÉSIRE PLAIDER COMME AVOCAT, OU SUR LA RÉTENTION DES SERVICES D’UNE PERSONNE NON AUTORISÉE OU SUR SON EMBAUCHE)**

~~LE(LA) REQUÉRANT(E) retire sa demande (de permis OU de rétablissement de son permis en application de l'article 31 de la Loi) et, de ce fait, se désiste de l'instance (portant sur la délivrance d'un permis OU le rétablissement visé à l'article 31 de la Loi).~~

LE (LA) REQUÉRANT(E) retire sa demande.

(date)

(nom, adresse, numéro de téléphone, numéro de télécopieur et adresse électronique du requérant ou du représentant du requérant)

DESTINATAIRE : (nom et adresse du représentant du Barreau du Haut-Canada)

**FORMULAIRE 22A – CONSENTEMENT À  
L’AUDIENCE DEVANT UN MEMBRE DE LA  
FORMATION QUI PRÉSIDE LA CONFÉRENCE  
PRÉPARATOIRE À L’AUDIENCE**

(Titre)

**CONSENTEMENT À L’AUDIENCE DEVANT UN MEMBRE DE LA FORMATION QUI  
PRÉSIDE LA CONFÉRENCE PRÉPARATOIRE À L’AUDIENCE**

En vertu du paragraphe (2) de la règle 22.10 des Règles de pratique et de procédure (nom de la partie autre que le Barreau du Haut-Canada) et le Barreau du Haut-Canada consentent à ce que le président ou le vice-président désigne (nom du membre de la formation) qui a mené la conférence préparatoire à l’audience dans cette affaire, pour présider à l’audience sur le fond de cette instance.

(Date)

(Signature de la partie autre que le Barreau du Haut-Canada)

(Imprimer le nom de la partie)

(Date)

(Signature du représentant du Barreau du Haut-Canada)

(Imprimer le nom du représentant du Barreau du Haut-Canada)

**TAB 7.2**

**INFORMATION**

**TRIBUNAL 2015 THIRD AND FOURTH QUARTER STATISTICS**

6. The Tribunal's quarterly reports for the third and fourth quarters of 2015 are set out at [TAB 7.2.1: 2015 Q3 Final](#) and [TAB 7.2.2: 2015 Q4 Final](#) for information.
7. Ongoing collection and reporting of Tribunal operational statistics assist the Tribunal to monitor issues, needs and implementation of the new model and enable the Committee and Convocation to track certain processes and statistics.



Law Society Tribunal  
Tribunal du Barreau

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# 2015 LAW SOCIETY TRIBUNAL STATISTICS

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Third Quarter Report: July 1, 2015 to September 30, 2015

Files Opened ..... 3

Files Closed ..... 4

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Open Files at the End of Each Quarter..... 5

    Age of Open Files by File Type at End of Quarter ..... 6

Summary Files Opened and Closed..... 7

Open Summary Files at End of Quarter ..... 7

Number of Lawyers and Paralegals Before the Tribunal..... 8

Number of Files and Frequency Before the Tribunal ..... 9

Total Hearings Scheduled and Vacated ..... 10

Reasons for Vacated Hearings..... 11

Calendar Days Scheduled and Vacated..... 13

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Parties' Adjournment Requests ..... 15

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    Lawyer Matters ..... 16

    Paralegal Matters ..... 16

Tribunal Reasons Produced and Published ..... 17

## Files Opened

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

NOTE – In all tables in this document, numbers in parentheses are 2014 figures.

**Table 1 Number of lawyer and paralegal files opened in the Hearing and Appeal Divisions for each quarter**

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	42 (38)	37 (33)	30 (35)		109 (106)
Lawyer	31	29	16		76
Paralegal	11	8	14		33
<b>Hearing Files</b>	36 (36)	34 (25)	29 (28)		99 (89)
Lawyer	26	27	15		68
Paralegal	10	7	14		31
<b>Appeal Files</b>	6 (2)	3 (8)	1 (7)		10 (17)
Lawyer	5	2	1		8
Paralegal	1	1	0		2

## Files Closed

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or any time prior.

Table 2 Number of lawyer and paralegal files closed in the Hearing and Appeal Divisions for each quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	51 (44)	38 (52)	34 (40)		123 (136)
Lawyer	40	28	27		95
Paralegal	11	10	7		28
<b>Hearing Files</b>	45 (35)	34 (47)	29 (33)		108 (115)
Lawyer	35	25	22		82
Paralegal	10	9	7		26
<b>Appeal Files</b>	6 (9)	4 (5)	5 (7)		15 (21)
Lawyer	5	3	5		13
Paralegal	1	1	0		2

## Age of Closed Files by File Type at End of Quarter

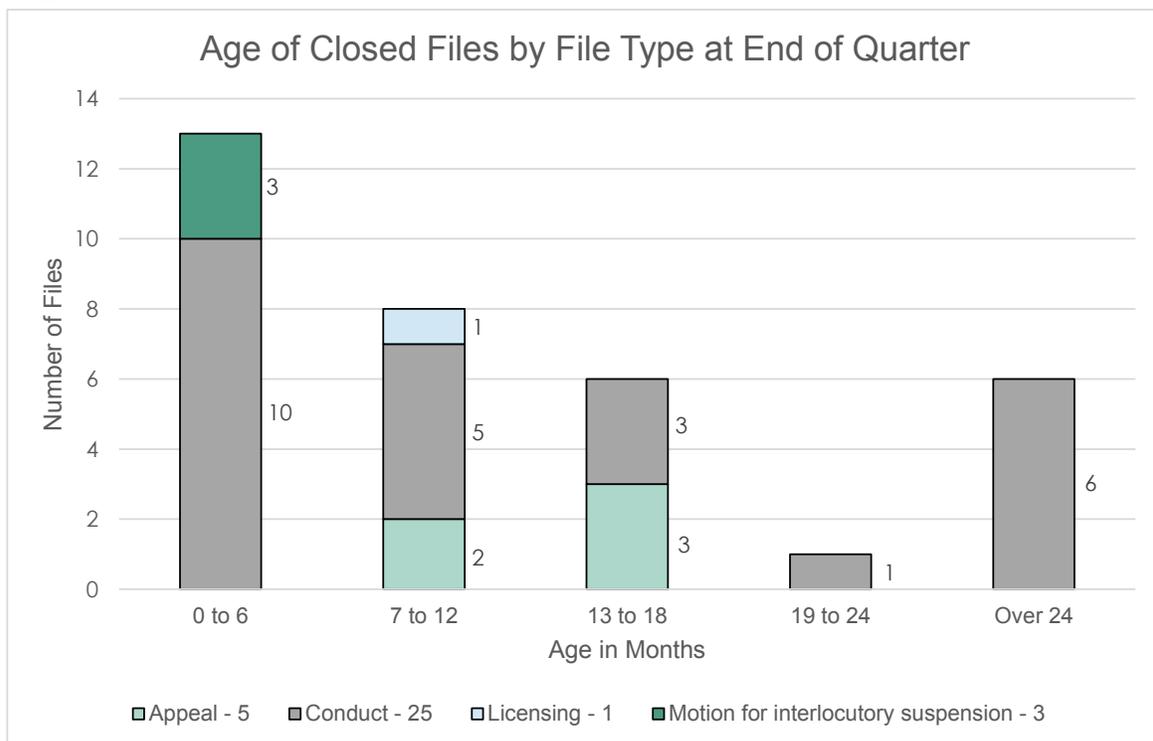


Figure 1 Number and age of files closed in each file type

## Open Files at the End of Each Quarter

Table 3 Number of lawyer and paralegal files that were open at the end of each quarter

	Q1	Q2	Q3	Q4
<b>Total Files</b>	145 (179)	145 (155)	<b>141</b> (151)	
Lawyer	124	127	116	
Paralegal	21	18	25	
<b>Hearing Files</b>	127 (162)	126 (135)	<b>128</b> (131)	
Lawyer	108	110	105	
Paralegal	19	16	23	
<b>Appeal Files</b>	18 (17)	19 (20)	<b>13</b> (20)	
Lawyer	16	17	11	
Paralegal	2	2	2	

## Age of Open Files by File Type at End of Quarter

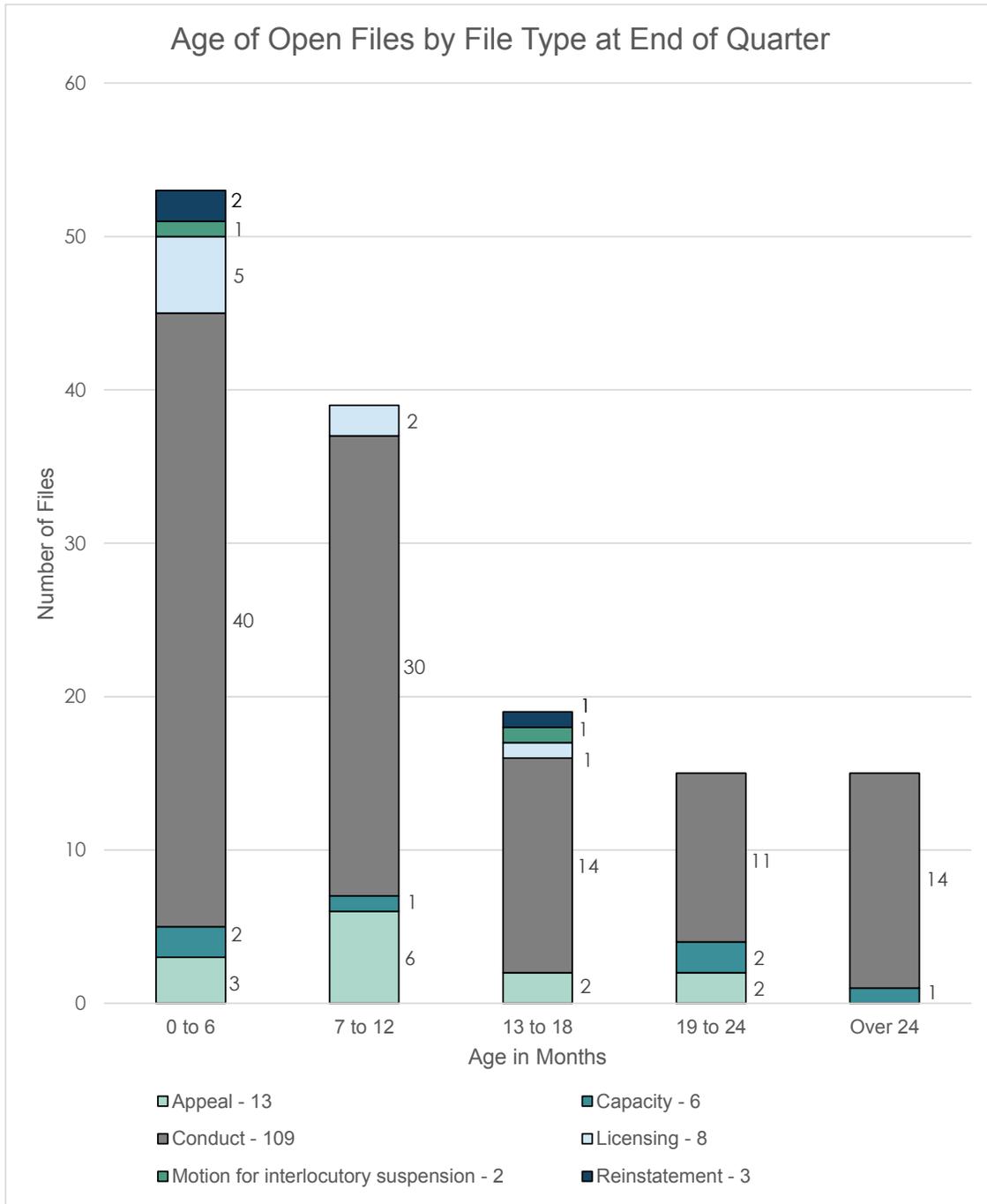


Figure 2 Number and age of open files in each file type

## Summary Files Opened and Closed

A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with s. 2(1) of O. Reg. 167/07. These files are typically heard by a single adjudicator. This data is a subset of the information in Table 1 and Table 2.

Table 4 Number of lawyer and paralegal summary files that were opened and closed in each quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Summary Files Opened</b>	10 (8)	10 (8)	7 (8)		27 (24)
Lawyer	7	6	2		15
Paralegal	3	4	5		12
<b>Total Summary Files Closed</b>	9 (12)	11 (13)	8 (5)		28 (30)
Lawyer	8	8	4		20
Paralegal	1	3	4		8

## Open Summary Files at End of Quarter

Table 5 Number of lawyer and paralegal summary files that were open at the end of each quarter

	Q1	Q2	Q3	Q4
<b>Total Summary Files</b>	18 (21)	18 (16)	17 (19)	
Lawyer	15	12	10	
Paralegal	3	6	7	

## Number of Lawyers and Paralegals Before the Tribunal

The Yearly Total will not equal the sum of Q1 to Q3 because the Yearly Total reflects lawyers and paralegals that appeared in more than one quarter only once.

Table 6 Number of lawyers and paralegals before the Tribunal at various proceeding stages

Stage	Q1	Q2	Q3	Q4	Yearly Total
<b>Proceeding Management Conference (PMC)</b>	48 (68)	52 (43)	41 (48)		103 (106)
Lawyers	45	46	32		88
Paralegals	3	6	9		15
<b>Hearing</b>	40 (65)	47 (56)	47 (49)		104 (121)
Lawyers	30	41	32		79
Paralegals	10	6	15		25
<b>Appeal Management Conference (AMC)</b>	5 (5)	3 (3)	3 (4)		9 (8)
Lawyers	5	3	2		8
Paralegals	0	0	1		1
<b>Appeal</b>	6 (13)	4 (8)	1 (7)		9 (24)
Lawyers	4	3	1		6
Paralegals	2	1	0		3

## Number of Files and Frequency Before the Tribunal

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal. Total Files will not equal the sum of Q1 to Q3 Files because Total Files reflect files that appeared in more than one quarter only once.

Table 7 Number of files before the Tribunal and number of times files were considered by the Tribunal

Stage	Q1 Files	Q1 Times Considered	Q2 Files	Q2 Times Considered	Q3 Files	Q3 Times Considered	Q4 Files	Q4 Times Considered	Total Files	Total Times Considered
<b>PMC</b>	50 (73)	73 (119)	58 (46)	97 (77)	44 (50)	62 (74)			113 (118)	232 (270)
Lawyer	47	70	51	82	34	49			97	201
Paralegal	3	3	7	15	10	13			16	31
<b>Hearing</b>	46 (76)	61 (111)	55 (67)	77 (88)	55 (57)	70 (71)			121 (142)	208 (270)
Lawyer	35	47	49	70	40	52			93	169
Paralegal	11	14	6	7	15	18			28	39
<b>AMC</b>	5 (5)	6 (11)	4 (3)	4 (5)	3 (4)	4 (4)			9 (8)	14 (20)
Lawyer	5	6	4	4	2	3			8	13
Paralegal	0	0	0	0	1	1			1	1
<b>Appeal</b>	6 (13)	7 (13)	4 (8)	4 (9)	1 (7)	1 (7)			9 (24)	12 (29)
Lawyer	4	5	3	3	1	1			6	9
Paralegal	2	2	1	1	0	0			3	3

## Total Hearings Scheduled and Vacated

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. A multi-day hearing is partially vacated if it proceeded on only some of the scheduled days. Reasons for vacated hearings are noted in Tables 9 (hearing vacated) and 10 (portion of hearing vacated). The number of hearing calendar days is noted in Table 11.

Table 8 Total hearings scheduled and vacated per quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of hearings scheduled<sup>1</sup></b>	75 (121)	86 (96)	<b>71 (81)</b>		<b>232 (298)</b>
Lawyer	63	77	50		190
Paralegal	12	9	21		42
<b>Number of hearings completely vacated</b>	21 (29)	21 (15)	<b>9 (11)</b>		<b>51 (55)</b>
<b>Percentage of hearings completely vacated</b>	28% (24%)	24% (16%)	<b>13% (14%)</b>		<b>22% (19%)</b>
Lawyer	21	19	7		47
Paralegal	0	2	2		4
<b>Number of hearings partially vacated</b>	14 (9)	9 (17)	<b>7 (7)</b>		<b>30 (33)</b>
<b>Percentage of hearings partially vacated</b>	19% (7%)	10% (18%)	<b>10% (9%)</b>		<b>13% (11%)</b>
Lawyer	10	9	6		25
Paralegal	4	0	1		5
<b>Number of appeal hearings scheduled<sup>2</sup></b>	11 (15)	5 (9)	<b>1 (7)</b>		<b>17 (31)</b>
Lawyer	9	4	1		14
Paralegal	2	1	0		3
<b>Number of appeal hearings completely vacated</b>	3 (1)	1 (0)	<b>0 (0)</b>		<b>4 (1)</b>
<b>Percentage of appeal hearings completely vacated</b>	27% (7%)	20% (0%)	<b>0% (0%)</b>		<b>24% (3%)</b>
Lawyer	3	1	0		4
Paralegal	0	0	0		0

<sup>1</sup> This includes PMC motion hearings.

<sup>2</sup> This includes AMC motion hearings.

## Reasons for Vacated Hearings

A hearing may be vacated for more than one reason. These tables show the number of times each reason resulted in a vacated hearing. In these tables, L represents lawyers and P represents paralegals.

Table 9 Reasons hearings were vacated per quarter

Reasons Hearings Were Vacated	Q1 (L)	Q1 (P)	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Party / counsel / representative unavailable / ill	6		4		2			
Counsel / representative newly retained / to be retained	3		1	1		2		
Licensee is subject of other proceeding	3		1					
Appeal abandoned	2		1					
Osgoode Hall emergency closure	2							
Seized panel member unavailable / ill	2		2					
Disclosure to be reviewed	1							
Licensing application abandoned	1							
Parties requested more time to prepare	1							
Submissions to be made in writing	1		1					
File rescheduled	1					1		
Required hearing time overestimated			1	1				
Witness unavailable	1							
Agreed Statement of Facts (ASF) concluded / expected			2		1			
Recusal of panelist			1					
Motion abandoned					2			
Pan Am Games					2			

Table 10 Reasons that portions of hearings were vacated per quarter

<b>Reasons Portions Of Hearings Were Vacated</b>	Q1 (L)	Q1 (P)	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Required hearing time overestimated	3	2	3		2			
Party to obtain / provide additional evidence	2	1						
ASF expected / signed	1	1	2		3			
Party / counsel / representative unavailable / ill	2		5					
Seized panel member unavailable / ill	2				1	1		
Licensee is subject of other proceeding	1							
Witness unavailable			2					
Parties requested pre-hearing conference (PHC)			1					

## Calendar Days Scheduled and Vacated

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a three-day hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded on the same day, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted in Table 12.

**Table 11 Number of calendar days that were scheduled and vacated in the Hearing and Appeal Divisions**

	Q1	Q2	Q3	Q4	Cumulative
Number of available calendar days	62 (62)	63 (63)	63 (63)		188 (188)
<b>Number of Hearing Division calendar days scheduled</b>	59 (60)	61 (62)	<b>54 (59)</b>		<b>174 (181)</b>
Number of Hearing Division calendar days vacated	5 (4)	2 (4)	4 (3)		11 (11)
Percentage of Hearing Division calendar days vacated	9% (7%)	3% (7%)	<b>7% (5%)</b>		6% (6%)
<b>Number of Appeal Division calendar days scheduled</b>	13 (18)	6 (13)	<b>5 (13)</b>		<b>24 (44)</b>
Number of Appeal Division calendar days vacated	3 (1)	2 (0)	0 (0)		5 (1)
Percentage of Appeal Division calendar days vacated	23% (6%)	33% (0%)	0% (0%)		21% (2%)

## Reasons For and Number of Resulting Vacated Calendar Days

The first figure in each quarter's column represents the number of times a panel accepted this reason. The second figure represents the number of resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported in Table 11 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

**Table 12 Reasons and the number of times each was accepted and resulted in vacated calendar days**

<b>Reasons For Vacated Calendar Days</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Party / counsel / representative unavailable / ill	4-4	2-2		
Appeal abandoned	2-2	1-1		
Required hearing time overestimated	1-1			
Licensee is subject of other proceeding	1-1	1-1		
Osgoode Hall emergency closure	1-1			
Submissions to be made in writing	1-1			
Witness unavailable	1-1			
Parties requested PHC		1-1		
Awaiting outcome of other proceeding		1-1		
ASF expected / signed			2-2	
Motion abandoned			2-2	
Pan Am Games			1-1	

## Parties' Adjournment Requests

The following table lists the number of adjournment requests made to the Law Society Tribunal in each quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter. In this table, L represents lawyers and P represents paralegals.

