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Lawyers Indemnity Fund

2020 Annual Report

EXPERTISE • SERVICE • RESULTS

2020 In Review.



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What We Do.

Claims Management

80% of our work! Our goal is to resolve claims and potential claims against lawyers as effectively as



2020 BC Lawyers
Professional Liability
Indemnification
Policy

Risk Management & Fraud Prevention

We help lawyers prevent claims, informing lawyers about new scams and providing lawyers with tips to avoid becoming the victim of a fraudster.



Claims

Underwriting & Coverage

We handle about 2-300 policy inquiries each year and give prospective and binding rulings on coverage we call "advance rulings".



Your 2020 Policy.

The Policy has 3 parts:

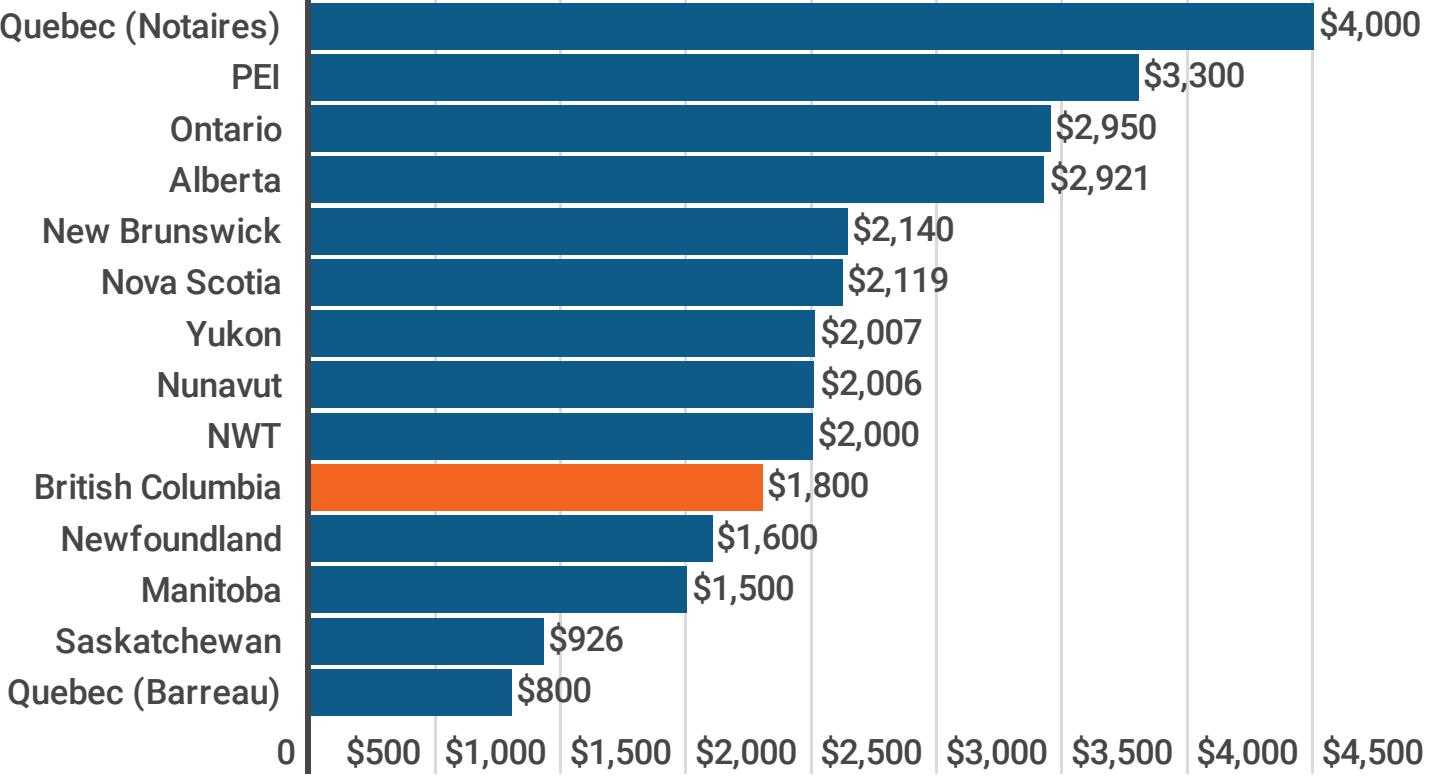


A. **Professional Liability** - coverage to individual lawyers for their negligence while providing professional services to others.