**Table 13** Number of adjournment requests granted and denied per quarter by the Hearing and Appeal Divisions

<b>Adjournment Requests</b>	Q1 (L)	Q1 (P)	Q2 (L)	Q2 (P)	<b>Q3 (L)</b>	<b>Q3 (P)</b>	Q4 (L)	Q4 (P)	<b>Cumulative</b>
Granted by PMC	9 (6)	0 (0)	7 (3)	0 (0)	<b>2 (6)</b>	<b>1 (0)</b>			<b>19 (15)</b>
Denied by PMC	0 (1)	0 (0)	3 (0)	0 (0)	<b>1 (1)</b>	<b>0 (0)</b>			<b>4 (2)</b>
Granted by Hearing Division	10 (15)	3 (2)	10 (6)	0 (3)	<b>5 (7)</b>	<b>1 (3)</b>			<b>29 (36)</b>
Denied by Hearing Division	0 (3)	1 (1)	1 (2)	0 (2)	<b>2 (1)</b>	<b>1 (0)</b>			<b>5 (9)</b>
Granted by AMC	0 (0)	0 (1)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (0)</b>			<b>0 (1)</b>
Denied by AMC	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (0)</b>			<b>0 (0)</b>
Granted by Appeal Division	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (1)</b>			<b>0 (1)</b>
Denied by Appeal Division	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (0)</b>			<b>0 (0)</b>

## Parties' Position on Adjournment Requests

### Lawyer Matters

Table 14 Parties position on adjournment requests in lawyer matters for Q3

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	1	0	1	2
Denied by PMC	0	1	0	1
Granted by the Hearing Division	3	0	2	5
Denied by the Hearing Division	0	2	0	2

### Paralegal Matters

Table 15 Parties position on adjournment requests in paralegal matters for Q3

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	0	1	0	1
Denied by PMC	0	0	0	0
Granted by the Hearing Division	1	0	0	1
Denied by the Hearing Division	0	1	0	1

## Tribunal Reasons Produced and Published

The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

Table 16 Number of oral and written reasons produced and published per quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of written reasons produced</b>	42 (39)	36 (55)	31 (53)		<b>109 (147)</b>
Lawyer	28	29	28		85
Paralegal	14	7	3		24
<b>Number of written reasons published</b>	47 (41)	41 (43)	29 (46)		<b>117 (130)</b>
Lawyer	32	32	28		92
Paralegal	15	9	1		25
<b>Number of oral reasons produced</b>	13 (35)	22 (14)	19 (20)		<b>54 (69)</b>
Lawyer	10	19	11		40
Paralegal	3	3	8		14
<b>Number of oral reasons published</b>	10 (21)	8 (1)	12 (13)		<b>30 (35)</b>
Lawyer	9	6	7		22
Paralegal	1	2	5		8



Law Society Tribunal  
Tribunal du Barreau

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# 2015 LAW SOCIETY TRIBUNAL STATISTICS

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Fourth Quarter Report: October 1, 2015 to December 31, 2015

Files Opened ..... 3

Files Closed ..... 4

    Age of Closed Files by File Type at End of Quarter ..... 5

Open Files at the End of Each Quarter..... 6

    Age of Opened Files by File Type at End of Quarter ..... 7

Summary Files Opened and Closed..... 8

Open Summary Files at End of Quarter ..... 8

Number of Lawyers and Paralegals Before the Tribunal..... 9

Number of Files and Frequency Before the Tribunal ..... 10

Total Hearings Scheduled and Vacated ..... 11

Reasons for Vacated Hearings..... 12

Calendar Days Scheduled and Vacated..... 14

Reasons For and Number of Resulting Vacated Calendar Days ..... 15

Parties' Adjournment Requests ..... 16

Parties' Position on Adjournment Requests ..... 17

    Lawyer Matters ..... 17

    Paralegal Matters ..... 17

Tribunal Reasons Produced and Published ..... 18

## Files Opened

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

NOTE – In all tables in this document, numbers in parentheses are 2014 figures.

**Table 1 Number of lawyer and paralegal files opened in the Hearing and Appeal Divisions for each quarter**

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	42 (38)	37 (33)	30 (35)	49 (42)	158 (148)
Lawyer	31	29	16	37	113
Paralegal	11	8	14	12	45
<b>Hearing Files</b>	36 (36)	34 (25)	29 (28)	43 (36)	142 (125)
Lawyer	26	27	15	32	100
Paralegal	10	7	14	11	42
<b>Appeal Files</b>	6 (2)	3 (8)	1 (7)	6 (6)	16 (23)
Lawyer	5	2	1	5	13
Paralegal	1	1	0	1	3

## Files Closed

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or any time prior.

**Table 2 Number of lawyer and paralegal files closed in the Hearing and Appeal Divisions for each quarter**

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	51 (44)	38 (52)	34 (40)	37 (44)	160 (180)
Lawyer	40	28	27	28	123
Paralegal	11	10	7	9	37
<b>Hearing Files</b>	45 (35)	34 (47)	29 (33)	34 (37)	142 (152)
Lawyer	35	25	22	25	107
Paralegal	10	9	7	9	35
<b>Appeal Files</b>	6 (9)	4 (5)	5 (7)	3 (7)	18 (28)
Lawyer	5	3	5	3	16
Paralegal	1	1	0	0	2

## Age of Closed Files by File Type at End of Quarter

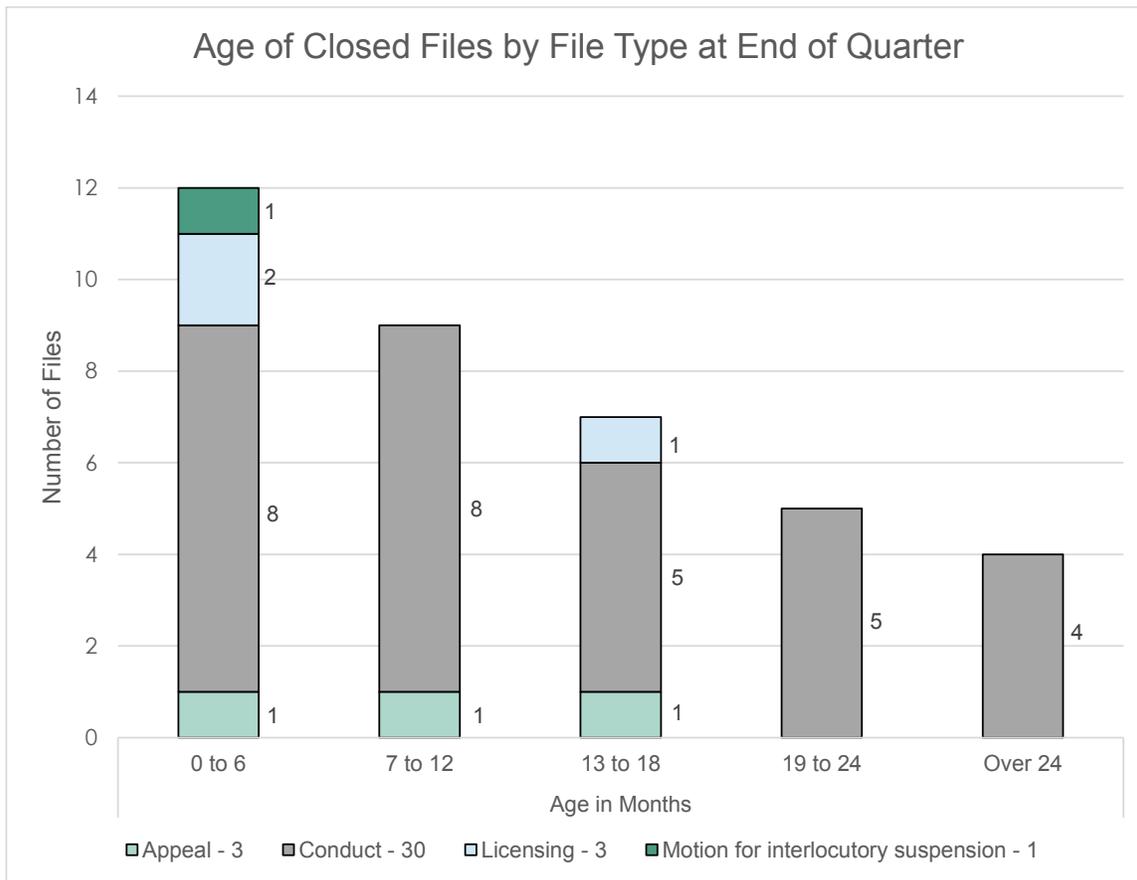


Figure 1 Number and age of files closed in each file type

## Open Files at the End of Each Quarter

Table 3 Number of lawyer and paralegal files that were open at the end of each quarter

	Q1	Q2	Q3	Q4
<b>Total Files</b>	145 (179)	145 (155)	141 (151)	<b>153 (152)</b>
Lawyer	124	127	116	125
Paralegal	21	18	25	28
<b>Hearing Files</b>	127 (162)	126 (135)	128 (131)	<b>137 (133)</b>
Lawyer	108	110	105	112
Paralegal	19	16	23	25
<b>Appeal Files</b>	18 (17)	19 (20)	13 (20)	<b>16 (19)</b>
Lawyer	16	17	11	13
Paralegal	2	2	2	3

## Age of Opened Files by File Type at End of Quarter

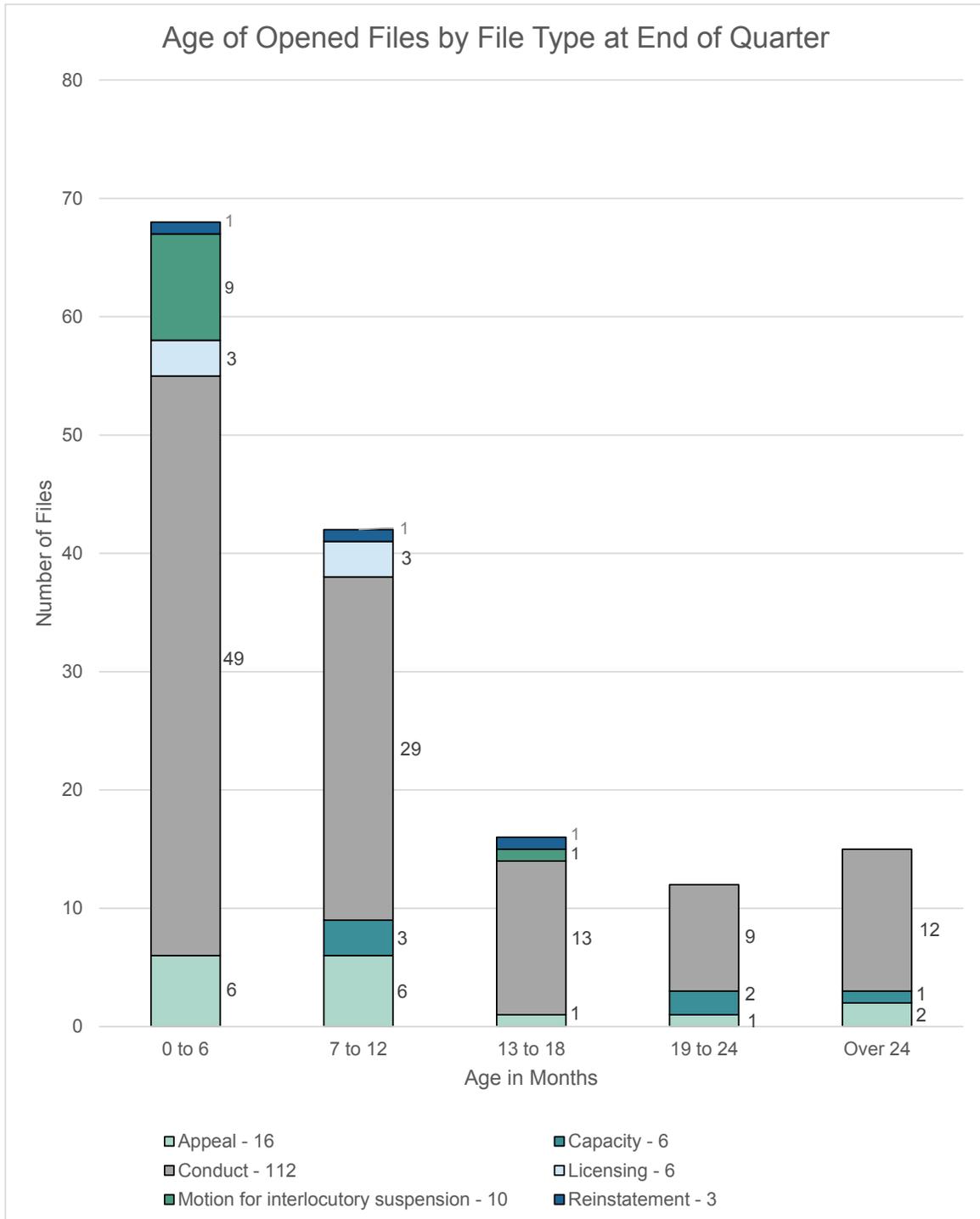


Figure 2 Number and age of open files in each file type

## Summary Files Opened and Closed

A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with s.2(1) of O. Reg. 167/07. These files are typically heard by a single adjudicator. This data is a subset of the information in Table 1 and Table 2.

Table 4 Number of lawyer and paralegal summary files that were opened and closed in each quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Summary Files Opened</b>	10 (8)	10 (8)	7 (8)	13 (8)	40 (32)
Lawyer	7	6	2	10	25
Paralegal	3	4	5	3	15
<b>Total Summary Files Closed</b>	9 (12)	11 (13)	8 (5)	9 (11)	37 (41)
Lawyer	8	8	4	5	25
Paralegal	1	3	4	4	12

## Open Summary Files at End of Quarter

Table 5 Number of lawyer and paralegal summary files that were open at the end of each quarter

	Q1	Q2	Q3	Q4
<b>Total Summary Files</b>	18 (21)	18 (16)	17 (19)	21 (15)
Lawyer	15	12	10	16
Paralegal	3	6	7	5

## Number of Lawyers and Paralegals Before the Tribunal

The Yearly Total will not equal the sum of Q1 to Q4 because the Yearly Total reflects lawyers and paralegals that appeared in more than one quarter only once.

Table 6 Number of lawyers and paralegals before the Tribunal at various proceeding stages

Stage	Q1	Q2	Q3	Q4	Yearly Total
<b>Proceeding Management Conference (PMC)</b>	48 (68)	52 (43)	41 (48)	<b>43 (48)</b>	<b>122 (127)</b>
Lawyers	45	46	32	33	100
Paralegals	3	6	9	10	22
<b>Hearing</b>	40 (65)	47 (56)	47 (49)	<b>54 (69)</b>	<b>137 (161)</b>
Lawyers	30	41	32	44	103
Paralegals	10	6	15	10	34
<b>Appeal Management Conference (AMC)</b>	5 (5)	3 (3)	3 (4)	<b>4 (9)</b>	<b>12 (15)</b>
Lawyers	5	3	2	4	11
Paralegals	0	0	1	0	1
<b>Appeal</b>	6 (13)	4 (8)	1 (7)	<b>4 (7)</b>	<b>12 (26)</b>
Lawyers	4	3	1	3	9
Paralegals	2	1	0	1	3

## Number of Files and Frequency Before the Tribunal

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal. Total Files will not equal the sum of Q1 to Q4 Files because Total Files reflect files that appeared in more than one quarter only once.

Table 7 Number of files before the Tribunal and number of times files were considered by the Tribunal

Stage	Q1 Files	Q1 Times Considered	Q2 Files	Q2 Times Considered	Q3 Files	Q3 Times Considered	Q4 Files	Q4 Times Considered	Total Files	Total Times Considered
<b>PMC</b>	50 (73)	73 (119)	58 (46)	97 (77)	44 (50)	62 (74)	<b>46</b> (50)	<b>66</b> (68)	<b>137</b> (144)	<b>298</b> (338)
Lawyer	47	70	51	82	34	49	35	54	112	255
Paralegal	3	3	7	15	10	13	11	12	25	43
<b>Hearing</b>	46 (76)	61 (111)	55 (67)	77 (88)	55 (57)	70 (71)	<b>57</b> (80)	<b>74</b> (107)	<b>158</b> (190)	<b>282</b> (377)
Lawyer	35	47	49	70	40	52	47	58	121	227
Paralegal	11	14	6	7	15	18	10	16	37	55
<b>AMC</b>	5 (5)	6 (11)	4 (3)	4 (5)	3 (4)	4 (4)	<b>4</b> (9)	<b>6</b> (14)	<b>12</b> (15)	<b>20</b> (34)
Lawyer	5	6	4	4	2	3	4	6	11	19
Paralegal	0	0	0	0	1	1	0	0	1	1
<b>Appeal</b>	6 (13)	7 (13)	4 (8)	4 (9)	1 (7)	1 (7)	<b>4</b> (7)	<b>4</b> (8)	<b>12</b> (26)	<b>16</b> (37)
Lawyer	4	5	3	3	1	1	3	3	9	12
Paralegal	2	2	1	1	0	0	1	1	3	4

## Total Hearings Scheduled and Vacated

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. A multi-day hearing is partially vacated if it proceeded on only some of the scheduled days. Reasons for vacated hearings are noted in Tables 9 (hearing vacated) and 10 (portion of hearing vacated). The number of hearing calendar days is noted in Table 11.

Table 8 Total hearings scheduled and vacated per quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of hearings scheduled<sup>1</sup></b>	75 (121)	86 (96)	71 (81)	<b>83 (109)</b>	<b>315 (407)</b>
Lawyer	63	77	50	67	257
Paralegal	12	9	21	16	58
<b>Number of hearings completely vacated</b>	21 (29)	21 (15)	9 (11)	<b>13 (13)</b>	<b>64 (68)</b>
<b>Percentage of hearings completely vacated</b>	28% (24%)	24% (16%)	13% (14%)	<b>16% (12%)</b>	<b>20% (17%)</b>
Lawyer	21	19	7	12	59
Paralegal	0	2	2	1	5
<b>Number of hearings partially vacated</b>	14 (9)	9 (17)	7 (7)	<b>10 (12)</b>	<b>40 (45)</b>
<b>Percentage of hearings partially vacated</b>	19% (7%)	10% (18%)	10% (9%)	<b>12% (11%)</b>	<b>13% (11%)</b>
Lawyer	10	9	6	7	33
Paralegal	4	0	1	3	8
<b>Number of appeal hearings scheduled<sup>2</sup></b>	11 (15)	5 (9)	1 (7)	<b>5 (12)</b>	<b>22 (43)</b>
Lawyer	9	4	1	4	18
Paralegal	2	1	0	1	4
<b>Number of appeal hearings completely vacated</b>	3 (1)	1 (0)	0 (0)	<b>1 (4)</b>	<b>5 (5)</b>
<b>Percentage of appeal hearings completely vacated</b>	27% (7%)	20% (0%)	0% (0%)	<b>20% (33%)</b>	<b>23% (12%)</b>
Lawyer	3	1	0	1	5
Paralegal	0	0	0	0	0

<sup>1</sup> This includes PMC motion hearings.

<sup>2</sup> This includes AMC motion hearings.

## Reasons for Vacated Hearings

A hearing may be vacated for more than one reason. These tables show the number of times each reason resulted in a vacated hearing. In these tables, L represents lawyers and P represents paralegals.

Table 9 Reasons hearings were vacated per quarter

Reasons Hearings Were Vacated	Q1 (L)	Q1 (P)	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Party / counsel / representative unavailable / ill	6		4		2		3	
Counsel / representative newly retained / to be retained	3		1	1		2	3	1
Licensee is subject of other proceeding	3		1					
Appeal abandoned	2		1					
Osgoode Hall emergency closure	2							
Seized panel member unavailable / ill	2		2					
Disclosure to be reviewed	1							
Licensing application abandoned	1							
Parties requested more time to prepare	1							
Submissions to be made in writing	1		1					
File rescheduled	1					1	2	
Required hearing time overestimated			1	1				
Witness unavailable	1							
Agreed Statement of Facts (ASF) concluded / expected			2		1		2	
Recusal of panelist			1					
Motion abandoned					2			
Pan Am Games					2			
Counsel unprepared							1	
Party to obtain / provide additional evidence							1	

Table 10 Reasons that portions of hearings were vacated per quarter

<b>Reasons Portions of Hearings Were Vacated</b>	<b>Q1 (L)</b>	<b>Q1 (P)</b>	<b>Q2 (L)</b>	<b>Q2 (P)</b>	<b>Q3 (L)</b>	<b>Q3 (P)</b>	<b>Q4 (L)</b>	<b>Q4 (P)</b>
Required hearing time overestimated	3	2	3		2		3	2
Party to obtain / provide additional evidence	2	1						1
ASF expected / signed	1	1	2		3		2	
Party / counsel / representative unavailable / ill	2		5					
Seized panel member unavailable / ill	2				1	1		
Licensee is subject of other proceeding	1							
Witness unavailable			2					
Parties requested pre-hearing conference (PHC)			1					
Parties requested time to consult							1	

## Calendar Days Scheduled and Vacated

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a three-day hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded on the same day, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted in Table 12.

**Table 11** Number of calendar days that were scheduled and vacated in the Hearing and Appeal Divisions

	Q1	Q2	Q3	Q4	Cumulative
Number of available calendar days	62 (62)	63 (63)	63 (63)	61 (61)	249 (249)
<b>Number of Hearing Division calendar days scheduled</b>	59 (60)	61 (62)	54 (59)	<b>56 (59)</b>	<b>230 (240)</b>
Number of Hearing Division calendar days vacated	5 (4)	2 (4)	4 (3)	<b>8 (7)</b>	<b>19 (18)</b>
Percentage of Hearing Division calendar days vacated	9% (7%)	3% (7%)	7% (5%)	<b>14% (12%)</b>	<b>8% (8%)</b>
<b>Number of Appeal Division calendar days scheduled</b>	13 (18)	6 (13)	5 (13)	<b>11 (19)</b>	<b>35 (63)</b>
Number of Appeal Division calendar days vacated	3 (1)	2 (0)	0 (0)	<b>1 (2)</b>	<b>6 (3)</b>
Percentage of Appeal Division calendar days vacated	23% (6%)	33% (0%)	0% (0%)	<b>9% (11%)</b>	<b>17% (5%)</b>

## Reasons For and Number of Resulting Vacated Calendar Days

The first figure in each quarter's column represents the number of times a panel accepted this reason. The second figure represents the number of resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported in Table 11 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

**Table 12 Reasons and the number of times each was accepted and resulted in vacated calendar days**

<b>Reasons For Vacated Calendar Days</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Party / counsel / representative unavailable / ill	4-4	2-2		1-1
Appeal abandoned	2-2	1-1		
Required hearing time overestimated	1-1			1-1
Licensee is subject of other proceeding	1-1	1-1		
Osgoode Hall emergency closure	1-1			
Submissions to be made in writing	1-1			
Witness unavailable	1-1			
Parties requested PHC		1-1		
Awaiting outcome of other proceeding		1-1		
ASF expected / signed			2-2	2-5
Motion abandoned			2-2	
Pan Am Games			1-1	
Party to bring motion				1-2

## Parties' Adjournment Requests

The following table lists the number of adjournment requests made to the Law Society Tribunal in each quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter. In this table, L represents lawyers and P represents paralegals.

**Table 13** Number of adjournment requests granted and denied per quarter by the Hearing and Appeal Divisions

<b>Adjournment Requests</b>	Q1 (L)	Q1 (P)	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	<b>Q4 (L)</b>	<b>Q4 (P)</b>	<b>Cumulative</b>
Granted by PMC	9 (6)	0 (0)	7 (3)	0 (0)	2 (6)	1 (0)	<b>4 (4)</b>	<b>1 (0)</b>	<b>24 (19)</b>
Denied by PMC	0 (1)	0 (0)	3 (0)	0 (0)	1 (1)	0 (0)	<b>2 (2)</b>	<b>0 (0)</b>	<b>6 (4)</b>
Granted by Hearing Division	10 (15)	3 (2)	10 (6)	0 (3)	5 (7)	1 (3)	<b>9 (10)</b>	<b>3 (2)</b>	<b>41 (48)</b>
Denied by Hearing Division	0 (3)	1 (1)	1 (2)	0 (2)	2 (1)	1 (0)	<b>0 (0)</b>	<b>1 (1)</b>	<b>6 (10)</b>
Granted by AMC	0 (0)	0 (1)	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (1)</b>	<b>0 (0)</b>	<b>0 (2)</b>
Denied by AMC	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>
Granted by Appeal Division	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (1)	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (1)</b>
Denied by Appeal Division	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>

## Parties' Position on Adjournment Requests

### Lawyer Matters

Table 14 Parties position on adjournment requests in lawyer matters for Q4

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	3	0	1	4
Denied by PMC	0	2	0	2
Granted by the Hearing Division	3	5	1	9
Denied by the Hearing Division	0	0	0	0

### Paralegal Matters

Table 15 Parties position on adjournment requests in paralegal matters for Q4

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	0	0	1	1
Denied by PMC	0	0	0	0
Granted by the Hearing Division	1	1	1	3
Denied by the Hearing Division	0	1	0	1

## Tribunal Reasons Produced and Published

The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

Table 16 Number of oral and written reasons produced and published per quarter

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of written reasons produced</b>	42 (39)	36 (55)	31 (53)	<b>31 (36)</b>	<b>140 (183)</b>
Lawyer	28	29	28	27	112
Paralegal	14	7	3	4	28
<b>Number of written reasons published</b>	47 (41)	41 (43)	29 (46)	<b>31</b>	<b>148 (168)</b>
Lawyer	32	32	28	28	120
Paralegal	15	9	1	3	28
<b>Number of oral reasons produced</b>	13 (35)	22 (14)	19 (20)	<b>21 (24)</b>	<b>75 (93)</b>
Lawyer	10	19	11	16	56
Paralegal	3	3	8	5	19
<b>Number of oral reasons published</b>	10 (21)	8 (1)	12 (13)	<b>16 (17)</b>	<b>46 (52)</b>
Lawyer	9	6	7	12	34
Paralegal	1	2	5	4	12

**TAB 8**



## **Report to Convocation April 28, 2016**

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### **Equity and Aboriginal Issues Committee/ Comité sur l'équité et les affaires autochtones**

**Committee Members**  
**Julian Falconer, Co-Chair**  
**Janet Leiper, Co-Chair**  
**Dianne Corbiere, Vice-Chair**  
**Sandra Nishikawa, Vice-Chair**  
**Raj Anand**  
**Fred Bickford**  
**Suzanne Clément**  
**Teresa Donnelly**  
**Robert Evans**  
**Avvy Go**  
**Howard Goldblatt**  
**Marian Lippa**  
**Isfahan Merali**  
**Barbara Murchie**  
**Gina Papageorgiou**  
**Susan Richer**  
**Raj Sharda**

**Purpose of Report: Decision and Information**

**Prepared by the Equity Initiatives Department  
(Ekua Quansah – 416-947-3425)**

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## COMMITTEE PROCESS

1. The Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones (the "Committee") met on April 14, 2016. Treasurer Janet Minor attended. Committee members, benchers Julian Falconer, Co-Chair, Janet Leiper, Co-Chair, Dianne Corbiere, Vice-Chair, Sandra Nishikawa, Vice-Chair, Raj Anand, Fred Bickford, Suzanne Clément, Teresa Donnelly, Robert Evans, Avvy Go, Howard Goldblatt, Marian Lippa, Isfahan Merali, Barbara Murchie, Gina Papageorgiou, Susan Richer and Raj Sharda attended. Bencher Joanne St. Lewis also attended. Representatives of the Indigenous Advisory Proto Group Cassandra Baars, Audrey Huntley, Kathleen Lickers, Candice Metallic and Sheila Warner participated. Julie Lassonde, representative of the Association des juristes d'expression française de l'Ontario, and Jonathan Davey, Vice-Chair of the Equity Advisory Group also participated. Staff members Robert Lapper, CEO, Darcy Belisle, Allison Cheron, Hyacinth Khin, Ekua Quansah, Susan Tonkin and Robert Watkins were present.

**FOR DECISION**

**HUMAN RIGHTS MONITORING GROUP REQUEST FOR INTERVENTIONS**

2. That Convocation approve the letters and public statements in the following cases:
  - a. Lawyer Sirikan Charoensiri – Thailand– letter of intervention and public statement presented at [TAB 8.1.1](#).
  - b. Lawyer Zhang Kai – China – letter of intervention and public statement presented at [TAB 8.1.2](#).
  - c. Lawyers Christopher Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Ruzgar – Turkey – letter of intervention and public statement presented at [TAB 8.1.3](#).
  - d. Lawyer Yuri Grabovski – Ukraine – letter of intervention and public statement presented at [TAB 8.1.4](#).
  - e. Lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy – Malaysia - letter of intervention and public statement presented at [TAB 8.1.5](#).
  - f. Lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika – Indonesia - letter of intervention and public statement presented at [TAB 8.1.6](#).

**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 persecution of human rights lawyer Sirikan Charoensiri:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the Law Society of Upper Canada has intervened before in respect of human rights issues in Thailand;

- c. the detention and persecution of human rights lawyer Sirikan Charoensiri falls within the mandate of the Monitoring Group.
5. The Monitoring Group considered the following factors when making a decision about the disappearance of human rights lawyer Zhang Kai:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the Law Society of Upper Canada has intervened a number of times in respect of human rights issues in China;
  - c. the detention and persecution of human rights lawyer Zhang Kai falls within the mandate of the Monitoring Group.
6. The Monitoring Group considered the following factors when making a decision about the prosecution of Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Ruzgar:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the Law Society of Upper Canada has intervened before in respect of human rights issues in Turkey;
  - c. the Law Society of Upper Canada has intervened before on behalf of Ramazan Demir;
  - d. the harassment and intimidation of these lawyers falls within the mandate of the Monitoring Group.
7. The Monitoring Group considered the following factors when making a decision about the murder of human rights lawyer Yuri Grabovski:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the murder of human rights lawyer Yuri Grabovski falls within the mandate of the Monitoring Group.
8. The Monitoring Group considered the following factors when making a decision about the prosecution of lawyers Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the prosecution of lawyers Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy falls within the mandate of the Monitoring Group.

9. The Monitoring Group considered the following factors when making a decision about the persecution of lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the persecution of lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika falls within the mandate of the Monitoring Group.

## KEY BACKGROUND

### THAILAND – DETENTION OF SIRIKAN CHAROENSIRI

#### Sources of Information

10. The background information for this report was taken from the following sources:
  - a. Lawyers for Lawyers
  - b. Lawyer's Rights Watch
  - c. International Commission of Jurists
  - d. Thai Lawyers for Human Rights
  - e. Frontline Defenders

#### Background

11. Sirikan Charoensiri is a lawyer with Thai Lawyers for Human Rights (TLHR).<sup>1</sup> On 26 June 2015, fourteen student activists of the New Democracy Movement (NDM) were arrested and charged with violating a prohibition on gatherings of more than five people (Article 116 of the Thai Criminal Code). Along with seven other lawyers at the TLHR, Sirikan Charoensiri was on duty at the time of the arrest and was one of the lawyers that represented the activists at their hearing the following day.<sup>2</sup>
12. After the activists' hearing, police attempted to conduct a warrantless search of Sirikan Charoensiri's car. Sirikan Charoensiri refused consent to the search and attempted to file a complaint with the police. The police refused to accept her complaint and impounded her car. Later that day, Sirikan Charoensiri attempted to file another complaint. At this point a senior officer allegedly threatened Sirikan Charoensiri with "some form of legal action" if she did not abandon the complaint.<sup>3</sup> The police subsequently searched Sirikan Charoensiri's car with a warrant, which was reportedly obtained without advising the court

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<sup>1</sup> "Update on Thai Human Rights Lawyer Sirikan Charoensiri's case," online: Asian Human Rights Commission <<http://www.humanrights.asia>>

<sup>2</sup> "Re: Harassment and intimidation of human rights lawyer Sirikan Charoensiri," online: Lawyers for Lawyers <<http://www.advocatenvooradvocaten.nl>>

<sup>3</sup> "Thailand: immediately drop criminal proceedings against human rights lawyer Sirikan Charoensiri," online: International Commission of Jurists <<http://www.icj.org>>

the car in question belonged to the accuseds' counsel, and seized three of the activists' mobile phones as evidence. Later that evening, the police finally accepted Sirikan Charoensiri's complaint of 'malfeasance' against Pol.Lt. Gen. Chayapol Chatchayadetch for the unlawful search and seizure of her car.<sup>4</sup>

13. On 29 June 2015, police questioned Sirikan Charoensiri's parents about her background and asked them to identify her in photographs. On 9 February 2016, Sirikan Charoensiri was summoned to report to the Chansongkram Police Station on several criminal charges: concealing evidence (s. 142 of the Penal Code); filing a false police report (s. 172 of the Penal Code); and refusing to comply with an order of a competent official (s. 368 of the Penal Code).<sup>5</sup>
14. On 9 February 2016, Sirikan Charoensiri attended the Chanasongkram Police Station in Bangkok as summoned. With respect to the charge of filing a false complaint, the inquiry official refrained to inform the charge because the complaining officer, Pol.Lt. Gen. Chayapol Chatchayadetch, had not actually described any false statements in his complaint against Sirikan Charoensiri. With respect to the other charges, Sirikan Charoensiri plead her innocence. The matter is ongoing.
15. Sirikan Charoensiri's harassment evidences the hardship faced by lawyers in Thailand since the military junta took power in May 2014. Lawyers for Lawyers and Lawyer's Rights Watch Canada have intervened in this case. On 4 August 2015, Lawyer for Lawyers wrote to the Gen. Prayuth Chan-ocha, Prime Minister of Thailand noting its concern in this case.<sup>6</sup> On 7 February 2016, Lawyer's Rights Watch Canada issued a public statement, denouncing the "illegitimate charges" against Sirikan Charoensiri and calling for an end to the "harassment" against her.<sup>7</sup>

## CHINA – DETENTION AND RELEASE OF HUMAN RIGHTS LAWYER ZHANG KAI

### Sources of Information

16. The background information for this report was taken from the following sources:
  - a. The Guardian
  - b. The New York Times

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<sup>4</sup> "Human rights lawyer Sirikan Charoensiri facing criminal charges after filling complaint against police officer," online: Thai Lawyers for Human Rights <<http://www.prachatai.org>>

<sup>5</sup> Ibid; 'Cease judicial harassment of human rights lawyer, Ms. Sirikan ("June") Charoensiri, 7 February 2016" online: Lawyer's Rights Watch Canada<[www.lrwc.org](http://www.lrwc.org)>; see also: Penal Code, B.E. 2499, available at <http://www.thailandlawonline.com/table-of-contents/thailand-criminal-law-translation>

<sup>6</sup> "Re: Harassment and intimidation of human rights lawyer Sirikan Charoensiri," online: Lawyers for Lawyers <<http://www.advocatenvooradvocaten.nl>>

<sup>7</sup> "Cease judicial harassment of human rights lawyer, Ms. Sirikan ("June") Charoensiri, 7 February 2016," online: Lawyer's Rights Watch Canada<[www.lrwc.org](http://www.lrwc.org)>;

- c. China Aid
- d. Amnesty USA
- e. Christian Solidarity Worldwide

## Background

17. Zhang Kai is a prominent Beijing human rights lawyer who provided advice and information to congregations in Wenzhou, Zhejiang province, facing the forced removal of their crosses.<sup>8</sup> For the last two years, an official campaign has been underway in Zhejiang Province to remove crosses from churches and other buildings.
18. On 25 August 2015, Zhang Kai was arrested while advising a Wenzhou congregation facing orders to remove the cross from atop their church. The arrest occurred just hours before Zhang Kai was due to meet an American State Department official to discuss religious freedom in China.<sup>9</sup>
19. The police placed Zhang Kai under 'residential surveillance in an undisclosed location' with an order to detain him for up to six months. Zhang Kai was not heard from again until 25 February 2016 when he appeared in a taped confession broadcast on state television. In the video, Zhang Kai expressed his remorse and admitted to conspiring with foreign groups in order to stir up religious unrest in China. He also claimed to have received payment from China Aid to defend churches and other Christian organizations affected by the campaign to remove crosses.<sup>10</sup>
20. After the broadcast, Zhang Kai was charged with "endangering state secrets" and "gathering a crowd to disturb public order"; thereafter, Zhang Kai was transferred from residential surveillance to criminal detention.<sup>11</sup> His parents were informed of the transfer on 28 February 2016.<sup>12</sup>
21. On 23 March 2016, Zhang Kai posted on WeChat and Weibo saying that he had been "safely returned to his hometown in Inner Mongolia." His comments on social media do not provide reasons for his sudden arrest.<sup>13</sup>

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<sup>8</sup> "Chinese human rights lawyer Zhang Kai released, 23 March 2016," online: Christian Solidarity Worldwide<<http://www.csw.org.uk>>

<sup>9</sup> Tom Phillips, "Anger as Christian lawyer paraded on Chinese state TV for 'confession', 26 February 2016," online: The Guardian<<http://www.theguardian.com>>

<sup>10</sup> Edward Wong, "Chinese lawyer who was detained while defending churches is released, 24 March 2016," online: The New York Times<<http://www.nytimes.com>>

<sup>11</sup> "The case of Zhang Kai: Refuting lies, clarifying the facts, and setting the record straight, 29 February 2016," online: China Aid <http://www.chinaaid.org>; Tom Phillips, 'Anger as Christian lawyer paraded on Chinese state TV for 'confession', 26 February 2016' online: The Guardian<<http://www.theguardian.com>>

<sup>12</sup> "The case of Zhang Kai: Refuting lies, clarifying the facts, and setting the record straight, 29 February 2016," online: China Aid <http://www.chinaaid.org>>

<sup>13</sup> "Urgent action: Lawyer defending churches in China released, 25 March 2016," online: Amnesty USA<<http://amnestyusa.org>>

22. Zhang Kai's taped confession has been received with grave scepticism from around the world. On 27 February 2016, the BBC reported that a US State Department spokesperson said, "such confessions are counter to the standards of a rule of law. We urge China to release Zhang and others detained for seeking to peacefully uphold the freedom of religion guaranteed in China's constitution."

**TURKEY – CHRISTOPHER RAMAZAN DEMIR, İRFAN ARASAN, AYŞE ACINIKLI, HÜSEYİN BOĞATEKİN, ŞEFİK ÇELİK, ADEM ÇALIŞCI, AYŞE BAŞAR, TAMER DOĞAN AND MUSTAFA RUZGAR**

**Sources of Information**

23. The background information for this report was taken from the following sources:
- a. International Association of Lawyers
  - b. Lawyers for Lawyers
  - c. Fair Trial Watch
  - d. Lawyer's Rights Watch Canada
24. Reports indicate that on 16 March 2016, police raided the houses of nine lawyers in Istanbul, Turkey. The following lawyers were taken into police custody: Ramazan Demir<sup>14</sup>, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışcı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar. All nine lawyers are members of the Libertarian Lawyers Association (Özgürlükcü Hukukçular Derneği – ÖHD). All of the lawyers represented one or more of forty-six lawyers arrested in 2011 while defending the leader of the Kurdish Workers Party ("PKP") on suspicion of "working for, or belonging to, a terrorist organization."<sup>15</sup>
25. On 18 March 2016 Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışcı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar attended a pre-trial release hearing at the 1st Criminal Peace Court. İrfan Arasan and Mustafa Ruzgar were unconditionally released. After a 13-hour pre-trial release hearing the following day, the Court ordered the pre-trial release of the remaining seven lawyers subject to the condition that they not leave Turkey.

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<sup>14</sup> The Law Society intervened on behalf of Ramazan Demir in April 2014 when she was arrested and charged with "insulting or (...) offending the dignity of a public authority in the performance of his duties": "Facilitating International Access to Justice Through Intervention," online: The Law Society of Upper Canada < <https://www.lsuc.on.ca> >.

<sup>15</sup> "Violation of the rights to defence in Turkey: New arrests of lawyers," International Association of Lawyers < <http://www.uianet.org> >; see also: "Re: Police raid on and arrest of 9 lawyers," online: Lawyers for Lawyers & Fair Trial Watch < <http://www.advocatenvooradvocaten.nl> >

26. On 21 March 2016, the prosecutor appealed the decision to the 1st Criminal Peace Court but was unsuccessful. On the same day, without notice to the defendants or their legal counsel, the prosecutor appealed to the 2nd Criminal Court of Peace. The 2nd Criminal Court of Peace summarily reversed the 1<sup>st</sup> Criminal Peace Court's pre-trial release order with respect to Hüseyin Boğatekin Ramazan Demir, Ayşe Acınıklı and Ayşe Gosterislioglu. On 22 March 2016, warrants were issued for their arrest. . Two of the lawyers were re-arrested immediately but were released two days later. On 6 April 2016, lawyers Ramazan Demir and Ayşe Acinikli were re-arrested.<sup>16</sup>
27. Lawyers for Lawyers and Fair Trial Watch addressed a joint submission to the Kenan Ipek, Minister of Justice following the lawyers' arrest on 18 March 2016.<sup>17</sup> On 24 March 2016, Lawyer's Rights Watch Canada intervened on behalf of all nine lawyers in a letter addressed to Recep Tayyip Erdogan, President of Turkey, and Ahmet Davutoglu, Foreign Minister. In their letter, they noted that the detention of any of the lawyers on the authority of the 22 March 2016 decision of the 2nd Criminal Peace Court would be "arbitrary and contrary to law." They also noted that, "the 21 March proceedings violated rights to notice, fair trial, presumption of innocence, freedom from arbitrary detention and the right to be heard by an impartial, independent and competent tribunal."<sup>18</sup>

## UKRAINE – YURI GRABOVSKI

### Sources of Information

28. The background information for this report was taken from the following sources:
- a. Canadian Broadcasting Corporation
  - b. The New York Times
  - c. International Commission of Jurists
29. Yuri Grabovski was a Ukrainian human rights lawyer defending Aleksandr A. Aleksandrov, an alleged Russian intelligence officer captured in eastern Ukraine. Yuri Grabovski disappeared on 6 March 2016 while returning to Kiev from a business meeting in Odessa.<sup>19</sup> On 20 March 2016, Anatoly Matios, Chief Military Prosecutor of Ukraine, informed the media that a suspect in Yuri Grabovski's disappearance had been apprehended. Yuri Grabovski's body was found on 25 March 2016 south of Kiev after the suspect reportedly informed police of its location.<sup>20</sup> Shortly thereafter, Anatoly V. Matios

<sup>16</sup> "Lawyers Ramazan Demir and Ayşe Acınıklı detained again, 7 April 2016," online: Fair Trial Watch & Lawyers for Lawyers < <http://www.advocatenvooradvocaten.nl>>

<sup>17</sup> "Re: Police raid on and arrest of 9 lawyers," online: Lawyers for Lawyers & Fair Trial Watch < <http://www.advocatenvooradvocaten.nl>>

<sup>18</sup> "Turkey: Arbitrary Arrests and Detentions of İrfan Arasan, Ayşe Acınıklı, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışcı, Tamer Doğan, Ayşe Gosterislioglu, Mustafa Ruzgar and Ramazan Demir, 24 March 2016," online: Lawyer's Rights Watch Canada < <http://www.lrwc.org>>

<sup>19</sup> Susan Ormiston, "Ukrainian lawyer defending Russian serviceman found slain, 25 March 2016," online: Canadian Broadcasting Corporation <<http://www.cbc.ca>>

<sup>20</sup> Ivan Nechepurenko, "Lawyer defending Russian soldier in Ukraine is found dead, 25 March 2016," online: The New York Times < <http://www.nytimes.com>>

confirmed that the victim “was killed in a violent way and finished off with a firearm.”<sup>21</sup> Since then, another suspect has been detained by the police.<sup>22</sup>

30. On 29 March 2016, the International Commission of Jurists issued the following statement: “The death of lawyer Yury Grabovsky must be investigated in a prompt, impartial and effective manner. Other lawyers who may be under threat should be urgently granted the necessary measures of protection.”<sup>23</sup>
31. Yuri Grabovski’s murder is the second killing of a lawyer in Ukraine this month and the fourth since January 2015.<sup>24</sup>

## **MALAYSIA – CHARLES HECTOR, FRANCIS PEREIRA, AND SHANMUGAM RAMASAMY**

### **Sources of Information**

- a. International Commission of Jurists
  - b. Amnesty International
  - c. Lawyer’s Rights Watch Canada
32. On 31 March 2016, the Secretary of the Malaysian Bar Association, Karen Cheah Yee Lynn, and lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy were arrested and placed under investigation for sedition pursuant to section 4(1)(a) of the *Sedition Act 1948*. Reports indicate that the criminal investigation is a political response to a motion tabled by the lawyers at the Malaysian Bar’s General Assembly on 19 March 2016. The motion, which was passed by an overwhelming majority of the Malaysian Bar, called for the resignation of Attorney-General Tan Sri Mohamed Apandi Ali following his controversial decision to end the Malaysian Anti-Corruption Commission’s investigation into the Prime Minister’s financial affairs.<sup>25</sup>
  33. Malaysia’s Sedition Act is widely regarded as a draconian law that was enacted by the British colonial government in order to criminalize speech and publications that exhibit “seditious tendencies.” On 1 April 2016 Amnesty International issued a public statement, noting Prime Minister Razak’s liberal use of the Act in order “to silence, harass and lock up hundreds of critics in Malaysia.”<sup>26</sup> The International Commission of Jurists has also issued a statement, noting that the sedition investigation interferes with the independence of

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<sup>21</sup> “Ukraine: violent death of a lawyer is an attack on the legal profession, 29 March 2016,” online: International Commission of Jurists < <http://www.icj.org> >