B. **Trust Protection** - coverage for trust funds dishonestly appropriated by a lawyer.

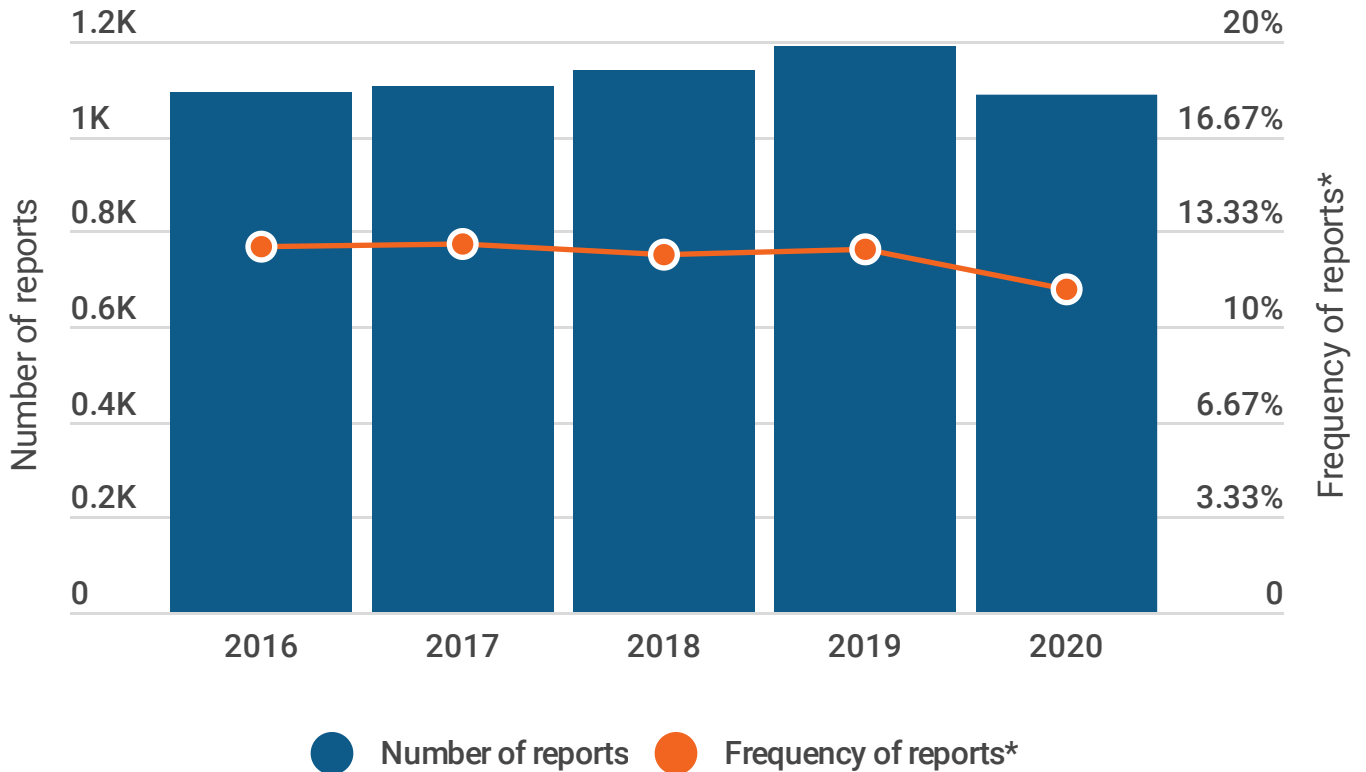
C. **Trust Shortage Liability** - coverage for trust funds transferred by a lawyer to a fraudulent third party as a result of a social engineering fraud or reliance on a fraudulent certified cheque.