<sup>22</sup> *Ibid.*

<sup>23</sup> “Ukraine: violent death of a lawyer is an attack on the legal profession, 29 March 2016,” online: International Commission of Jurists < <http://www.icj.org> >

<sup>24</sup> *Ibid.*

<sup>25</sup> “Malaysia: Sedition investigation against Malaysian Bar members constitutes inappropriate interference, 30 March 2016,” online: International Commission of Jurists < <http://www.icj.org> >

<sup>26</sup> “Malaysia: Drop investigations against members of the Malaysian Bar, 1 April 2016,” online: Amnesty International < <http://www.amnesty.ca> >

lawyers and their professional associations.<sup>27</sup> On 5 April 2016, Lawyer's Rights Watch Canada intervened on behalf of the lawyers and urged the Malaysian government to halt the sedition investigations and repeal the *Sedition Act 1948*.<sup>28</sup>

## **INDONESIA – TIGOR GEMPITA HUTAPEA AND OBED SAKTI ANDRE DOMINIKA**

### **Sources of Information**

- a. Lawyers for Lawyers
  - b. Lawyer's Rights Watch Canada
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34. On 4 April 2016, Lawyers for Lawyers and Lawyer's Rights Watch Canada published a joint intervention letter on behalf of public interest lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika.<sup>29</sup> Both lawyers work for the Legal Aid Institute ("LBH") in Jakarta and have represented numerous clients in a large variety of public interest cases.
  35. On 30 October 2016, Tigor Gempita Hutapea and Obed Sakti Andre Dominika attended a peaceful protest rally at the Presidential Palace in order to monitor police violence. Protestors were demanding a change in the minimum wage formulae. The lawyers were arrested along with twenty-four protestors and subsequently charged under Article 216 of the Indonesian Criminal Code for 'disobeying police orders'; however, reports indicate that the lawyers and the protestors were already dispersing the area when police started to beat and arrest them.
  36. In their joint submission, Lawyers for Lawyers and Lawyer's Rights Watch Canada note that the charges appear to relate solely to Tigor Gempita Hutapea and Obed Sakti Andre Dominika's "legitimate actions as lawyers and human rights defenders."<sup>30</sup>

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<sup>27</sup> "Malaysia: Sedition investigation against Malaysian Bar members constitutes inappropriate interference, 30 March 2016," online: International Commission of Jurists < <http://www.icj.org> >

<sup>28</sup> "Re: In the matter of Karen Cheah Yee Lynn, Shanmugam Ramasamy, Francis Pereira, and Charles Hector, 5 April 2016," online: Lawyer's Rights Watch Canada < [www.lrwc.org](http://www.lrwc.org) >

<sup>29</sup> "Lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika, 4 April 2016," online: Lawyers for Lawyers; Lawyer's Rights Watch Canada < <http://www.advocatenvooradvocaten.nl> >

<sup>30</sup> *Ibid.*

**TAB 8.1.1**

## **PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT**

### **SIRIKAN CHAROENSIRI**

His Excellency Gen Prayuth Chan-ocha, Prime Minister of Thailand  
Government House  
1 Phitsanulok Road  
Dusit, 10300  
Bangkok  
Thailand

Your Excellency:

#### **Re: Harassment of Human Rights Lawyer Sirikan Charoensiri**

I write on behalf of the Law Society of Upper Canada to voice our grave concern over the harassment of human rights lawyer Sirikan Charoensiri. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Sirikan Charoensiri is a lawyer with Thai Lawyers for Human Rights (TLHR). On 26 June 2015, 14 student activists with the New Democracy Movement (NDM) were arrested and charged with violating a prohibition on gatherings of more than five people (Article 116 of the Thai Criminal Code). Sirikan Charoensiri represented the activists at their hearing along with seven other lawyers from the TLHR.

After the activists' hearing on 27 June 2015, police attempted to conduct a warrantless search of Sirikan Charoensiri's car. Sirikan Charoensiri refused to consent to the search and attempted to file a complaint alleging police malfeasance. The police refused to accept her complaint and summarily impounded her car. When Sirikan Charoensiri attempted to file another complaint, she was told by a senior officer that the police would take "some form of legal action" against her unless she abandoned her right to complain. The police subsequently obtained a warrant to search her car from the Court; however, reports indicate that they did not advise the presiding judge that the car in question belonged to counsel for the accused. The police then searched Sirikan Charoensiri's car and seized three of the activists' mobile phones as evidence. Later that evening, the police finally accepted Sirikan Charoensiri's complaint against Pol.Lt. Gen. Chayapol Chatchayadetch for the unlawful search and seizure of her car.

The Law Society presently writes to voice its deep concern as a result of reports that Sirikan Charoensiri has been the subject of judicial harassment.

On 29 June 2015, police questioned Sirikan Charoensiri's parents about her background and asked them to identify her in photographs. On 9 February 2016, Sirikan Charoensiri was summoned to report to the Chanasongkram Police Station on several criminal charges: concealing evidence (s. 142 of the Penal Code); filing a false police report (s. 172 of the Penal

Code); and refusing to comply with an order of a competent official (s. 368 of the Penal Code). On 9 February 2016, Sirikan Charoensiri attended the Chanasongkram Police Station in Bangkok as summoned. With respect to the charge of filing a false complaint, the inquiry official acknowledged that the complaining officer, Pol.Lt. Gen. Chayapol Chatchayadetch, had provided no details of the alleged offence; as such, the charge has been stayed pending an interview with the complaining officer to determine which of Sirikan Charoensiri's statements are alleged to be false. With respect to the other charges, Sirikan Charoensiri pled her innocence.

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of the Thailand to:

- a. Immediately and unconditionally withdraw all charges against Sirikan Charoensiri;
- b. Put an end to all acts of harassment against Sirikan Charoensiri as well as other human rights lawyers and defenders in Thailand;
- c. Guarantee all the procedural rights that should be accorded to Sirikan Charoensiri; and
- d. 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 49,000 lawyers and 7,800 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:

H.E. Mr. Vijavat Isarabhakdi, Ambassador of Thailand  
Royal Thai Embassy  
180 Island Park Drive,  
Ottawa, Ontario K1Y 0A2

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

Dej-Udom Krairit, Lawyers Council of Thailand Under the Royal Patronage

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

#### **Re: Harassment of Human Rights Lawyer Sirikan Charoensiri**

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 His Excellency Gen Prayuth Chan-ocha, Prime Minister of Thailand, expressing our deep concerns over reports of the harassment of human rights lawyer Sirikan Charoensiri.

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 Ekua Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@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 49,000 lawyers and 7,800 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, 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
- Udom Krairit, Lawyers Council of Thailand Under the Royal Patronage
- Adrie van de Streek, Executive Director, Lawyers for Lawyers
- 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
- Gabriela 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 Adviser, The Law Society of England and Wales

### Proposed Letter to Lawyer

Dear Sirikan Charoensiri,

I write on behalf of the Law Society of Upper Canada to inform you of our intervention on your behalf.<sup>1</sup>

The Law Society received reports that on 9 February 2016, you were summoned to report to the Chanasongkram Police Station on several criminal charges: concealing evidence (s. 142 of the Penal Code); filing a false police report (s. 172 of the Penal Code); and refusing to comply with an order of a competent official (s. 368 of the Penal Code). Reports indicate that these charges are in retaliation to a complaint you filed with the police following the unlawful search and seizure of your car.

On the advice of its Human Rights Monitoring Group, the Law Society sent a copy of the attached letter to His Excellency Gen Prayuth Chan-ocha, Prime Minister of Thailand, expressing its concern for your well-being and asking that His Excellency consider Thailand's legal obligations under the United Nations' *Basic Principles on the Role of Lawyers*. Specifically, the Law Society urged His Excellency to:

- a. Immediately and unconditionally withdraw all charges against you;
- b. Put an end to all acts of harassment against you and other human rights lawyers and defenders in Thailand;
- c. Guarantee all the procedural rights that should be accorded to you; and
- d. Ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

We hope that you will be able return to your legal work free from persecution and harassment as soon as possible. Indeed, we will continue to monitor the situation closely and will keep you informed of any further interventions on our part. Any further information you have about the case would also be welcome.

Please forward any further correspondence to the attention of Ekuia Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@lsuc.on.ca).

Sincerely,

Paul Schabas  
Chair, Human Rights Monitoring Group  
Encl.

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<sup>1</sup> The Law Society regulates, licenses and disciplines Ontario's more than 49,000 lawyers and over 7,800 licensed paralegals pursuant to the *Law Society Act* and the Law Society's rules, regulations and guidelines.

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the harassment of human rights lawyer Sirikan Charoensiri in Thailand**

Sirikan Charoensiri is a lawyer with Thai Lawyers for Human Rights (TLHR). On 26 June 2015, 14 student activists of the New Democracy Movement (NDM) were arrested and charged with violating a prohibition on gatherings of more than five people (Article 116 of the Thai Criminal Code). Sirikan Charoensiri represented the activists at their hearing along with seven other lawyers from the TLHR.

After the activists' hearing on 27 June 2015, police attempted to conduct a warrantless search of Sirikan Charoensiri's car. Sirikan Charoensiri refused to consent to the search and attempted to file a complaint alleging police malfeasance. The police refused to accept her complaint and summarily impounded her car. When Sirikan Charoensiri attempted to file another complaint, she was told by a senior officer that the police would take "some form of legal action" against her unless she abandoned her right to complain. The police subsequently obtained a warrant to search her car from the Court; however, reports indicate that they did not advise the presiding judge that the car in question belonged to counsel for the accused. The police then searched Sirikan Charoensiri's car and seized three of the activists' mobile phones as evidence. Later that evening, the police finally accepted Sirikan Charoensiri's complaint against Pol.Lt. Gen. Chayapol Chatchayadetch for the unlawful search and seizure of her car.

The Law Society presently writes to voice its deep concern as a result of reports that Sirikan Charoensiri has been the subject of judicial harassment.

On 29 June 2015, police questioned Sirikan Charoensiri's parents about her background and asked them to identify her in photographs. On 9 February 2016, Sirikan Charoensiri was summoned to report to the Chanasongkram Police Station on several criminal charges: concealing evidence (s. 142 of the Penal Code); filing a false police report (s. 172 of the Penal Code); and refusing to comply with an order of a competent official (s. 368 of the Penal Code). On 9 February 2016, Sirikan Charoensiri attended the Chanasongkram Police Station in Bangkok as summoned. With respect to the charge of filing a false complaint, the inquiry official acknowledged that the complaining officer, Pol.Lt. Gen. Chayapol Chatchayadetch, had provided no details of the alleged offence; as such, the charge has been stayed pending an interview with the complaining officer to determine which of Sirikan Charoensiri's statements are alleged to be false. With respect to the other charges, Sirikan Charoensiri pled her innocence.

The Law Society of Upper Canada urges the government of Thailand to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of Thailand to:

- a. Immediately and unconditionally withdraw all charges against Sirikan Charoensiri;
- b. Put an end to all acts of harassment against Sirikan Charoensiri as well as other human rights lawyers and defenders in Thailand;
- c. Guarantee all the procedural rights that should be accorded to Sirikan Charoensiri; and
- d. Ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

TAB 8.1.2

## PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT

### ZHANG KAI

His Excellency Mr. Xi Jinping, The President  
The State Council General Office  
2 Fuyoujie  
Xichengqu  
Beijingshi 100017  
People's Republic of China

Your Excellency:

#### **Re: Detention and release of Human Rights Lawyer Zhang Kai**

I write on behalf of the Law Society of Upper Canada to voice our grave concern over the harassment of human rights lawyer Zhang Kai. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Zhang Kai is a prominent Beijing human rights lawyer. On 25 August 2015, Zhang Kai was arrested while advising a congregation faced with orders to remove the cross from their church. The arrest occurred just hours before Zhang Kai was due to meet an American State Department official to discuss religious freedom in China.

After his arrest, Zhang Kai was placed under residential surveillance in an undisclosed location with an order to detain him for up to six months. Zhang Kai was not heard from again until 25 February 2016 when he appeared on state television in a taped confession. In the video, Zhang Kai expressed his remorse and admitted to conspiring with foreign groups in order to stir up religious unrest in China. He also claimed to have received payment from China Aid to defend churches and other Christian organizations.

After the broadcast, Zhang Kai was charged with “endangering state secrets” and “gathering a crowd to disturb public order”; thereafter, Zhang Kai was transferred from residential surveillance to criminal detention. His parents were informed of the transfer on 28 February 2016.

On 23 March 2016, Zhang Kai posted on WeChat and Weibo saying that he had been “safely returned to his hometown in Inner Mongolia.” His comments on social media do not provide reasons for his sudden release.

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of the People's Republic of China to:

- a. Put an end to all acts of harassment against Zhang Kai as well as other human rights lawyers and defenders in China;
- b. Guarantee in all circumstances the physical and psychological safety and integrity of Zhang Kai;
- c. Guarantee all the procedural rights that should be accorded to Zhang Kai; and
- d. 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 49,000 lawyers and 7,400 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:

His Excellency Mr. Guo Shengkun  
Minister of Public Security  
No.14, Donchang'anjie,  
Dongchengqu, Beijing 100741  
People's Republic of China  
Email: gabzfwz@mps.gov.cn

Ambassador Luo Zhaohui  
Embassy of the People's Republic of China in Canada  
515 St. Patrick St.  
Ottawa, ON  
Canada K1N 5H3

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

Wang Junfeng, All China Lawyers Association

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of  
England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

#### **Re: Harassment of Human Rights Lawyer Zhang Kai**

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 His Excellency Mr. Xi Jinping, The President of the People's Republic of China, expressing our deep concerns over reports of the detention of human rights lawyer Zhang Kai.

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 Ekua Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@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 49,000 lawyers and 7,400 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, 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
- Wang Junfeng, All China Lawyers Association
- Adrie van de Streek, Executive Director, Lawyers for Lawyers
- 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
- Gabriela 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 Adviser, The Law Society of England and Wales

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the harassment of human rights lawyer Zhang Kai in China**

TORONTO, ON — The Law Society of Upper Canada expresses grave concerns about the harassment of human rights lawyer Zhang Kai in China.

Zhang Kai is a prominent Beijing human rights lawyer who provided advice and information to congregations in Wenzhou, Zhejiang province. On 25 August 2015, Zhang Kai was arrested while advising a congregation faced with orders to remove the cross from their church. The arrest occurred just hours before Zhang Kai was due to meet an American State Department official to discuss religious freedom in China.

After his arrest, Zhang Kai was placed under residential surveillance in an undisclosed location with an order to detain him for up to six months. Zhang Kai was not heard from again until 25 February 2016 when he appeared on state television in a taped confession. In the video, Zhang Kai expressed his remorse and admitted to conspiring with foreign groups in order to stir up religious unrest in China. He also claimed to have received payment from China Aid to defend churches and other Christian organizations.

After the broadcast, Zhang Kai was charged with “endangering state secrets” and “gathering a crowd to disturb public order”; thereafter, Zhang Kai was transferred from residential surveillance to criminal detention. His parents were informed of the transfer on 28 February 2016.

On 23 March 2016, Zhang Kai posted on WeChat and Weibo saying that he had been “safely returned to his hometown in Inner Mongolia.” His comments on social media do not provide reasons for his sudden release.

The Law Society of Upper Canada urges the government of China to comply with Articles 16 and 23 of the United Nations’ *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of China to:

- a. Put an end to all acts of harassment against Zhang Kai as well as other human rights lawyers and defenders in China;
- b. Guarantee in all circumstances the physical and psychological safety and integrity of Zhang Kai;
- c. Guarantee all the procedural rights that should be accorded to Zhang Kai; and
- d. Ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

TAB 8.1.3

**PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT**

**Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar**

H.E. Recep Tayyip Erdoğan  
President of the Republic of Turkey  
T.C. Cumhurbaşkanlığı Genel Sekreterliği  
06100 Ankara, Turkey  
Fax: +90 312 468 5026  
Email: cumhurbaskanligi@tccb.gov.tr

Your Excellency:

**Re: Detention and release of Human Rights Lawyers Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar**

I write on behalf of the Law Society of Upper Canada to voice our grave concern over the treatment of human rights lawyers Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Reports indicate that on 16 March 2016, police raided the houses of nine lawyers in Istanbul, Turkey. The following lawyers were taken into police custody: Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar. All nine lawyers are members of the Libertarian Lawyers Association (Özgürlükçü Hukukçular Derneği – ÖHD). All of the lawyers represented one or more of forty-six lawyers arrested in 2011 while defending the leader of the Kurdish Workers Party (“PKP”) on suspicion of working for, or belonging to, a terrorist organization.

On 18 March 2016 Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar attended a pre-trial release hearing at the 1st Criminal Peace Court. İrfan Arasan and Mustafa Rüzgar were unconditionally released. After a 13-hour pre-trial release hearing the following day, the Court ordered the pre-trial release of the remaining seven lawyers subject to a travel ban.

On 21 March 2016, the prosecutor appealed the pre-trial release order to the 1st Criminal Peace Court and was unsuccessful. On the same day and without notice to the defendants or their legal counsel, the prosecutor appealed to the 2nd Criminal Court of Peace. The 2nd Criminal Court of Peace summarily reversed the 1st Criminal Peace Court’s pre-trial release order with respect to four of the lawyers: Hüseyin Boğatekin, Ramazan Demir, Ayşe Acinikli and Ayşe Gosterislioglu. On 22 March 2016, warrants were issued for their arrest. Two of the lawyers

were re-arrested immediately but were released two days later. On 6 April 2016, lawyers Ramazan Demir and Ayşe Acinikli were re-arrested.

On 24 March 2016, Lawyer's Rights Watch Canada intervened on behalf of all nine lawyers in a letter addressed to Recep Tayyip Erdoğan, President of Turkey, and Ahmet Davutoglu, Foreign Minister. In their letter, they noted that the detention of any of the lawyers on the authority of the 22 March 2016 decision of the 2<sup>nd</sup> Criminal Peace Court would be "arbitrary and contrary to law." They also noted that, "the 21 March proceedings violated rights to notice, fair trial, presumption of innocence, freedom from arbitrary detention and the right to be heard by an impartial, independent and competent tribunal."

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of Turkey to:

- a. Withdraw charges against all the named lawyers of "propagandizing for a terrorist organization" and "working for, or belonging to, a terrorist organization";
- b. Vacate the 22 March 2016 order immediately and unconditionally;
- c. Put an end to all acts of harassment against Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar as well as other human rights lawyers and defenders in Turkey;

- d. guarantee all the procedural rights that should be accorded to Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar;
- e. Guarantee in all circumstances the physical and psychological safety and integrity of Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar; and
- f. 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 49,000 lawyers and 7,800 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:

Mr. Ahmet Davutoglu  
Foreign Minister of Turkey  
Basbakanlik,  
06573 Ankara, Turkey  
Fax: +90 312 417 0476  
Email: [receptayyip.Erdoğan@basbakanlik.gov.tr](mailto:receptayyip.Erdoğan@basbakanlik.gov.tr)

H.E. Mr. Selcuk Unal  
197 Wurtemberg Street  
Ottawa, ON  
Canada K1N 8L9  
Fax:+1 (613) 789 34 42  
Email: [embassy.ottawa@mfa.gov.tr](mailto:embassy.ottawa@mfa.gov.tr)

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

Ümit Kocasakal, Istanbul Bar Association

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

**Re: Persecution of Human Rights Lawyers Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar**

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 His Excellency Recep Tayyip Erdoğan, President of Turkey, expressing our deep concerns over reports of the persecution of human rights lawyer Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar.

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 Ekua Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@lsuc.on.ca).

I thank you for your time and consideration.

Sincerely,

Paul Schabas  
Chair, Human Rights Monitoring Group

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Letter to be sent to:

- 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
- Ümit Kocasakal, Istanbul Bar Association
- Adrie van de Streek, Executive Director, Lawyers for Lawyers
- 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
- Gabriela 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 Adviser, The Law Society of England and Wales

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the persecution of human rights lawyers Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar in Turkey**

Reports indicate that on 16 March 2016, police raided the houses of nine lawyers in Istanbul, Turkey. The following lawyers were taken into police custody: Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar. All nine lawyers are members of the Libertarian Lawyers Association (Özgürlükcü Hukukçular Derneği – ÖHD). All of the lawyers represented one or more of forty-six lawyers arrested in 2011 while defending the leader of the Kurdish Workers Party (“PKP”) on suspicion of “working for, or belonging to, a terrorist organization.”

On 18 March 2016 Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar attended a pre-trial release hearing at the 1<sup>st</sup> Criminal Peace Court. İrfan Arasan and Mustafa Rüzgar were unconditionally released. After a 13-hour pre-trial release hearing the following day, the Court ordered the pre-trial release of the remaining seven lawyers subject to a travel ban.

On 21 March 2016, the prosecutor appealed the pre-trial release order to the 1<sup>st</sup> Criminal Peace Court and was unsuccessful. On the same day and without notice to the defendants or their legal counsel, the prosecutor appealed to the 2<sup>nd</sup> Criminal Court of Peace. The 2<sup>nd</sup> Criminal Court of Peace summarily reversed the 1<sup>st</sup> Criminal Peace Court’s pre-trial release order with respect to four of the lawyers: Hüseyin Boğatekin, Ramazan Demir, Ayşe Acinikli and Ayşe Gosterislioglu. On 22 March 2016, warrants were issued for their arrest. Two of the lawyers were re-arrested immediately but were released two days later. On 6 April 2016, lawyers Ramazan Demir and Ayşe Acinikli were re-arrested.

Lawyers for Lawyers and Fair Trial Watch addressed a joint submission to Kenan Ipek, Minister of Justice, following the lawyers’ arrest on 18 March 2016. On 24 March 2016, Lawyers’ Rights Watch Canada intervened on behalf of all nine lawyers in a letter addressed to Recep Tayyip Erdoğan, President of Turkey, and Ahmet Davutoglu, Foreign Minister. In their letter, they noted that the detention of any of the lawyers on the authority of the 22 March 2016 decision of the 2<sup>nd</sup> Criminal Peace Court would be “arbitrary and contrary to law.” They also noted that, “the 21 March proceedings violated rights to notice, fair trial, presumption of innocence, freedom from arbitrary detention and the right to be heard by an impartial, independent and competent tribunal.”