2020 Indemnity Fees.



British Columbia has one of the lowest indemnity fees in the country.

Number and Frequency of Reports.

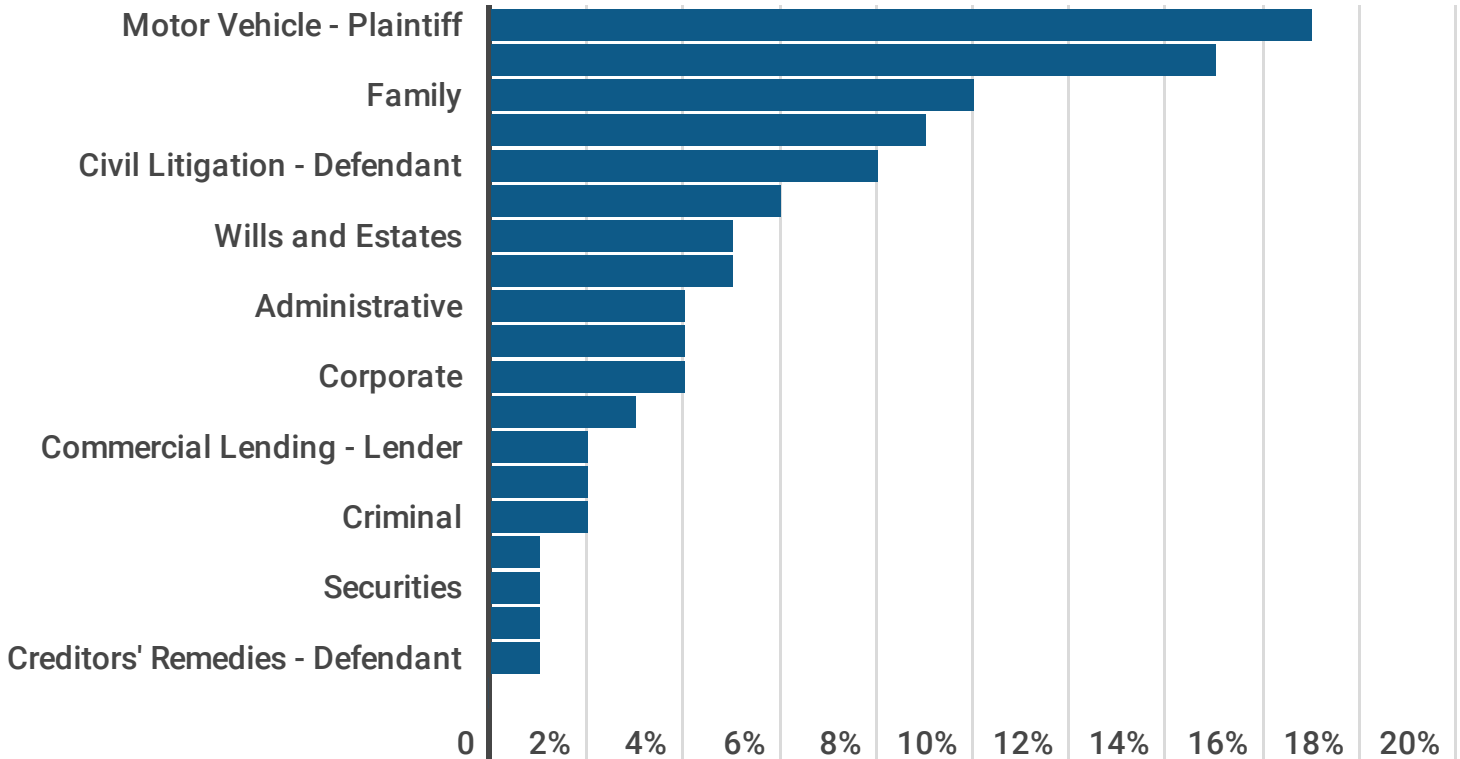


* Reports per hundred lawyers

Frequency of Reports by Area of Law vs. Severity of Reports by Area of Law

Frequency of Reports by Area of Law - 2020*

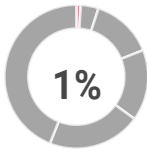
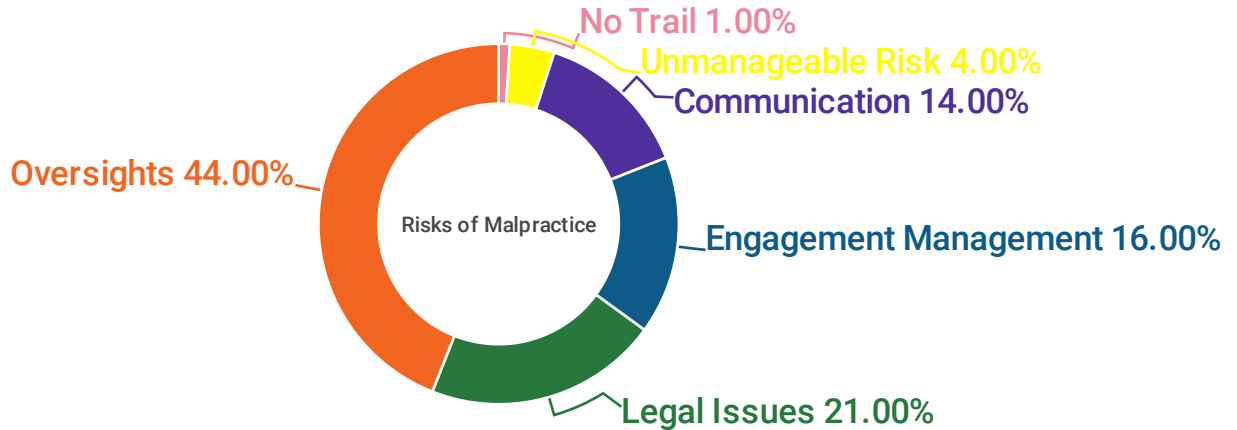
Severity of Reports by Area of Law - 2020**



*Frequency reflects the number of reports.

**Severity reflects the dollar amount of claims.

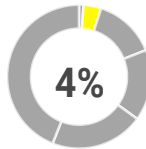
Top 6 Causes of Claims.



1%

No Trail

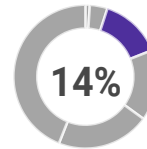
A failure to confirm and document the advice you gave.



4%

Unmanageable Risk

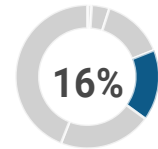
An unavoidable claim. For example, when a matrimonial lawyer gets sued by the opposing party, that's pretty hard to avoid.



14%

Communication Issues

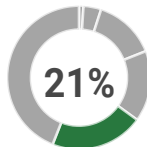
Failures in listening, asking, and explaining.



16%

Engagement Management

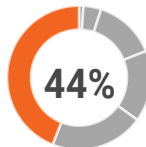
Not properly managing the engagement aspects of the file: client expectations, client selection, fee billing, retainer letters, and disengagement letters.



21%

Legal Issues

Failures in legal analysis and strategy to achieve the client's goals.