The Law Society of Upper Canada urges the government of Turkey to comply with Articles 16 and 23 of the United Nations’ *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of Turkey to:

- a. Withdraw charges against all the named lawyers of “propagandizing for a terrorist organization” and “working for, or belonging to, a terrorist organization”;
- b. Vacate the 22 March 2016 order immediately and unconditionally;
- c. Put an end to all acts of harassment against Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar as well as other human rights lawyers and defenders in Turkey;
- d. guarantee all the procedural rights that should be accorded to Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar;
- e. Guarantee in all circumstances the physical and psychological safety and integrity of Ramazan Demir, İrfan Arasan, Ayşe Acinikli, Hüseyin Boğatekin, Şefik Çelik, Adem Çalışçı, Ayşe Başar, Tamer Doğan and Mustafa Rüzgar; and
- f. Ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

TAB 8.1.4

**PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT  
YURI GRABOVSKI**

President Petro Poroshenko  
Presidential Administration of Ukraine  
11 Bankova Street  
Kyiv, Ukraine 01220

Your Excellency:

**Re: Murder of Lawyer Yuri Grabovski**

I write on behalf of the Law Society of Upper Canada to voice our grave concern over the murder of lawyer Yuri Grabovski. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Yuri Grabovski was a Ukrainian human rights lawyer defending an alleged Russian intelligence officer captured in eastern Ukraine. Yuri Grabovski disappeared on 6 March 2016 while returning to Kiev from a business meeting in Odessa. On 20 March 2016, Anatoly Matios, Chief Military Prosecutor of Ukraine, disclosed that a suspect in Yuri Grabovski's disappearance had been apprehended. Yuri Grabovski's body was found on 25 March 2016 over 100 kilometres south of Kiev. The suspect had reportedly revealed its location to the police. Anatoly V. Matios confirmed that the victim "was killed in a violent way and finished off with a firearm." Since then, another suspect has been apprehended by the police.

The Law Society presently writes to voice its deep concern for the safety of lawyers in the Ukraine. Yuri Grabovski's murder is the second killing of a lawyer in Ukraine this month and the fourth since January 2015.

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of the Ukraine to:

- a. ensure that a thorough, impartial, independent and fair investigation is conducted into the murder of Yuri Grabovski;
- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations; and
- 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 49,000 lawyers and 7,800 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:

H.E. Mr. Andriy Shevchenko  
310 Somerset Street West, Ottawa,  
ON, K2P 0J9  
Canada  
Email: [emb\\_ca@mfa.gov.ua](mailto:emb_ca@mfa.gov.ua)

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

Oleksandra V. Egert, Ukrainian Bar Association

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

Re: Harassment of Human Rights Lawyer Yuri Grabovski

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 His Excellency Petro Poroshenko, President of Ukraine, expressing our deep concerns over reports of the murder of human rights lawyer Yuri Grabovski.

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 Ekuia Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@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 49,000 lawyers and 7,800 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, 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

Oleksandra V. Egert, Ukrainian Bar Association

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the harassment of human rights lawyer Yuri Grabovski in the Ukraine.**

Yuri Grabovski was a Ukrainian human rights lawyer defending Aleksandr A. Aleksandrov, an alleged Russian intelligence officer. Yuri Grabovski disappeared on 6 March 2016 while returning from Kiev from a business meeting in Odessa. On 20 March 2016, Anatoly Matios, Chief Military Prosecutor of Ukraine, informed the media that a suspect in Yuri Grabovski's disappearance had been apprehended. Yuri Grabovski's body was found on 25 March 2016 south of Kiev. Shortly thereafter, Anatoly V. Matios confirmed that the victim "was killed in a violent way and finished off with a firearm." Since then, another suspect has been detained by the police.

Yuri Grabovski's murder is the second killing of a lawyer in Ukraine this month and the fourth since January 2015.

The Law Society of Upper Canada wrote to His Excellency President Petro Poroshenko, urging the government of the Ukraine to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of the Ukraine to:

- a. ensure that a thorough, impartial, independent and fair investigation is conducted into the murder of Yuri Grabovski;

- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations; and
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

**TAB 8.1.5**

**PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT**

**KAREN CHEAH YEE LYNN, CHARLES HECTOR, FRANCIS PEREIRA, AND SHANMUGAM RAMASAMY**

His Excellency Dato' Sri Mohd Najib bin Tun Haji Abdul Razak  
Prime Minister of Malaysia  
Office of the Prime Minister  
Main Block, Perdana Putra Building  
Federal Government Administrative Centre  
62502 Putrajaya, Malaysia

Your Excellency:

Re: Persecution of lawyers Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy

I write on behalf of the Law Society of Upper Canada to voice our grave concern in the matter of lawyers Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

On 31 March 2016, the Secretary of the Malaysian Bar Association, Karen Cheah Yee Lynn, and lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy were arrested and placed under investigation for sedition pursuant to section 4(1)(a) of the *Sedition Act 1948*. Reports indicate that the criminal investigation is a political response to a motion tabled by the lawyers at the Malaysian Bar's General Assembly on 19 March 2016. The motion, which was passed by an overwhelming majority of the Malaysian Bar, called for the resignation of Attorney-General Tan Sri Mohamed Apandi Ali following his controversial decision to end the Malaysian Anti-Corruption Commission's investigation into the Prime Minister's financial affairs.

The Law Society presently writes to voice its deep concern as a result of reports that Malaysia continues to use the *Sedition Act 1948* to silence its critics and interfere with the independence of the legal profession.

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of Malaysia to:

- a. put an end to all acts of harassment against Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy;
- b. guarantee in all circumstances the physical and psychological integrity of Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy;
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments;
- d. guarantee all the procedural rights that should be accorded to Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy; and
- e. urgently repeal the *Sedition Act 1948* and quash convictions against all individuals sentenced under it for peacefully exercising their rights to freedom of expression.

Yours very truly,

Janet E. Minor  
Treasurer

*\*The Law Society of Upper Canada is the governing body for more than 49,000 lawyers and 7,800 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:

H.E. Dato' Aminah Tun Karim Shaharudin  
HIGH COMMISSION OF MALAYSIA  
60 Boteler Street  
Ottawa, Ontario  
Canada  
K1N 8Y7

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

Steven Thiru, Malaysian Bar

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

Re: Harassment of Lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy

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 His Excellency Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia, expressing our deep concerns over reports of the harassment of Charles Hector, Francis Pereira, and Shanmugam Ramasamy.

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 Ekuu Quansah, Associate Counsel, Equity, The Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [equansah@lsuc.on.ca](mailto:equansah@lsuc.on.ca).

I thank you for your time and consideration.

Sincerely,

Paul Schabas  
Chair, Human Rights Monitoring Group

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Letter to be sent to:

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

Steven Thiru, Malaysian Bar

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the harassment of lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy in Malaysia.**

On 31 March 2016, the Secretary of the Malaysian Bar Association, Karen Cheah Yee Lynn, and lawyers Charles Hector, Francis Pereira, and Shanmugam Ramasamy were arrested and placed under investigation for sedition pursuant to section 4(1)(a) of the *Sedition Act 1948*. Reports indicate that the criminal investigation is a political response to a motion tabled by the lawyers at the Malaysian Bar's General Assembly on 19 March 2016. The motion, which was passed by an overwhelming majority of the Malaysian Bar, called for the resignation of Attorney-General Tan Sri Mohamed Apandi Ali following his controversial decision to end the Malaysian Anti-Corruption Commission's investigation into the Prime Minister's financial affairs.

The Law Society presently writes to voice its deep concern as a result of reports that Malaysia continues to use the *Sedition Act 1948* in order to silence the Prime Minister's critics and interfere with the independence of the legal profession.

The Law Society of Upper Canada wrote to His Excellency Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia, urging the government of Malaysia to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the right 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 organizations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organization.

The Law Society urges the government of Malaysia to:

- a. put an end to all acts of harassment against Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy;

- b. guarantee in all circumstances the physical and psychological integrity of Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy;
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments;
- d. guarantee all the procedural rights that should be accorded to Karen Cheah Yee Lynn, Charles Hector, Francis Pereira, and Shanmugam Ramasamy; and
- e. urgently repeal the *Sedition Act 1948* and quash convictions against all individuals sentenced under it for peacefully exercising their rights to freedom of expression.

TAB 8.1.6

**PROPOSED LETTERS OF INTERVENTION AND PUBLIC STATEMENT**

**TIGOR GEMPITA HUTAPEA AND OBED SAKTI ANDRE DOMINIKA**

His Excellency Joko Widodo  
President of Indonesia  
Office of the President of the Republic of Indonesia  
Merdeka Palace  
Jalan Medan Merdeka Utara Gambir  
Jakarta 10160, Indonesia

Your Excellency:

**Re: Persecution of Tigor Gempita Hutapea and Obed Sakti Andre Dominika**

I write on behalf of the Law Society of Upper Canada to voice our grave concern over the persecution of lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

The Law Society has received reports that on 30 October 2016, Tigor Gempita Hutapea and Obed Sakti Andre Dominika attended a peaceful protest rally at the Presidential Palace in order to monitor police violence against protestors. The lawyers were arrested along with twenty-four activists and subsequently charged under article 216 of the Indonesian Criminal Code for 'disobeying police orders'; however, reports indicate that the lawyers and the protestors were already dispersing the area when police started to beat them and put them in custody.

In their joint submission of 4 April 2016, Lawyers for Lawyers and Lawyer's Rights Watch Canada noted that the charges appear to relate solely to Tigor Gempita Hutapea and Obed Sakti Andre Dominika's "legitimate actions as lawyers and human rights defenders."

The Law Society presently writes to voice its deeply concerned that charges laid against Tigor Gempita Hutapea and Obed Sakti Andre Dominika appear to relate solely to their legitimate actions as lawyers and human rights defenders.

The Law Society of Upper Canada urges Your Excellency to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

Article 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,

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The Law Society urges the government of Indonesia to:

- a. put an end to all acts of harassment against Tigor Gempita Hutapea and Obed Sakti Andre Dominika;
- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations; and
- 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

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cc:

H.E. Mr. Teuku Faizasyah  
55 Parkdale Avenue  
Ottawa, Ontario  
Canada, K1Y 1E5

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

Prof. Dr. Otto Hasibuan, Advokat Indonesia (PERADI)

Adrie van de Streek, Executive Director, Lawyers for Lawyers

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

Gabriela 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 Adviser, The Law Society of England and Wales

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

Re: Persecution of Tigor Gempita Hutapea and Obed Sakti Andre Dominika

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 His Excellency Joko Widodo, President of Indonesia, expressing our deep concerns over reports of the persecution of Tigor Gempita Hutapea and Obed Sakti Andre Dominika.

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.

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Adrie van de Streek, Executive Director, Lawyers for Lawyers

David F. Sutherland, Chair, Lawyers' Rights Watch Canada

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Gabriela 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 Adviser, The Law Society of England and Wales

## PROPOSED PUBLIC STATEMENT

### **The Law Society of Upper Canada expresses grave concerns about the harassment of lawyers Tigor Gempita Hutapea and Obed Sakti Andre Dominika in Indonesia.**

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The Law Society presently writes to voice its deeply concerned that charges laid against Tigor Gempita Hutapea and Obed Sakti Andre Dominika appear to relate solely to their legitimate actions as lawyers and human rights defenders.

The Law Society of Upper Canada has written to His Excellency Joko Widodo, President of Indonesia, urging the government of Indonesia to comply with Articles 16 and 23 of the United Nations' *Basic Principles on the Role of Lawyers*.

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The Law Society urges the government of Indonesia to:

- a. put an end to all acts of harassment against Tigor Gempita Hutapea and Obed Sakti Andre Dominika;
- b. ensure that all lawyers can carry out their peaceful and legitimate activities without fear of physical violence or other human rights violations; and
- c. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

**TAB 8.2**

**FOR INFORMATION**

**HUMAN RIGHTS MONITORING GROUP  
RESPONSES FROM HUMAN RIGHTS ORGANIZATIONS**

37. The Human Rights Monitoring Group (“the Monitoring Group”) monitors cases of members of the legal profession and the judiciary who are facing persecution as a result of the discharge of their legitimate professional duties. When appropriate, the Monitoring Group prepares intervention letters and public statements related to these cases for Convocation’s approval. Intervention letters are sent to heads of state and are copied, for information, to relevant bar associations and human rights organizations.
38. Between February 2016 and April 2016, the Monitoring Group received five responses to the Law Society’s recent intervention letters:
- The Monitoring Group received additional information from Human Rights Watch, an organization that engages in human rights research and advocacy, about lawyer Buzurgmehr Yorov (Tajikistan).
  - The Monitoring Group received correspondence from the International Association of People’s Lawyers noting the Law Society’s interventions in the cases of lawyers in China.
  - Front Line Defenders, an organization that aims to protect human rights defenders at risk, provided the Monitoring Group with information about the following members of the legal profession: Pu Zhiqiang (China); Shalini Gera and Isha Khandewal (India); Nguyen Van Dai (Vietnam) and Tran Thu Nam and Le Luan (Vietnam).
  - The Monitoring Group received three letters from the General Prosecutor’s Office of the Republic of Kazakhstan regarding the case of lawyer Ermek Narymbaev.
  - The Monitoring Group received a response from lawyers Shalini Gera and Isha Khandewal (India) thanking the Law Society for its intervention on their behalf.

## STATISTICAL SNAPSHOTS OF THE PROFESSIONS

39. Professor Michael Ornstein was retained to analyze the 2014 results of the self-identification questions contained in the Lawyer Annual Report and the Paralegal Annual Report. The snapshots of the professions are presented at **TAB 8.3**.

## **EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES CALENDAR 2016**

40. The Equity Legal Education and Rule of Law Series calendar is presented at [TAB 8.4](#).



# Statistical Snapshot of Lawyers in Ontario

from the Lawyer Annual Report (LAR) 2014

## 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\*

Aboriginal	89.0%	Able to provide legal advice in French	85.8%
Racialized	77.5%	Disability	85.0%
Sexual orientation	82.1%	Gender	100.0%
Francophone	90.6%		

\*There is no missing data for gender, which is obtained from administrative records.

## REPRESENTATION OF ABORIGINAL AND RACIALIZED PERSONS

among Ontario Lawyers, 2014, compared to the Ontario Population, 2011

Group	Lawyers		Ontario Population		
			Everyone	Persons in the Labour Force, Age 25 or more	University Graduates in the Labour Force, Age 25 or more
	Number	Percent excluding missing	Percent		
First Nations	295	1.0	1.6	1.2	0.5
Inuk	4	0.01	0.02	0.02	0.01
Métis	158	0.5	0.7	0.6	0.3
Multiple Aboriginal			0.02	0.02	0.01
<b>Total Aboriginal</b>	<b>457</b>	<b>1.5</b>	<b>2.3</b>	<b>1.9</b>	<b>0.8</b>
Arab	246	0.8	1.1	0.9	1.5
Black (e.g. African-Canadian, African, Caribbean)	902	2.9	4.3	3.8	2.7
Chinese	975	3.2	5.0	5.1	8.5
East-Asian (e.g. Japanese, Korean)	379	1.2	3.0	3.2	4.7
Latin American, Hispanic	173	0.6	1.4	1.5	1.2
South Asian (e.g. Indo-Canadian, Indian Subcontinent)	1,811	5.9	7.7	7.2	10.8
South-East Asian (e.g. Vietnamese, Cambodian, Thai, Filipino)	194	0.6	1.1	1.1	0.9
West Asian (e.g. Iranian, Afghan)	286	0.9	1.0	0.8	1.3
Other Visible Minority			0.6	0.6	0.4
Other Aboriginal			0.1	0.1	0.1
More than one Racialized Group	114	0.4	0.7	0.5	0.7
Racialized and White	332	1.1			
<b>Total Racialized</b>	<b>5,412</b>	<b>17.6</b>	<b>26</b>	<b>25</b>	<b>33</b>
<b>White</b>	<b>24,816</b>	<b>80.9</b>	<b>71.8</b>	<b>73.4</b>	<b>66.4</b>
Not Aboriginal, Declined Racialization Question	4,537				
Declined Aboriginal and Racialization Questions	4,369				
Total		100.0	100.0	100.0	100.0
<b>Number</b>	<b>39,591</b>	<b>30,685</b>	<b>12,595,534</b>	<b>5,812,410</b>	<b>1,778,891</b>

Source: 2014 LSUC Lawyer Annual Report and 2011 National Household Survey public use microdata file; analysis by Michael Ornstein

For more information about the Law Society of Upper Canada please visit our website at [www.lsuc.on.ca](http://www.lsuc.on.ca)

**DETAILED RACIALIZATION BY AGE**

for Ontario Lawyers, 2014

	Under 35	35-44	45-54	55-64	65 or more	Under 35	35-44	45-54	55-64	65 or more
	number					percent excluding missing				
<b>Aboriginal</b>										
First Nations and Inuk	60	104	80	51	4	0.9	1.2	1.1	0.9	0.2
Métis	56	47	35	12	8	0.8	0.6	0.5	0.2	0.3
<b>Aboriginal Total</b>	<b>116</b>	<b>151</b>	<b>115</b>	<b>63</b>	<b>12</b>	<b>1.6</b>	<b>1.8</b>	<b>1.6</b>	<b>1.1</b>	<b>0.5</b>
<b>Racialized</b>										
Arab	102	90	37	16	1	1.5	1.1	0.5	0.3	0.0
Black	206	335	269	73	19	2.9	4.0	3.8	1.3	0.8
Chinese	359	337	177	77	25	5.1	4.0	2.5	1.4	1.0
East-Asian	114	168	74	15	8	1.6	2.0	1.1	0.3	0.3
Latin American, Hispanic	71	73	20	7	2	1.0	0.9	0.3	0.1	0.1
South Asian	674	693	319	92	33	9.6	8.2	4.5	1.6	1.3
South-East Asian	70	80	31	12	1	1.0	0.9	0.4	0.2	0.0
West Asian	179	81	22	2	2	2.5	1.0	0.3	0.0	0.1
More than one Racialized Group	59	40	12	3	0	0.8	0.5	0.2	0.1	0.0
Racialized and White	122	130	64	13	3	1.7	1.5	0.9	0.2	0.1
<b>Racialized Total</b>	<b>2,072</b>	<b>2,178</b>	<b>1,140</b>	<b>373</b>	<b>106</b>	<b>29.5</b>	<b>25.8</b>	<b>16.2</b>	<b>6.6</b>	<b>4.2</b>
<b>White</b>	<b>4,959</b>	<b>6,274</b>	<b>5,893</b>	<b>5,293</b>	<b>2,397</b>	<b>70.5</b>	<b>74.2</b>	<b>83.8</b>	<b>93.4</b>	<b>95.8</b>
Not Aboriginal, Declined Racialization Question	848	1,155	1,063	995	476					
Declined Aboriginal and Racialization Questions	635	1,018	1,163	1,061	492					
<b>Total</b>	<b>10,702</b>	<b>12,954</b>	<b>10,514</b>	<b>8,158</b>	<b>3,589</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**DETAILED RACIALIZATION BY YEAR OF CALL**

for Ontario Lawyers, 2014

Year of Call	2014 -2015	2011 -2013	2006 -2010	1996 -2005	1985 -1995	1976 -1985	Before 1976	2014 -2015	2011 -2013	2006 -2010	1996 -2005	1985 -1995	1976 -1985	Before 1976
Years in Practice	I	2-4	5-9	10-14	20-29	30-39	40+	I	2-4	5-9	10-14	20-29	30-39	40+
	number							percent excluding missing						
<b>Aboriginal</b>														
First Nations and Inuk	16	39	56	129	42	16	1	1.1	1.0	1.1	1.5	0.7	0.4	0.1
Métis	10	33	41	44	19	7	4	0.7	0.8	0.8	0.5	0.3	0.2	0.3
<b>Aboriginal Total</b>	<b>26</b>	<b>72</b>	<b>97</b>	<b>173</b>	<b>61</b>	<b>23</b>	<b>5</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	<b>1.0</b>	<b>0.5</b>	<b>0.3</b>
<b>Racialized</b>														
Arab	17	50	70	77	24	7	1	1.2	1.2	1.4	0.9	0.4	0.2	0.1
Black	65	167	215	337	103	13	2	4.4	4.1	4.3	4.0	1.7	0.3	0.1
Chinese	68	202	229	297	134	41	4	4.6	5.0	4.6	3.5	2.3	1.0	0.3
East-Asian	28	66	93	137	38	13	4	1.9	1.6	1.9	1.6	0.6	0.3	0.3
Latin American, Hispanic	19	55	39	49	6	5	0	1.3	1.4	0.8	0.6	0.1	0.1	0.0
South Asian	173	453	475	577	106	23	4	11.7	11.2	9.5	6.8	1.8	0.5	0.3
South-East Asian	16	42	58	62	15	1	0	1.1	1.0	1.2	0.7	0.3	0.0	0.0
West Asian	32	120	76	51	6	0	1	2.2	3.0	1.5	0.6	0.1	0.0	0.1
More than one Racialized Group	16	31	31	29	5	2	0	1.1	0.8	0.6	0.3	0.1	0.0	0.0
Racialized and White	25	77	93	92	36	9	0	1.7	1.9	1.9	1.1	0.6	0.2	0.0
<b>Racialized Total</b>	<b>459</b>	<b>1,263</b>	<b>1,379</b>	<b>1,708</b>	<b>473</b>	<b>114</b>	<b>16</b>	<b>31.1</b>	<b>31.3</b>	<b>27.6</b>	<b>20.2</b>	<b>8.0</b>	<b>2.7</b>	<b>1.0</b>
<b>White</b>	<b>992</b>	<b>2,696</b>	<b>3,522</b>	<b>6,582</b>	<b>5,401</b>	<b>4,056</b>	<b>1,567</b>	<b>67.2</b>	<b>66.9</b>	<b>70.5</b>	<b>77.8</b>	<b>91.0</b>	<b>96.7</b>	<b>98.7</b>
Not Aboriginal, Declined Racialization Question	188	454	685	1,173	927	784	326							
Declined Aboriginal and Racialization Questions	125	371	549	1,178	989	841	316							
<b>Total</b>	<b>1,790</b>	<b>4,856</b>	<b>6,232</b>	<b>10,814</b>	<b>7,851</b>	<b>5,818</b>	<b>2,230</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

### GENDER, SEXUAL ORIENTATION, FRANCOPHONE IDENTITY, ABILITY TO PROVIDE LEGAL ADVICE IN FRENCH AND DISABILITY BY AGE

for Ontario Lawyers, 2014

	Total	Under 35	35-44	45-54	55-64	65 or more	Total	Under 35	35-44	45-54	55-64	65 or more
	number						percent excluding missing					
<b>Gender</b>												
Women	16,871	4,583	5,478	4,040	2,432	338	42.6	53.8	51.6	43.6	31.5	9.7
Men	22,720	3,931	5,147	5,219	5,290	3,133	57.4	46.2	48.4	56.4	68.5	90.3
<b>Sexual Orientation</b>												
LGBTQ	949	275	269	266	117	22	2.9	3.7	3.0	3.6	2.0	0.8
Not LGBTQ	31,558	7,140	8,745	7,114	5,873	2,686	97.1	96.3	97.0	96.4	98.0	99.2
Declined to Answer	7,084	1,099	1,611	1,879	1,732	763						
<b>Identify as Francophone</b>												
Yes	1,810	491	604	453	200	62	5.0	6.2	6.2	5.5	2.9	2.0
No	34,047	7,444	9,158	7,802	6,642	3,001	95.0	93.8	93.8	94.5	97.1	98.0
Declined to Answer	3,734	579	863	1,004	880	408						
<b>Able to Practise in French</b>												
Can Provide Legal Advice and Represent	2,981	764	985	725	385	122	8.8	10.6	10.7	9.2	5.8	3.9
Can Provide Legal Advice But Not Represent	1,711	375	531	413	291	101	5.0	5.2	5.8	5.3	4.4	3.2
Cannot	29,272	6,059	7,679	6,718	5,907	2,909	86.2	84.2	83.5	85.5	89.7	92.9
Declined to Answer	5,627	1,316	1,430	1,403	1,139	339						
<b>Have a Disability</b>												
Yes	1,084	190	234	299	272	89	3.2	2.5	2.5	3.9	4.3	3.1
No	32,572	7,332	8,968	7,391	6,053	2,828	96.8	97.5	97.5	96.1	95.7	96.9
Declined to Answer	5,935	992	1,423	1,569	1,397	554						
<b>All Lawyers</b>	<b>39,591</b>	<b>8,514</b>	<b>10,625</b>	<b>9,259</b>	<b>7,722</b>	<b>3,471</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**TYPE OF LICENCE BY RACIALIZATION**

for Ontario Lawyers, 2014

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
<i>Percentages for each Group</i>												
<b>Aboriginal</b>												
First Nations and Inuk	25	9	11	2	3	10	23	3	9	5	100	299
Métis	21	8	17	5	1	4	28	2	9	4	100	158
<b>Aboriginal Total</b>	<b>24</b>	<b>9</b>	<b>13</b>	<b>3</b>	<b>2</b>	<b>8</b>	<b>25</b>	<b>2</b>	<b>9</b>	<b>5</b>	<b>100</b>	<b>457</b>
<b>Racialized</b>												
Arab	20	12	22	4	2	9	13	0	7	10	100	246
Black	31	6	13	2	3	11	19	1	9	6	100	902
Chinese	19	10	21	2	2	18	12	0	9	7	100	975
East-Asian	13	13	18	3	2	17	17	1	10	6	100	379
Latin American, Hispanic	18	12	24	3	1	14	14	1	8	5	100	173
South Asian	28	9	17	3	2	13	13	1	8	6	100	1,811
South-East Asian	27	10	19	4	1	12	13	1	9	5	100	194
West Asian	29	5	25	5	0	13	11	1	8	4	100	286
More than One Group	18	4	26	3	7	11	11	1	10	9	100	114
Racialized and White	11	8	23	3	4	17	16	2	8	7	100	332
<b>Racialized Total</b>	<b>24</b>	<b>9</b>	<b>19</b>	<b>3</b>	<b>2</b>	<b>14</b>	<b>14</b>	<b>1</b>	<b>9</b>	<b>6</b>	<b>100</b>	<b>5,412</b>
<b>White</b>	<b>19</b>	<b>19</b>	<b>17</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>14</b>	<b>2</b>	<b>8</b>	<b>7</b>	<b>100</b>	<b>24,816</b>
Not Aboriginal, Declined Racialization Question	24	17	15	3	1	11	13	1	8	7	100	4,537
Declined Aboriginal and Racialization Questions	25	22	12	3	0	10	13	1	8	6	100	4,369
<b>Total</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>14</b>	<b>1</b>	<b>8</b>	<b>6</b>	<b>100</b>	<b>39,591</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**SIZE OF LAW FIRM BY RACIALIZATION**

for Ontario Lawyers, 2014

	Size of Law Firm, based on Partners, Associates and Employees							Total	Number
	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more		
	<i>Percentages for each Group</i>								
<b>Aboriginal</b>									
First Nations and Inuk	46	9	27	6	1	7	3	100	67
Métis	29	19	27	13	4	6	2	100	48
<b>Aboriginal Total</b>	<b>39</b>	<b>13</b>	<b>27</b>	<b>9</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>100</b>	<b>115</b>
<b>Racialized</b>									
Arab	26	15	19	6	7	16	11	100	95
Black	40	12	13	8	8	9	11	100	184
Chinese	22	15	13	10	6	13	21	100	320
East-Asian	31	13	12	11	6	17	11	100	127
Latin American, Hispanic	50	9	7	6	3	13	12	100	68
South Asian	38	18	14	6	3	9	12	100	512
South-East Asian	40	23	8	8	3	6	11	100	62
West Asian	35	18	20	8	2	4	12	100	98
More than One Group	32	18	11	11	3	11	16	100	38
Racialized and White	23	15	17	14	2	14	16	100	114
<b>Racialized Total</b>	<b>33</b>	<b>16</b>	<b>14</b>	<b>8</b>	<b>4</b>	<b>11</b>	<b>14</b>	<b>100</b>	<b>1,618</b>
<b>White</b>	<b>22</b>	<b>14</b>	<b>16</b>	<b>10</b>	<b>7</b>	<b>16</b>	<b>14</b>	<b>100</b>	<b>9,484</b>
Not Aboriginal, Declined Racialization Question	27	15	16	11	7	13	11	100	1,600
Declined Aboriginal and Racialization Questions	30	15	17	9	6	11	11	100	1,605
<b>Total</b>	<b>25</b>	<b>15</b>	<b>16</b>	<b>10</b>	<b>6</b>	<b>14</b>	<b>13</b>	<b>100</b>	<b>14,422</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**TYPE OF LICENCE BY REGION\***

for Ontario Lawyers, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percentages for each Group</i>									
<b>Aboriginal</b>										
First Nations and Inuk	8	10	30	9	9	14	16	5	100	290
Métis	7	3	33	5	10	15	25	3	100	147
<b>Aboriginal Total</b>	<b>8</b>	<b>8</b>	<b>31</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>19</b>	<b>5</b>	<b>100</b>	<b>437</b>
<b>Racialized</b>										
Arab	9	3	47	14	0	0	25	1	100	237
Black	3	3	58	19	3	1	12	1	100	883
Chinese	2	2	70	19	1	0	6	0	100	960
East-Asian	1	2	71	17	1	1	7	1	100	375
Latin American, Hispanic	6	6	53	14	2	2	16	1	100	170
South Asian	2	4	56	31	1	0	6	0	100	1,783
South-East Asian	2	4	57	25	2	0	10	0	100	191
West Asian	1	2	68	18	1	0	10	1	100	281
More than One Group	0	1	76	14	3	1	5	1	100	111
Racialized and White	4	4	61	12	2	2	12	2	100	329
<b>Racialized Total</b>	<b>2</b>	<b>3</b>	<b>61</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>100</b>	<b>5,320</b>
<b>White</b>	<b>6</b>	<b>6</b>	<b>55</b>	<b>12</b>	<b>4</b>	<b>2</b>	<b>12</b>	<b>3</b>	<b>100</b>	<b>24,503</b>
Not Aboriginal, Declined Racialization Question	4	6	58	14	2	2	11	2	100	4,490
Declined Aboriginal and Racialization Questions	6	7	52	13	4	3	12	3	100	4,307
<b>Total</b>	<b>6</b>	<b>6</b>	<b>55</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>12</b>	<b>2</b>	<b>100</b>	<b>39,057</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes lawyers whose address is outside Ontario

**TYPE OF LICENCE BY GENDER BY AGE**

for Ontario Lawyers, 2014

	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
	<i>Percent</i>											
<b>Women</b>												
<b>Total</b>	<b>14.4</b>	<b>9.7</b>	<b>17.6</b>	<b>2.9</b>	<b>1.9</b>	<b>13.6</b>	<b>18.7</b>	<b>1.9</b>	<b>12.3</b>	<b>7.1</b>	<b>100.0</b>	<b>16,871</b>
under 35	7.3	2.6	41.5	4.4	2.2	11.0	12.7	0.7	11.3	6.3	100.0	4,583
35-44	11.5	10.7	14.1	2.5	1.9	17.3	21.9	1.8	11.8	6.6	100.0	5,478
45-54	19.1	13.4	5.5	2.5	1.5	15.3	22.7	2.4	9.4	8.2	100.0	4,040
55-64	22.1	13.4	3.0	1.9	1.9	9.1	17.6	3.4	19.7	7.9	100.0	2,432
65 or more	44.4	16.3	2.7	3.0	0.9	2.4	9.8	1.8	14.8	4.1	100.0	338
<b>Men</b>												
<b>Total</b>	<b>26.1</b>	<b>23.5</b>	<b>15.1</b>	<b>2.5</b>	<b>0.6</b>	<b>10.3</b>	<b>10.0</b>	<b>1.0</b>	<b>4.8</b>	<b>6.0</b>	<b>100.0</b>	<b>22,720</b>
under 35	11.5	4.5	48.8	4.4	1.2	10.4	8.8	0.5	4.4	5.6	100.0	3,931
35-44	17.0	21.2	17.0	2.7	0.5	16.6	14.1	1.0	3.6	6.3	100.0	5,147
45-54	25.3	29.5	4.7	2.2	0.5	12.7	12.7	1.4	3.8	7.2	100.0	5,219
55-64	32.0	31.2	4.1	1.4	0.7	6.5	8.5	1.2	8.0	6.4	100.0	5,290
65 or more	51.0	28.1	5.7	1.9	0.3	2.6	3.0	0.6	3.6	3.2	100.0	3,133

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**SIZE OF LAW FIRM BY GENDER**

for Ontario Lawyers, 2014

	Size of Law Firm, based on Partners, Associates and Employees								Total	Number
	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more			
	<i>Percent</i>									
<b>Women</b>	<b>27.0</b>	<b>13.5</b>	<b>17.0</b>	<b>10.1</b>	<b>6.4</b>	<b>13.5</b>	<b>12.5</b>	<b>100.0</b>	<b>5,092</b>	
<b>Men</b>	<b>24.1</b>	<b>15.3</b>	<b>16.0</b>	<b>9.8</b>	<b>6.2</b>	<b>14.9</b>	<b>13.6</b>	<b>100.0</b>	<b>9,330</b>	
<b>Total</b>	<b>25.1</b>	<b>14.7</b>	<b>16.3</b>	<b>9.9</b>	<b>6.3</b>	<b>14.4</b>	<b>13.2</b>	<b>100.0</b>	<b>14,422</b>	

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**REGION BY GENDER\***

for Ontario Lawyers, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percent</i>									
<b>Women</b>	<b>5.0</b>	<b>4.8</b>	<b>56.6</b>	<b>12.9</b>	<b>3.2</b>	<b>1.7</b>	<b>13.5</b>	<b>2.2</b>	<b>100.0</b>	<b>16,583</b>
<b>Men</b>	<b>5.9</b>	<b>6.7</b>	<b>54.5</b>	<b>14.0</b>	<b>3.5</b>	<b>2.7</b>	<b>10.2</b>	<b>2.4</b>	<b>100.0</b>	<b>22,474</b>
<b>Total</b>	<b>5.5</b>	<b>5.9</b>	<b>55.4</b>	<b>13.5</b>	<b>3.4</b>	<b>2.3</b>	<b>11.6</b>	<b>2.3</b>	<b>100.0</b>	<b>39,057</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes lawyers whose address is outside Ontario

**TYPE OF LICENCE BY FRANCOPHONE IDENTITY AND ABILITY TO PROVIDE LEGAL ADVICE IN FRENCH**

for Ontario Lawyers, 2014

Group	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
<i>Percent</i>												
<b>Identify as Francophone</b>												
Yes	15.6	11.3	13.8	2.9	2.1	10.2	26.8	2.4	8.5	6.4	100.0	1,810
No	20.9	17.5	16.7	2.6	1.2	12.0	13.2	1.3	7.9	6.6	100.0	34,047
<b>Total</b>	<b>20.6</b>	<b>17.2</b>	<b>16.6</b>	<b>2.6</b>	<b>1.2</b>	<b>12.0</b>	<b>13.9</b>	<b>1.4</b>	<b>7.9</b>	<b>6.6</b>	<b>100.0</b>	<b>35,857</b>
<b>Able to Provide Service in French?</b>												
Can Provide Legal Advice and Represent	15.8	11.3	13.3	2.8	2.1	10.9	27.9	1.9	8.3	5.8	100.0	2,981
Can Provide Legal Advice But Not Represent	19.0	12.2	15.7	2.0	2.6	11.3	24.7	1.5	7.2	3.9	100.0	1,711
Neither	23.2	19.8	17.1	2.8	1.1	11.8	11.2	1.0	6.6	5.4	100.0	29,272
<b>Total</b>	<b>22.3</b>	<b>18.7</b>	<b>16.7</b>	<b>2.8</b>	<b>1.3</b>	<b>11.7</b>	<b>13.4</b>	<b>1.1</b>	<b>6.8</b>	<b>5.4</b>	<b>100.0</b>	<b>33,964</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**SIZE OF LAW FIRM BY FRANCOPHONE IDENTITY AND ABILITY TO PROVIDE LEGAL ADVICE IN FRENCH**

for Ontario Lawyers, 2014

	Size of Law Firm, based on Partners, Associates and Employees								Total	Number
	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more			
<i>Percent</i>										
<b>Identify as Francophone</b>										
Yes	32.0	15.2	18.6	7.1	5.3	12.8	8.9	100.0	506	
No	24.4	14.6	16.0	10.1	6.4	14.9	13.6	100.0	12,545	
<b>Total</b>	<b>24.7</b>	<b>14.6</b>	<b>16.1</b>	<b>10.0</b>	<b>6.4</b>	<b>14.8</b>	<b>13.5</b>	<b>100.0</b>	<b>13,051</b>	
<b>Able to Provide Service in French?</b>										
Can Provide Legal Advice and Represent	28.9	15.9	18.5	7.6	6.6	13.7	8.9	100.0	813	
Can Provide Legal Advice But Not Represent	27.6	16.7	15.5	8.6	8.0	10.8	12.7	100.0	510	
Neither	25.1	14.6	16.6	10.2	6.1	14.3	13.1	100.0	11,628	
<b>Total</b>	<b>25.4</b>	<b>14.8</b>	<b>16.6</b>	<b>9.9</b>	<b>6.2</b>	<b>14.1</b>	<b>12.8</b>	<b>100.0</b>	<b>12,951</b>	

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**REGION BY FRANCOPHONE IDENTITY AND ABILITY TO PROVIDE LEGAL ADVICE IN FRENCH\***

for Ontario Lawyers, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percent</i>									
<b>Identify as Francophone</b>										
Yes	2.2	1.8	27.3	5.4	1.2	8.1	48.0	6.1	100.0	1,730
No	5.6	6.0	57.3	13.9	3.4	2.0	9.7	2.1	100.0	33,648
<b>Total</b>	<b>5.4</b>	<b>5.8</b>	<b>55.8</b>	<b>13.5</b>	<b>3.3</b>	<b>2.3</b>	<b>11.6</b>	<b>2.3</b>	<b>100.0</b>	<b>35,378</b>
<b>Able to Provide Service in French?</b>										
Can Provide Legal Advice and Represent	2.3	2.4	34.7	5.5	1.1	5.4	43.9	4.7	100.0	2,841
Can Provide Legal Advice But Not Represent	3.1	2.8	47.6	8.1	1.6	2.7	31.0	3.0	100.0	1,658
Neither	6.3	6.8	57.0	14.7	4.0	2.1	7.1	2.1	100.0	29,030
<b>Total</b>	<b>5.8</b>	<b>6.2</b>	<b>54.6</b>	<b>13.6</b>	<b>3.6</b>	<b>2.4</b>	<b>11.4</b>	<b>2.4</b>	<b>100.0</b>	<b>33,529</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes lawyers whose address is outside Ontario

**TYPE OF LICENCE BY PRESENCE OF A DISABILITY**

for Ontario Lawyers, 2014

Group	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
	<i>Percent</i>											
Has a Disability	24.2	8.5	10.6	1.9	2.5	7.7	19.6	3.6	16.0	5.4	100.0	1,084
No Disability	20.5	17.7	17.0	2.7	1.1	12.1	13.5	1.3	7.5	6.7	100.0	32,572
<b>Total</b>	<b>20.6</b>	<b>17.4</b>	<b>16.8</b>	<b>2.7</b>	<b>1.2</b>	<b>12.0</b>	<b>13.7</b>	<b>1.4</b>	<b>7.7</b>	<b>6.6</b>	<b>100.0</b>	<b>33,656</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**SIZE OF LAW FIRM BY PRESENCE OF A DISABILITY**

for Ontario Lawyers, 2014

	Size of Law Firm, based on Partners, Associates and Employees								Total	Number
	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more			
	<i>Percent</i>									
Has a Disability	28.9	15.4	17.1	8.3	6.6	13.2	10.5	100.0	228	
No Disability	24.3	14.5	16.2	10.1	6.5	14.8	13.6	100.0	12,160	
<b>Total</b>	<b>24.4</b>	<b>14.5</b>	<b>16.3</b>	<b>10.0</b>	<b>6.5</b>	<b>14.8</b>	<b>13.5</b>	<b>100.0</b>	<b>12,388</b>	

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**REGION BY PRESENCE OF A DISABILITY\***

for Ontario Lawyers, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percent</i>									
Has a Disability	6.5	5.6	52.3	12.3	3.5	2.3	14.6	2.9	100.0	1,065
No Disability	5.5	5.7	56.0	13.6	3.3	2.2	11.5	2.2	100.0	32,139
<b>Total</b>	<b>5.5</b>	<b>5.7</b>	<b>55.9</b>	<b>13.6</b>	<b>3.3</b>	<b>2.2</b>	<b>11.6</b>	<b>2.3</b>	<b>100.0</b>	<b>33,204</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes lawyers whose address is outside Ontario

**TYPE OF LICENCE BY SEXUAL ORIENTATION**

for Ontario Lawyers, 2014

Group	Sole Practice	Law Firm Partner	Law Firm Associate	Law Firm Employee	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
	<i>Percent</i>											
LGBTQ	14.5	10.1	16.6	2.4	3.1	11.9	22.9	3.1	7.9	7.5	100.0	949
Not LGBTQ	20.4	17.5	17.0	2.7	1.2	12.1	13.3	1.3	8.0	6.5	100.0	31,558
<b>Total</b>	<b>20.2</b>	<b>17.3</b>	<b>17</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>13.61</b>	<b>1.4</b>	<b>8.0</b>	<b>6.6</b>	<b>100.0</b>	<b>32,507</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**SIZE OF LAW FIRM BY SEXUAL ORIENTATION**

for Ontario Lawyers, 2014

	Size of Law Firm, based on Partners, Associates and Employees								Total	Number
	fewer than 5	5-9	10-24	25-49	50-99	100-199	200 or more			
	<i>Percent</i>									
LGBTQ	26.0	12.3	18.1	7.6	7.2	12.3	16.6	100.0	277	
Not LGBTQ	24.2	14.4	16.2	10.3	6.4	15.1	13.5	100.0	11,752	
<b>Total</b>	<b>24.2</b>	<b>14.4</b>	<b>16.2</b>	<b>10.2</b>	<b>6.4</b>	<b>15.0</b>	<b>13.6</b>	<b>100.0</b>	<b>12,029</b>	

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

**REGION BY SEXUAL ORIENTATION\***

for Ontario Lawyers, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percent</i>									
LGBTQ	2.8	3.2	68.0	6.6	2.1	1.8	13.8	1.6	100.0	935
Not LGBTQ	5.6	5.8	55.6	13.8	3.3	2.2	11.5	2.2	100.0	31,141
<b>Total</b>	<b>5.5</b>	<b>5.7</b>	<b>55.9</b>	<b>13.6</b>	<b>3.3</b>	<b>2.2</b>	<b>11.5</b>	<b>2.2</b>	<b>100.0</b>	<b>32,076</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes lawyers whose address is outside Ontario

**AREA OF PRACTICE BY RACIALIZATION AND GENDER\***

for Ontario Lawyers, 2014

	Aboriginal	ADR	Administrative	Bankruptcy	Civil Litigation – Plaintiff	Civil Litigation – Defendant	Construction	Corporate	Criminal	Employment and Labour	Environmental	Family
	<i>Percentage with 30% or more of their practice in this area</i>											
First Nations	0	2	7	0	4	8	0	100	20	4	0	21
Métis	6	1	9	0	13	12	1	4	18		0	12
Arab	1	1	5	0	15	13	2	24	14	6	1	8
Black	0	0	7	0	10	9	1	13	20	5	0	21
Chinese	0	0	5	1	7	10	1	27	5	3	1	6
East-Asian	0	0	6	1	9	14	1	24	11	4	1	4
Latin American, Hispanic	0	0	6	0	17	12	1	16	13	5	1	15
South Asian	1	0	6	1	13	12	1	16	10	4	1	12
South-East Asian	1	1	4	2	11	13	2	19	12	6	1	9
West Asian	0	0	2	0	23	17	1	17	10	3	1	11
More than One Racialized Group	0	0	12	1	7	12	1	20	10	2	0	7
Racialized and White	1	1	8	2	10	19	0	18	13	5	0	12
White	1	1	6	1	11	14	2	20	12	6	1	10
Not Aboriginal, Declined Racialization Question	1	1	6	1	13	13	1	20	11	5	0	9
Declined Aboriginal and Racialization Questions	1	0	6	1	12	12	1	19	12	5	1	10
<b>Women</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>14</b>	<b>1</b>	<b>18</b>	<b>11</b>	<b>7</b>	<b>1</b>	<b>14</b>
<b>Men</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>13</b>	<b>13</b>	<b>2</b>	<b>21</b>	<b>12</b>	<b>5</b>	<b>1</b>	<b>8</b>
<b>Total</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>11</b>	<b>13</b>	<b>1</b>	<b>20</b>	<b>12</b>	<b>6</b>	<b>1</b>	<b>10</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

*continued >*

\*excludes the category for "other" areas of practice

**AREA OF PRACTICE BY RACIALIZATION AND GENDER\***

for Ontario Lawyers, 2014 (continued)

	Immigration	Intellectual Property	Real Estate	Securities	Taxation	Wills	Workplace	Percentage with NO area 30% or more	Percentage with ONE area 30% or more	Percentage with MORE THAN ONE area 30% or more	Number
	<i>Percentage with 30% or more of their practice in this area</i>										
First Nations	1	0	5	1	1	1	0	4.1	79.1	16.8	220
Métis	4	2	12	1	2	5	0	6.6	76.2	17.2	122
Arab	8	3	10	6	1	4	0	4.7	72.3	23.0	191
Black	9	1	10	2	1	2	1	7.3	73.6	19.1	726
Chinese	3	8	21	9	4	3	0	4.0	78.1	17.9	771
East-Asian	5	4	13	9	3	3	0	7.8	73.0	19.1	293
Latin American, Hispanic	5	1	8	8	2	4	1	4.3	76.6	19.1	141
South Asian	4	3	21	3	2	2	1	5.3	77.7	17.0	1,480
South-East Asian	6	3	19	3	1	4	1	4.9	74.8	20.2	163
West Asian	8	3	15	5	1	2	0	4.5	72.8	22.6	243
More than One Racialized Group	4	8	16	3	3	3	1	7.9	71.9	20.2	89
Racialized and White	5	5	5	5	3	3	0	5.4	75.5	19.2	261
White	1	3	14	5	2	6	1	5.4	73.9	20.6	20,403
Not Aboriginal, Declined Racialization Question	2	3	16	4	2	6	1	5.7	72.9	21.4	3,724
Declined Aboriginal and Racialization Questions	2	4	16	4	3	7	1	5.9	72.1	22.0	3,636
Women	3	3	9	4	2	5	1	76.3	17.2	0.0	12,872
Men	2	3	19	5	2	6	1	72.3	22.8	0.0	19,592
<b>Total</b>	<b>2</b>	<b>3</b>	<b>15</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>73.9</b>	<b>20.6</b>	<b>0.0</b>	<b>32,464</b>

Source: 2014 LSUC Lawyer Annual Report; analysis by Michael Ornstein

\*excludes the category for "other" areas of practice

**NOTE:** The 2014 Snapshots include all lawyers except those whose licence is suspended, revoked, surrendered, in abeyance or those who have a status of "not in Ontario" (meaning their business address is listed outside of Ontario) or a status of "Retired" (meaning lawyers who are over 65 years of age and qualify for exemption under By-Law 5).



# Statistical Snapshot of Paralegals in Ontario

from the Paralegal Annual Report (PAR) 2014

## 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	92.1%	Able to provide legal services in French	83.8%
Racialized	81.3%	Disability	88.8%
Sexual orientation	86.1%	Gender	100.0%
Francophone	92.3%		

\*There is no missing data for gender, which is obtained from administrative records.

## REPRESENTATION OF ABORIGINAL AND RACIALIZED PERSONS

among Ontario Paralegals, 2014, compared to the Ontario Population, 2011

Group	Paralegals		Ontario Population		
			Everyone	Persons in the Labour Force, Age 25 or more	University Graduates in the Labour Force, Age 25 or more
	Number	Percent excluding missing	Percent		
First Nations	46	0.9	1.6	1.2	0.5
Inuk	0	0.0	0.02	0.02	0.01
Métis	32	0.6	0.7	0.6	0.3
Multiple Aboriginal			0.02	0.02	0.01
<b>Total Aboriginal</b>	<b>78</b>	<b>1.6</b>	<b>2.3</b>	<b>1.9</b>	<b>0.8</b>
Arab	65	1.3	1.1	0.9	1.5
Black (e.g. African-Canadian, African, Caribbean)	340	6.9	4.3	3.8	2.7
Chinese	253	5.1	5.0	5.1	8.5
East-Asian (e.g. Japanese, Korean)	46	0.9	3.0	3.2	4.7
Latin American, Hispanic	193	3.9	1.4	1.5	1.2
South Asian (e.g. Indo-Canadian, Indian Subcontinent)	460	9.3	7.7	7.2	10.8
South-East Asian (e.g. Vietnamese, Cambodian, Thai, Filipino)	137	2.8	1.1	1.1	0.9
West Asian (e.g. Iranian, Afghan)	116	2.3	1.0	0.8	1.3
Other Visible Minority			0.6	0.6	0.4
Other Aboriginal			0.1	0.1	0.1
More than one Racialized Group	42	0.8	0.7	0.5	0.7
Racialized and White	43	0.9			
<b>Total Racialized</b>	<b>1,695</b>	<b>34.3</b>	<b>25.9</b>	<b>24.8</b>	<b>32.7</b>
<b>White</b>	<b>3,174</b>	<b>64.2</b>	<b>71.8</b>	<b>73.4</b>	<b>66.4</b>
Not Aboriginal, Declined Racialization Question	657				
Declined Aboriginal and Racialization Questions	481				
Total		100.0	100.0	100.0	100.0
<b>Number</b>	<b>6,085</b>	<b>4,947</b>	<b>12,595,534</b>	<b>5,812,410</b>	<b>1,778,891</b>

Source: 2014 LSUC Paralegal Annual Report, 2011 National Household Survey public use microdata; analysis by Michael Ornstein

For more information about the Law Society of Upper Canada please visit our website at [www.lsuc.on.ca](http://www.lsuc.on.ca)

**DETAILED RACIALIZATION BY AGE**

for Ontario Paralegals, 2014

	20-29	30-39	40-49	50-59	60 or more	20-29	30-39	40-49	50-59	60 or more
	number					percent excluding missing				
<b>Aboriginal</b>										
First Nations and Inuk	12	12	9	10	3	0.9	1.1	0.8	1.1	0.6
Métis	9	6	7	6	4	0.7	0.5	0.7	0.7	0.9
<b>Aboriginal Total</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>7</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>	<b>1.5</b>
<b>Racialized</b>										
Arab	30	17	12	5	1	2.2	1.5	1.1	0.5	0.2
Black	84	92	86	52	26	6.1	8.1	8.1	5.6	5.6
Chinese	44	74	72	45	18	3.2	6.5	6.8	4.9	3.9
East-Asian	10	15	13	6	2	0.7	1.3	1.2	0.7	0.4
Latin American, Hispanic	57	53	45	30	8	4.2	4.7	4.2	3.3	1.7
South Asian	139	104	98	82	37	10.2	9.2	9.2	8.9	8.0
South-East Asian	39	44	32	18	4	2.9	3.9	3.0	2.0	0.9
West Asian	36	36	26	16	2	2.6	3.2	2.4	1.7	0.4
More than one Racialized Group	19	15	6	2	0	1.4	1.3	0.6	0.2	0.0
Racialized and White	22	12	2	6	1	1.6	1.1	0.2	0.7	0.2
<b>Racialized Total</b>	<b>480</b>	<b>462</b>	<b>392</b>	<b>262</b>	<b>99</b>	<b>35.1</b>	<b>40.7</b>	<b>36.9</b>	<b>28.4</b>	<b>21.4</b>
<b>White</b>	<b>866</b>	<b>655</b>	<b>654</b>	<b>643</b>	<b>356</b>	<b>63.4</b>	<b>57.7</b>	<b>61.6</b>	<b>69.8</b>	<b>77.1</b>
Not Aboriginal, Declined Racialization Question	184	178	139	108	48					
Declined Aboriginal and Racialization Questions	106	104	126	97	48					
<b>Total</b>	<b>1,657</b>	<b>1,417</b>	<b>1,327</b>	<b>1,126</b>	<b>558</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

### GENDER, SEXUAL ORIENTATION, FRANCOPHONE IDENTITY, ABILITY TO PROVIDE LEGAL SERVICES IN FRENCH AND DISABILITY BY AGE

for Ontario Paralegals, 2014

	Total	20-29	30-39	40-49	50-59	60 or more	Total	20-29	30-39	40-49	50-59	60 or more
	number						percent excluding missing					
<b>Gender</b>												
Women	3,651	1,273	953	749	539	137	60.0	76.8	67.3	56.4	47.9	24.6
Men	2,434	384	464	578	587	421	40.0	23.2	32.7	43.6	52.1	75.4
<b>Sexual Orientation</b>												
LGBTQ	101	38	27	16	18	2	1.9	2.6	2.2	1.4	1.9	0.4
Not LGBTQ	5,136	1,423	1,182	1,109	943	479	98.1	97.4	97.8	98.6	98.1	99.6
Declined to Answer	848	196	208	202	165	77						
<b>Identify as Francophone</b>												
Yes	168	37	33	42	35	21	3.0	2.4	2.5	3.5	3.4	4.0
No	5,447	1,503	1,272	1,170	1,004	498	97.0	97.6	97.5	96.5	96.6	96.0
Declined to Answer	470	117	112	115	87	39						
<b>Able to Practise in French</b>												
Can Provide Legal Services and Represent	148	27	27	39	37	18	2.9	2.0	2.3	3.4	3.8	3.8
Can Provide Legal Services But Not Represent	81	15	28	13	16	9	1.6	1.1	2.4	1.1	1.7	1.9
Cannot	4,872	1,284	1,133	1,094	910	451	95.5	96.8	95.4	95.5	94.5	94.4
Declined to Answer	984	331	229	181	163	80						
<b>Have a Disability</b>												
Yes	301	42	51	73	89	46	5.6	2.8	4.1	6.3	9.1	9.3
No	5,101	1,466	1,205	1,090	890	450	94.4	97.2	95.9	93.7	90.9	90.7
Declined to Answer	683	149	161	164	147	62						
<b>All Paralegals</b>	<b>6,085</b>	<b>1,657</b>	<b>1,417</b>	<b>1,327</b>	<b>1,126</b>	<b>558</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

**TYPE OF LICENCE BY RACIALIZATION**

for Ontario Paralegals, 2014

	Sole Practice	Partner	Associate	Employee at a Firm	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
<i>Percentages for each Group</i>												
<b>Aboriginal</b>												
First Nations and Inuk	26	2	0	7	7	4	9	0	20	26	100	46
Métis	47	0	6	3	3	6	9	0	16	9	100	32
<b>Aboriginal Total</b>	<b>35</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>9</b>	<b>0</b>	<b>19</b>	<b>18</b>	<b>100</b>	<b>78</b>
<b>Racialized</b>												
Arab	28	0	2	8	2	5	5	0	23	29	100	65
Black	26	1	0	7	1	6	7	1	23	27	100	340
Chinese	29	2	0	13	1	2	4	1	22	26	100	253
East-Asian	13	9	7	20	0	2	4	0	22	24	100	46
Latin American, Hispanic	21	5	2	11	3	5	9	1	17	26	100	193
South Asian	29	3	2	8	1	2	5	0	24	27	100	460
South-East Asian	21	1	3	10	0	5	2	1	26	29	100	137
West Asian	24	1	4	13	0	6	4	0	28	19	100	116
More than One Group	19	2	0	7	5	5	12	5	24	21	100	42
Racialized and White	16	0	5	12	2	0	12	0	23	30	100	43
<b>Racialized Total</b>	<b>25</b>	<b>2</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>23</b>	<b>26</b>	<b>100</b>	<b>1,695</b>
<b>White</b>	<b>24</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>2</b>	<b>8</b>	<b>8</b>	<b>1</b>	<b>15</b>	<b>25</b>	<b>100</b>	<b>3,174</b>
<b>Total</b>	<b>25</b>	<b>2</b>	<b>3</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>18</b>	<b>25</b>	<b>100</b>	<b>4,947</b>

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

**TYPE OF LICENCE BY REGION\***

for Ontario Paralegals, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
<i>Percentages for each Group</i>										
<b>Aboriginal</b>										
First Nations and Inuk	15	4	28	24	11	7	0	11	100	46
Métis	9	9	22	13	13	28	6	0	100	32
<b>Aboriginal Total</b>	<b>13</b>	<b>6</b>	<b>26</b>	<b>19</b>	<b>12</b>	<b>15</b>	<b>3</b>	<b>6</b>	<b>100</b>	<b>78</b>
<b>Racialized</b>										
Arab	14	2	33	34	3	0	14	0	100	64
Black	3	3	53	35	2	0	4	0	100	339
Chinese	2	0	64	32	1	0	1	0	100	252
East-Asian	2	0	76	22	0	0	0	0	100	46
Latin American, Hispanic	4	4	55	32	1	0	4	0	100	192
South Asian	0	1	40	57	1	0	1	0	100	456
South-East Asian	3	4	60	31	1	0	2	0	100	137
West Asian	3	3	53	36	1	0	3	0	100	116
More than One Group	0	0	60	40	0	0	0	0	100	42
Racialized and White	5	2	60	19	0	2	12	0	100	43
<b>Racialized Total</b>	<b>3</b>	<b>2</b>	<b>52</b>	<b>39</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>100</b>	<b>1,687</b>
<b>White</b>	<b>9</b>	<b>9</b>	<b>33</b>	<b>28</b>	<b>9</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>100</b>	<b>3,160</b>
<b>Total</b>	<b>7</b>	<b>7</b>	<b>39</b>	<b>32</b>	<b>7</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>100</b>	<b>4,925</b>

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

\*excludes paralegals whose address is outside Ontario

**TYPE OF LICENCE BY GENDER BY AGE**

for Ontario Paralegals, 2014

	Sole Practice	Partner	Associate	Employee at a Firm	Legal Clinic	In House	Government	Education	Retired or not working	Other and New Licensees	Total	Number
	<i>Percent</i>											
<b>Women</b>												
<b>Total</b>	<b>40.1</b>	<b>3.8</b>	<b>2.8</b>	<b>10.2</b>	<b>0.7</b>	<b>7.6</b>	<b>5.1</b>	<b>0.4</b>	<b>13.7</b>	<b>15.8</b>	<b>100.0</b>	<b>2,434</b>
20-29	22.7	2.6	3.4	11.7	0.3	2.6	4.2	0.5	23.4	28.6	100.0	384
30-39	31.0	2.4	3.2	13.6	0.4	7.8	7.3	0.4	14.0	19.8	100.0	464
40-49	40.3	5.0	4.0	10.0	0.7	7.6	5.2	0.3	12.3	14.5	100.0	578
50-59	45.0	4.1	1.9	8.0	0.7	8.2	6.0	0.5	12.6	13.1	100.0	587
60 or more	58.7	4.3	1.2	8.3	1.2	11.2	1.9	0.0	8.1	5.2	100.0	421
<b>Men</b>												
<b>Total</b>	<b>14.8</b>	<b>1.6</b>	<b>2.4</b>	<b>12.4</b>	<b>2.1</b>	<b>5.2</b>	<b>8.7</b>	<b>1.0</b>	<b>20.8</b>	<b>31.0</b>	<b>100.0</b>	<b>3,651</b>
20-29	4.9	0.7	2.6	11.5	0.6	3.2	6.8	0.5	22.2	47.0	100.0	1,273
30-39	12.6	1.7	2.7	13.7	1.4	5.0	10.1	1.0	22.0	29.7	100.0	953
40-49	22.4	2.0	2.1	14.6	2.4	6.7	9.7	1.1	18.2	20.8	100.0	749
50-59	29.1	2.4	1.9	9.1	5.0	6.5	10.6	2.4	17.8	15.2	100.0	539
60 or more	23.4	2.9	2.2	11.7	6.6	11.7	4.4	0.0	27.0	10.2	100.0	137

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

**REGION BY GENDER\***

for Ontario Paralegals, 2014

	South-west	Central South	Toronto	Durham, Halton, Peel, York	Central North	North	Ottawa	East	Total	Number
	<i>Percent</i>									
Women	6	7	40	31	7	2	5	3	100	3,638
Men	7	6	39	35	6	2	4	2	100	2,423
<b>Total</b>	<b>6</b>	<b>6</b>	<b>40</b>	<b>33</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>100</b>	<b>6,061</b>

Source: 2014 LSUC Paralegal Annual Report; analysis by Michael Ornstein

\*excludes paralegals whose address is outside Ontario

**NOTE:** The 2014 Snapshots include all paralegals except those whose licence is suspended, revoked, surrendered, in abeyance or those who have a status of "not in Ontario" (meaning their business address is listed outside of Ontario) or a status of "Retired" (meaning paralegals who are over 65 years of age and qualify for exemption under By-Law 5).

TAB 8.4

## FOR INFORMATION

### EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES CALENDAR

Winter 2016-Summer 2016

#### EARTH DAY EVENT

***The Right to be Cold: Climate Change – how it is affecting Inuit, the North, all of us, and legal strategies to address these issues***

**Date:** April 28, 2016

**Time and Location:**

Presentation: 5:30 – 7:30 p.m.\* in the Donald Lamont Learning Centre

Reception: 7:30 – 8:30 p.m. in Convocation Hall

\*This program is also available as a live webcast.

**Description:** In honour of Earth Day, join the Law Society for a discussion between Sheila Watt-Cloutier and Qajaq Robinson, Associate, BLG, about Climate Change – how it is affecting Inuit, the North, all of us, and legal strategies to address these issues. Copies of Sheila Watt-Cloutier's book, *The Right to be Cold*, will be available for sale and signing at the event.

**For additional information please visit:**

[www.lawsocietygazette.ca/event/right-to-be-cold/](http://www.lawsocietygazette.ca/event/right-to-be-cold/)

**Please RSVP to:**

[equityevents@lsuc.on.ca](mailto:equityevents@lsuc.on.ca) | 416-947-3413 | 1-800-668-7380, ext. 3413

## MENTAL HEALTH WEEK EVENT

**Date:** May 3, 2016

**Time and Location:**

Panel Discussion: 4:00 – 6:00 p.m.\* in the Donald Lamont Learning Centre

\*This program is also available as a live webcast.

**Description:** Mental Health Week has been commemorated by the Canadian Mental Health Association annually since 1951. It is a national event that encourages discussion, learning, reflection and engagement on issues relating to mental health and wellness, as well as available resources and supports.

On May 3, 2016, join the Law Society for a panel discussion in honour of Mental Health Week.

**For additional information please visit:**

[www.lawsocietygazette.ca/event/mha-2016/](http://www.lawsocietygazette.ca/event/mha-2016/)

**Please RSVP to:**

[equityevents@lsuc.on.ca](mailto:equityevents@lsuc.on.ca) | 416-947-3413 | 1-800-668-7380, ext. 3413

## HOLOCAUST REMEMBRANCE DAY EVENT

**Date:** May 5, 2016

**Time and Location:**

Panel Discussion: 5:15 – 6:45 p.m.\* in the Donald Lamont Learning Centre

Reception: 6:45 – 7:45 p.m. in Convocation Hall

\*This program is also available as a live webcast.

**Description:** In honour of Holocaust Remembrance Day, join the Law Society of Upper Canada, B'nai Brith Canada and the Canadian Race Relations Foundation for a discussion of the lessons of the Holocaust in examining modern day refugee crises.

**For additional information please visit:**

[www.lawsocietygazette.ca/event/hrd-2016/](http://www.lawsocietygazette.ca/event/hrd-2016/)

**Please RSVP to:**

[equityevents@lsuc.on.ca](mailto:equityevents@lsuc.on.ca) | 416-947-3413 | 1-800-668-7380, ext. 3413

## **ASIAN AND SOUTH ASIAN HERITAGE MONTH EVENT**

**Date:** May 17, 2016

**Time and Location:**

Panel Discussion: 4:00 – 6:00\* p.m. in the Lamont Learning Centre

Reception: 6:00 – 8:00\* p.m. in Convocation Hall

\*exact time to TBC

The Panel Discussion will also be available as a live webcast.

**Description:** The Law Society, the Canadian Association of South Asian Lawyers, the Federation of Asian Canadian Lawyers and the South Asian Bar Association of Toronto will be hosting their annual event in celebration of Asian and South Asian Heritage Month. Additional details will follow closer to the event date.

**Additional information will be available at the following link shortly:**

<http://www.lawsocietygazette.ca/event/>

## **ACCESS AWARENESS EVENT**

**Date:** May 31, 2016

**Time and Location:**

4:00 – 8:00\* p.m. Panel Discussion and Reception in the Lamont Learning Centre

\*exact time to TBC

The Panel Discussion will also be available as a live webcast.

**Description:** The Law Society and the ARCH Disability Law Centre will be hosting their annual event in honour of Access Awareness Week. Additional details will follow closer to the event date.

**Additional information will be available at the following link shortly:**

<http://www.lawsocietygazette.ca/event/>

## **NATIONAL ABORIGINAL HISTORY MONTH EVENT**

**Date:** June 23, 2016

**Time and Location:**

Panel Discussion: 4:00 – 6:00\* p.m. in the Lamont Learning Centre

Reception: 6:00 – 8:00\* p.m. in Upper and Lower Barristers Lounges

\*exact time to TBC

The Panel Discussion will also be available as a live webcast.

**Description:** The Law Society will be hosting its annual event in honour of National Aboriginal History Month. Additional details will follow closer to the event date.

**Additional information will be available at the following link in May 2016:**

<http://www.lawsocietygazette.ca/event/>

## **PRIDE WEEK EVENT**

**Date:** June 28, 2016

**Time and Location:**

Panel Discussion: 4:00 – 6:00\* p.m. in the Lamont Learning Centre

Reception: 6:00 – 8:00\* p.m. in Convocation Hall

\*exact time to TBC

The Panel Discussion will also be available as a live webcast.

**Description:** The Law Society and the Sexual Orientation and Gender Identity Section (SOGIC) of the Ontario Bar Association will be hosting their annual Pride Week discussion and reception. Additional details will follow closer to the event date.

**Additional information will be available at the following link in May 2016:**

<http://www.lawsocietygazette.ca/event/>



**TAB 9**

**Report to Convocation  
April 28, 2016**

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**Professional Development & Competence Committee**

**COMMITTEE MEMBERS**

Howard Goldblatt (Chair)  
Jeffrey Lem, Vice-Chair  
Barbara Murchie (Vice-Chair)  
Raj Anand  
Fred Bickford  
Jack Braithwaite  
Robert Burd  
Gisèle Chrétien  
Dianne Corbiere  
Teresa Donnelly  
Ross Earnshaw

Joseph Groia  
Vern Krishna  
Michael Lerner  
Marian Lippa  
Virginia MacLean  
Sandra Nishikawa  
Jonathan Rosenthal  
Andrew Spurgeon  
Joanne St. Lewis  
Gerald Swaye  
Sid Troister  
Jerry Udell  
Anne Vespry  
Peter Wardle

**THE REPORT IS PROVIDED FOR INFORMATION ON APRIL 28, 2016  
AND FOR DECISION AT CONVOCATION ON MAY 26, 2016.**

**Purpose of Report: Decision**

**Prepared by the Policy Secretariat  
(Sophia Spurdakos 416-947-5209)**

## **COMMITTEE PROCESS**

1. The Committee met on April 6 and 14, 2016.
2. Committee members Howard Goldblatt (Chair), Barbara Murchie (Vice-Chair), Jeffrey Lem (Vice-Chair), Raj Anand, Fred Bickford, Jack Braithwaite, Robert Burd, Gisèle Chrétien, Teresa Donnelly, Ross Earnshaw, Joseph Groia, Vern Krishna, Michael Lerner, Marian Lippa, Sandra Nishikawa, Jonathan Rosenthal, Andrew Spurgeon, Gerald Swaye, Sid Troister, Jerry Udell, and Anne Vespry participated on April 6, 2016. Staff members Priya Bhatia, Diana Miles and Sophia Sperdakos also participated in the meeting.
3. Committee members Howard Goldblatt (Chair), Barbara Murchie (Vice-Chair), Jeffrey Lem (Vice-Chair), Fred Bickford, Jack Braithwaite, Rob Burd, Gisèle Chrétien, Dianne Corbiere, Teresa Donnelly, Ross Earnshaw, Joe Groia, Michael Lerner, Marian Lippa, Virginia MacLean, Sandra Nishikawa, Jonathan Rosenthal, Andrew Spurgeon, Gerry Swaye, Joanne St. Lewis, Sid Troister, Jerry Udell and Anne Vespry participated on April 14, 2016. Staff members Diana Miles, Sharon Greene, Denise McCourtie, Elliot Spears and James Varro also participated in the meeting.

## DECISION

# ENHANCEMENTS TO LICENSING PROCESS

### Motion

4. That Convocation approve the proposal respecting enhancements to the Licensing Process set out at [TAB 9.1](#).

### Matter under Consideration

5. In October 2015, benchers approved the 2015-2019 Strategic Plan establishing priority areas for policy development and governance over the bencher term. Among its top priorities were competence-related matters (Strategic Priority #1), including those respecting the licensing process, as follows:

The Law Society will focus on enhancing licensing standards and requirements and their assessment...for lawyers and paralegals...

6. Since October 2015, the Professional Development & Competence Committee (the "Committee") has undertaken focused examination of licensing requirements for lawyers and seeks Convocation's approval of the proposal set out at [TAB 9.1](#).
7. This Report is provided to Convocation for information in April 2016 and for decision in May 2016.

### Rationale

8. Enhancing licensing standards and requirements is one of Convocation's top priorities. It is therefore important to consider policy issues as early in the bencher term as possible so that effective implementation can be undertaken within the 2015-2019 term.
9. The proposal reflects the Strategic Priority #1 that Convocation approved in the fall of 2015 and reflects policy decisions already made as part of that Strategic Priority.

### Key issues and Considerations

10. In the Priority Planning Committee's Report to Convocation on December 4, 2015, in which it detailed the components of the 2015-2019 Strategic Plan, it noted with respect to licensing,

As newly qualified lawyers and paralegals enter a challenging and evolving professional environment, the Law Society has identified a need to work to enhance entry-level standards and assessment of those standards.

Part of this exercise will involve reviewing and, if required, revising the profile of the entry-level competent lawyer and paralegal and determining the extent to which the threshold for licensing needs to be changed. The adequacy of the entry level examinations for licensing those who meet entry level standards and whether skills testing should be considered are among the issues that may be explored.

This activity would take place contiguously with the evaluation of the current Pathways Pilot Project to ensure that any increased threshold becomes part of the assessment process...

11. In developing its approach, the Committee considered the following factors:
  - a. The lawyer Licensing Process consists of a number of components that together are intended to address an integral part of the Law Society's mandate to ensure that all persons who practise law in Ontario meet standards of learning, professional competence and professional conduct.
  - b. To ensure that each of the components of the lawyer Licensing Process promotes competence, candidates should only move through the process if they have successfully completed the requirements of each step. In this way the Law Society is better able to measure the effectiveness of the process and the meaningful demonstration of competence.
  - c. A fair licensing process allows for reasonable opportunity for candidates to successfully complete the licensing requirements over a reasonable period of time. At the same time, it is essential that the number of times a candidate may attempt to complete requirements and the allowable period within which to do so do not negatively affect the validity and defensibility of the process.
  - d. As licensing processes develop to reflect an evolving understanding of competence measurement, the role of experiential learning and assessment of skills in licensing processes continue to gain importance. Entry level competence is enhanced by experiential learning and exposure to the Canadian legal practice context.
  
12. The Committee also notes that it will consider the Pathways Pilot Project commencing in September 2016 with a review of the evidence available at that time. Convocation will be determining next steps relating to the pilot, as contemplated in the October 2012 Pathways Report, which provides that Convocation will "determine whether the pilot project should end, become permanent or result in a different approach."<sup>1</sup>

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<sup>1</sup> Pathways Report October 2012, Convocation, November 22, 2012, p.6.

## Discussion

### (a) Licensing Examinations and Licensing Requirements

13. The first area on which the Committee has focused its attention in considering Convocation's Strategic Priority #1 is on the lawyer licensing examinations.
14. The current Barrister Examination and Solicitor Examination were developed when the Law Society moved away from its earlier examination process. The Committee considers that it is now appropriate to evolve its assessment approach as follows:
  - a. In place of the Barrister Examination and the Solicitor Examination the Law Society will develop a single Examination. Like the two current Examinations the focus will remain on practice and procedure, but the parameters will be revalidated to establish and confirm the appropriate benchmark to be achieved for entry level competence. The focus will be on those competencies in the practice and procedural areas whose frequency and criticality are of the highest importance for entry level practitioners. It will be known as the Practice and Procedure Examination (PPE) and will take place before the experiential component of the licensing process.
  - b. An additional Examination will be developed, characterized by its emphasis on practice skills as well as practice management, professional responsibility and ethics. Its introduction reflects both the October 2012 Pathways Report's provision that an experiential assessment be developed for the licensing process and the increasing emphasis being placed on skills-readiness of candidates upon licensing. It will be known as the Practice Skills Examination (PSE) and will take place after the experiential learning component of the licensing process.
15. In the Committee's view, these point-in-time assessments are an important tool for determining whether candidates have demonstrated entry level competence necessary for licensing. By adapting and enhancing the nature and type of assessment on an ongoing basis, the Law Society demonstrates a commitment to a meaningful process that addresses developments in professional assessment.
16. As was the case with the development and ongoing monitoring of the current Barrister and Solicitor Examinations, the proposed PPE and PSE will undergo a rigorous developmental, review and validation process. Advisory Groups, made up of exemplary practitioners from a cross-section of practice areas and firm sizes in Ontario will assist the process to ensure fair and defensible licensure.
17. The Committee has considered the most appropriate timing for the introduction of the two Examinations. The PPE will require less developmental work, given that it is a revalidation process rather than a *de novo* developmental process. In the Committee's

view the PPE can be in place for first writing in the licensing year<sup>2</sup> 2017-2018. This will also allow for revisions to the licensing examination materials that candidates receive.

18. The PSE will require a more in-depth developmental process to assess for demonstration of skill in completing complex multi-dimensional legal work, such as ability in problem solving, aptitude and decision making, identification and resolution of ethical dilemmas, legal research, written communication, client communication, organization and management of legal issues and tasks. Study and preparatory supports will be developed and provided. Development of this assessment tool will involve funding over a number of budget years to manage the process. In the Committee's view, the PSE should be introduced for the licensing year 2018-2019.
19. As discussed above under Key Issues and Considerations, an effective examination process is not only about the content of what is assessed, but about the formal framework of the process. In committing to an enhanced licensing process, Convocation determined to examine, among other things, the extent to which the threshold for licensing needs to be changed.
20. In the Committee's view successful completion of the PPE should be a prerequisite to moving to the next stage of the licensing process, namely the experiential learning component. The current approach, which entitles candidates to advance to the experiential learning phase, even though they have failed the licensing examination or not yet attempted it, undermines the competence-based philosophy that should underpin the process. The Committee recommends that there should be an opportunity for an unsuccessful candidate to write a supplemental examination in the period before the experiential learning component traditionally begins. But the Committee is also satisfied that successful completion of the PPE is an important enhancement to the process that reflects Convocation's commitment to Strategic Priority #1.
21. The validity and defensibility of the licensing process requires a balancing of standards and fairness. Fairness provisions recognize that there are exigencies that may affect candidates' performance or the timing of their completion of the licensing process. At the same time, however, it is essential that the opportunities to complete the licensing process not be so drawn out as to undermine the validity of the assessment or the licensing process overall.
22. The Committee is of the view that it is fair to continue the current process that allows candidates the opportunity to attempt each Examination three times and to have three years overall within which to complete the entire licensing process. The proposal recommends, however, that candidates who are still unsuccessful by the end of the three-year process, should not, in the normal course, be entitled to register for the licensing process a second time.

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<sup>2</sup> The licensing year is calculated from May in one year to April 30 in the next.

**(b) Experiential Components**

23. The October 2012 Pathways Report established a three-year pilot project with an articling component and a Law Practice Program component.
24. As part of its consideration of enhancements to the licensing process, the Committee has had discussions about the evolving importance of experiential learning and skills preparedness within the licensing process.
25. The Law Society has traditionally afforded candidates opportunities to seek abridgments to the articling experiential requirement, where their previous experiential qualifications merit this. To that end, it is recommending adjustments to the licensing protocols related to articling to reflect Convocation's Strategic Priority #1, as follows:
  - a. Internationally trained candidates will continue to be eligible for abridgment policies related to prior practice experience to a maximum of three months. To ensure they receive some experiential training in the Canadian context to enhance their competence, the exemption from the experiential learning requirement for those international candidates with a minimum of 10 months of common law experience will be discontinued. This adjustment offers greater assurance of experiential learning that contributes to the candidates' acculturation to the Canadian legal context.

Concerning this recommendation, a number of Committee members expressed the different view that there may be some circumstances in which the extensive experience and number of years of practice of an international candidate in a common law jurisdiction are such that it would be appropriate to consider an exemption from articling.

- b. The number of experiential learning programs in Canadian law schools and skills training opportunities for law students are increasing and the range of learning is expanding, providing students with important exposure to skills that can enhance their competence. The Committee is of the view that where certain criteria relevant to the licensing process requirements are met, the articling requirement could be abridged by three months where,
  - i. prior skills training has been attained in a program the Law Society accredits; and
  - ii. the Articling Principal approves the abridgment.

The introduction of such a process will require the development of accreditation criteria for eligible programs and discussions with interested stakeholders to refine the approach. It is the Committee's view that the addition of a carefully developed experiential abridgment process could be a meaningful and valuable

addition to licensing. The sooner work on the accreditation processes is undertaken, the more expeditiously these can be implemented as part of Convocation's Strategic Priority #1. The Committee's recommendation is that the policy be approved, with developmental work to begin with the 2017-2018 licensing year.

- c. In the Committee's view, reducing the articling term from 10 months to nine months will better integrate the program with the three-month abridgment structure. In the Committee's view a one month reduction is a procedural rather than substantive change, since it will not affect the competencies or requirements for articling.

### **Financial Impact**

26. No funding is required in the 2016 budget year. It is anticipated that funding for the proposals would be as follows:
  - a. Funding for development of the new practice and procedure examination (PPE), can be accomplished within the approved PD&C budget, in the estimated amount of \$200,000, with the majority of those funds expended in 2016.
  - b. An additional examination writing session to enable the opportunity to write early supplementals and be prepared to begin the experiential learning component will be included in the current operational expenses and will not require any additional funding.
  - c. Funding for the evaluation process for Pathways has already been allocated.
  - d. Given the complexity of the practice skills examination (PSE) development will begin in 2016 using available staffing and supports. Additional funding required to support this development will be included in the 2017 and 2018 budgets and is estimated to be \$500,000 to \$700,000.
  - e. Funding required to support additional accreditation and abridgment processes related to any changes to the Articling Program, including the opportunity to complete a nine month or a six month placement, will be included in the budget for 2017 and will be equivalent to one full-time equivalent (FTE) staff person.

**LICENSING REQUIREMENTS: PROPOSAL TO CONVOCATION****Licensing Process Enhancements:****(a) Approved for the overall Licensing Process beginning in the licensing year 2017-2018**

1. To provide a fair opportunity for candidates to satisfy their licensing requirements, candidates will continue to have three years to complete all licensing requirements.
2. To reflect that three years is a fair time frame within which to complete all licensing requirements, candidates will **not** be entitled to register for the licensing process a second time following failure to complete the requirement in three years.
3. All candidates will continue to be required to meet good character requirements, as set out in the Law Society application process.

**(b) Approved for the licensing year 2017-2018**

4. A new practice and procedure examination (PPE) will be introduced as the first assessment component of the “entrance to licensing” requirement. This will replace the current Barrister and Solicitor Examinations.
5. To ensure that only candidates who have demonstrated the requisite entry level competence in practice and procedure advance to the next phase of the licensing process, candidates will be required to pass the PPE Examination **prior** to beginning experiential training.
6. To provide a fair opportunity for candidates to satisfy their licensing requirements, while ensuring that the licensing process assesses entry level competence, candidates will continue to have three opportunities to pass the PPE Examination. Two examination sittings will be offered prior to the traditional starting dates for experiential learning and be held in May and July, and it is anticipated that additional opportunities to write the examination will continue to be offered in October and March of each licensing year.
7. Adjustments to the duration of the articling term will be introduced to make the articling term nine months. A developmental process will begin to permit up to a three-month abridgment of articling, reducing the placement to six months in length. Such an abridgment will be available in circumstances in which,
  - a. prior skills training has been attained in a program the Law Society accredits; and

- b. the Articling Principal approves the abridgment.

Establishment of accreditation criteria for eligible programs and discussions with interested stakeholders to refine the approach will be part of the developmental process.

- 8. The current performance assessment components of the articling program and the articling Professional Responsibility test will be continued.
- 9. Internationally trained candidates will continue to be eligible for abridgment policies related to prior practice experience to a maximum of three months. To ensure they receive some experiential training in the Canadian context to enhance their competence, the exemption from the experiential learning requirement for those international candidates with a minimum of 10 months of common law experience will be discontinued.

**(c) Approved for the licensing year 2018-2019**

- 10. A practice skills examination (PSE) will be added to licensing requirements and will be taken after completion of experiential learning. Given the complexity of this assessment component, development of the PSE will begin in 2016 and continue through 2017 and 2018 for introduction in the 2018-2019 licensing year.
- 11. Candidates will be required to pass the PSE Examination **prior** to being entitled to complete their licensing process.
- 12. To provide a fair opportunity for candidates to satisfy their licensing requirements, while ensuring that the licensing process assesses entry level competence, candidates will have three opportunities to pass the PSE Examination. Examination sittings will be offered three times per licensing year. The dates of those sittings will be determined in the development process and will coincide as closely as possible with candidate experiential training completion dates.

**MATERIALS TO FOLLOW WHEN AVAILABLE**





























*THIS SECTION CONTAINS  
IN CAMERA MATERIAL*

April 21, 2016

**Update Report  
TAG – The Action Group on Access to Justice**

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**RECENT ACTIVITIES****Reference Group**

The next Reference Group is scheduled for April 21, 2016.

**Cities Reducing Poverty: When Mayors Lead**

From April 5-7, TAG Manager Sabreena Delhon attended *Cities Reducing Poverty: When Mayors Lead*, a conference held in Edmonton that brought together mayors, municipal staff, federal and provincial/territorial representatives, Indigenous leaders, staff from various community change initiatives as well as citizens with lived experience of poverty. The conference was sponsored by a range of organizations including the City of Edmonton, Tamarack, the McConnell Foundation, Maytree and the Ontario Trillium Foundation. It was a valuable opportunity to learn about the work of other collective impact initiatives and situate access to justice within a broader poverty reduction context. Details from the conference can be found [here](#).

**Action Committee on Access to Justice in Civil and Family Matters**

TAG participated in meetings convened by the Action Committee on Access to Justice in Civil and Family Matters (NAC) in Montreal from March 3-4, 2016. The first day focused on broadening NAC's membership, improving communications and exploring fundraising options. The second day brought together provincial and territorial representatives to share updates on their access to justice work and brainstorm ways that NAC could best support their efforts. TAG was represented by Grant Wedge (Executive Director of Policy, Equity and Public Affairs) and Julie Mathews (Executive Director of Community Legal Education Ontario) with support from Sabreena Delhon (Manager, The Action Group on Access to Justice). A report about [TAG's activities in 2015](#) was prepared for the session. Additional details about the meetings can be found in Tabs 2.1-2.4 of the April 2016 Access to Justice Committee materials.

**Code Across Toronto**

TAG was one of the "challenge-owners" at CivicTech Toronto's [Code Across Toronto](#) event on March 5th. Held on International Open Data Day, the event brought together 75 coders, designers, urban planners, government staff, policy makers and other specialists to explore ways that technology could advance collaboration toward public good. Attendees were tasked with developing solutions to various challenges relating to health, housing and education. TAG's challenge to the group was to create a tool that would compile relevant legal information, referrals and tips into a printable report that users could review with a trusted intermediary or legal service provider. A prototype of the tool was developed and next steps are being explored. The event was an excellent opportunity to connect with a community that is using technological approaches to solve social problems.

## **Student Recruitment For Summer Public Engagement**

TAG is looking for student volunteers to survey people about the legal system. Last summer TAG coordinated an access to justice booth over two days at the Canadian National Exhibition in Toronto. It was a great opportunity to share resources from Legal Aid Ontario, Community Legal Education Ontario, the Law Commission of Ontario and other partners. We also learned a lot about how people approached law in their lives. This year we are expanding our efforts and hitting summer events across the province to learn more about what people in Ontario think about our legal system. How can we make it better? Where should we start? We are recruiting student volunteers to help us engage the public in the following cities: Thunder Bay, Windsor, Sarnia, London, Guelph, Waterloo, Toronto, Ottawa, Kingston and St. Catharines. In-person or remote training will be provided in late May and the maximum time commitment including training is ten hours. Students from all disciplines and departments are welcome. To date over 100 students have signed on for this initiative.

## **Ryerson University's Legal Innovation Zone Family Law Reform**

Last fall Ryerson University's Legal Innovation Zone embarked on a four month Community Collaboration initiative with the aim of identifying reforms for family dispute resolution in Ontario that would benefit parents and children of separating families. A final report from this initiative was released in February 2016 and is available on the [Legal Innovation Zone website](#).

## **CLUSTERS**

### **Digital Inclusion**

Members of the Digital Inclusion (formerly Inclusive Technology) cluster have circulated a survey to members of the Reference Group and legal technology experts. The purpose of the survey is to better understand the ways that technology can be used to increase access to justice for all – particularly for those on the wrong side of the digital divide. Results from the survey will inform a related event that will be held in the fall.

### **Libraries**

TAG recently partnered with the Southern Ontario Library Service and Ontario Library Service North to survey librarians about the access to justice needs of their patrons. Early findings were recently presented in an article on *Slaw* titled "[Access to Justice - the Data Moment](#)". An excerpt is presented below:

"So far we've learned that patrons are most often self-represented and turn to their librarians to understand what steps they should take to address their legal problem. They often do this when they have received a formal document such as an eviction notice or statement of claim. Patrons typically bring these documents with them to show the library staff. We've also learned that housing issues and problems accessing government benefits are some of the main reasons that patrons turn to their librarians for guidance. In the past four weeks, we have received over 160

responses with 90 per cent of those respondents indicating they would like training on how to spot legal issues, find reliable legal information and make effective referrals to legal assistance.”

### **Indigenous Justice**

TAG has convened a cluster that examines the over-representation of Indigenous children and youth in care in Ontario through the lens of reconciliation and access to justice for First Nations, Métis Nation and Inuit Peoples. A First Nation consultant with expertise in Indigenous community engagement is coordinating activities. This cluster brings together Ontario focused organizations and agencies responsible for Indigenous children and youth such as the Association of Native and Family Services Agencies of Ontario, First Nations Child & Family Caring Society of Canada, Office of the Provincial Advocate for Children and Youth – Ontario, Office of the Children’s Lawyer – Ministry of the Attorney General and the Ontario Association of Children’s Aid Societies. Other participants include elders, Indigenous and other mandated caretakers, Chiefs of Ontario, Ontario Federation of Friendship Centres, Inuit Tapiritt Kanatami, Métis Nation of Ontario and the Law Society of Upper Canada’s Indigenous Advisory Council.

A youth engagement session was held on March 4, 2016 in Toronto. Participants had experience with being in care and noted that cultural sensitivity, professional accountability and the need for greater accessibility to pre-apprehension resources were key areas for improvement. Other engagement sessions are in development and key community and policy recommendations slated for delivery in late 2016. For more information please visit the [Indigenous Justice page](#) of the TAG website.

**MATERIALS TO FOLLOW WHEN AVAILABLE**