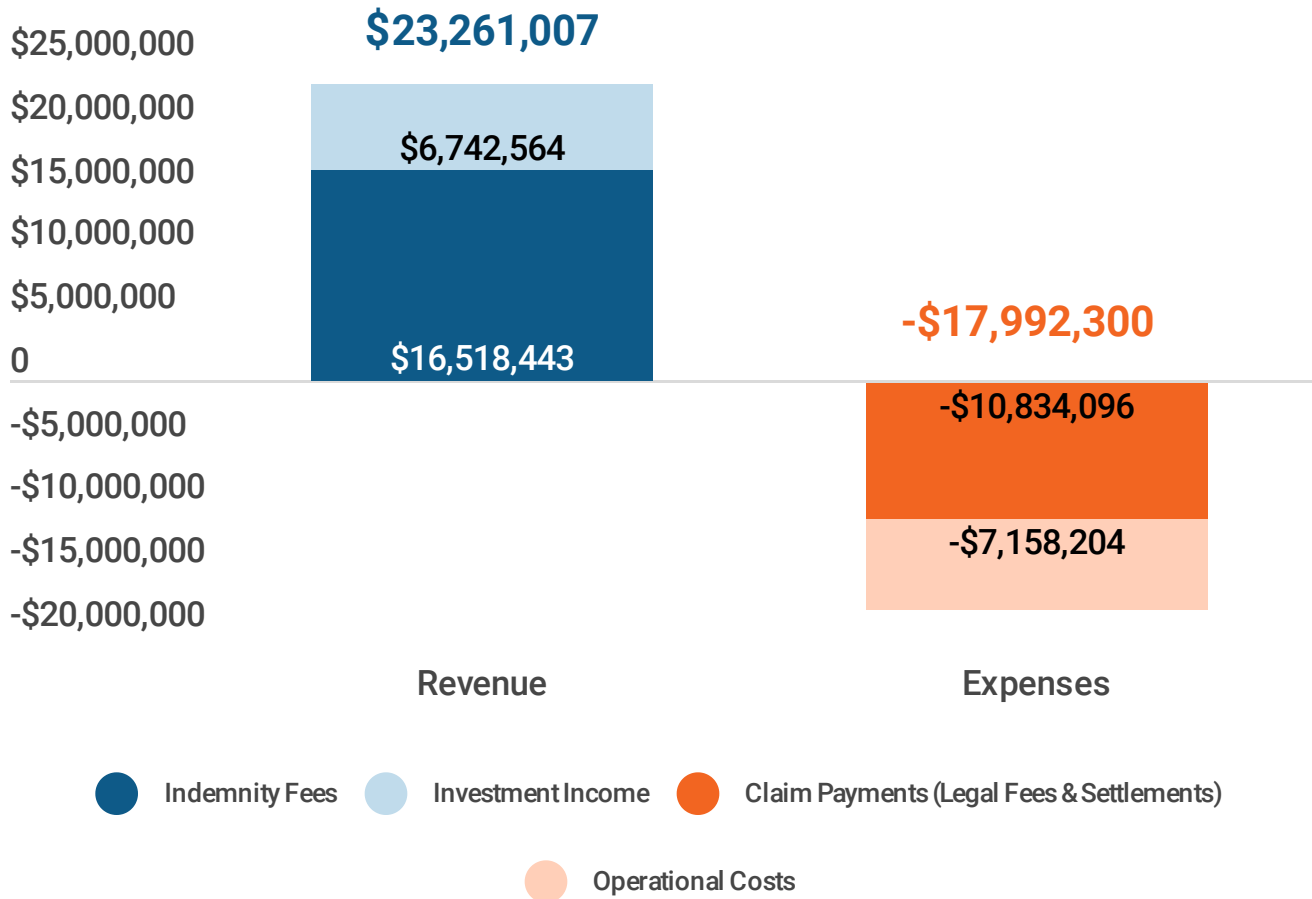


44%

Simple Oversights

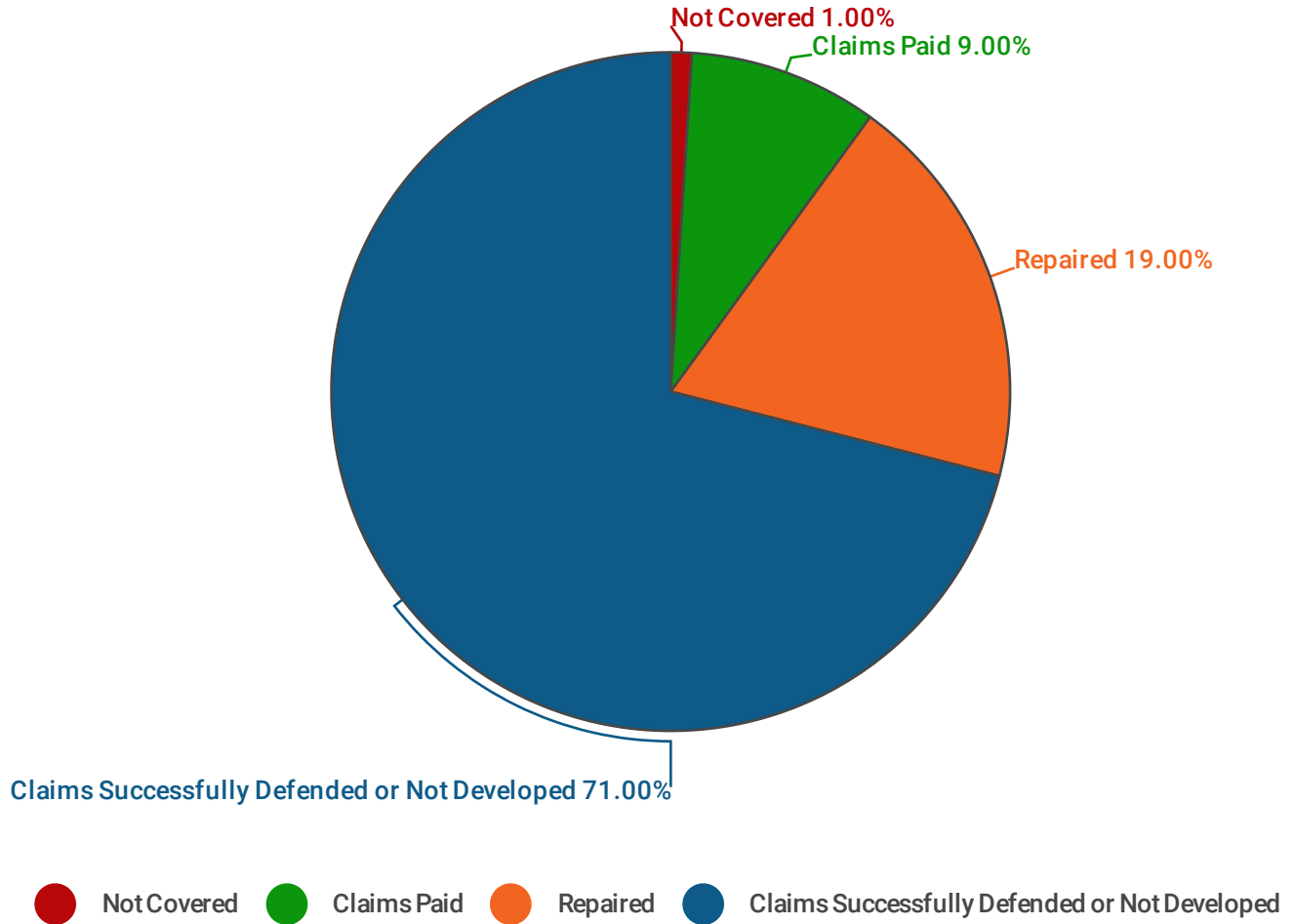
Always the leading cause, because "I forgot" is the most human of errors - and the most preventable.

Financial Results.

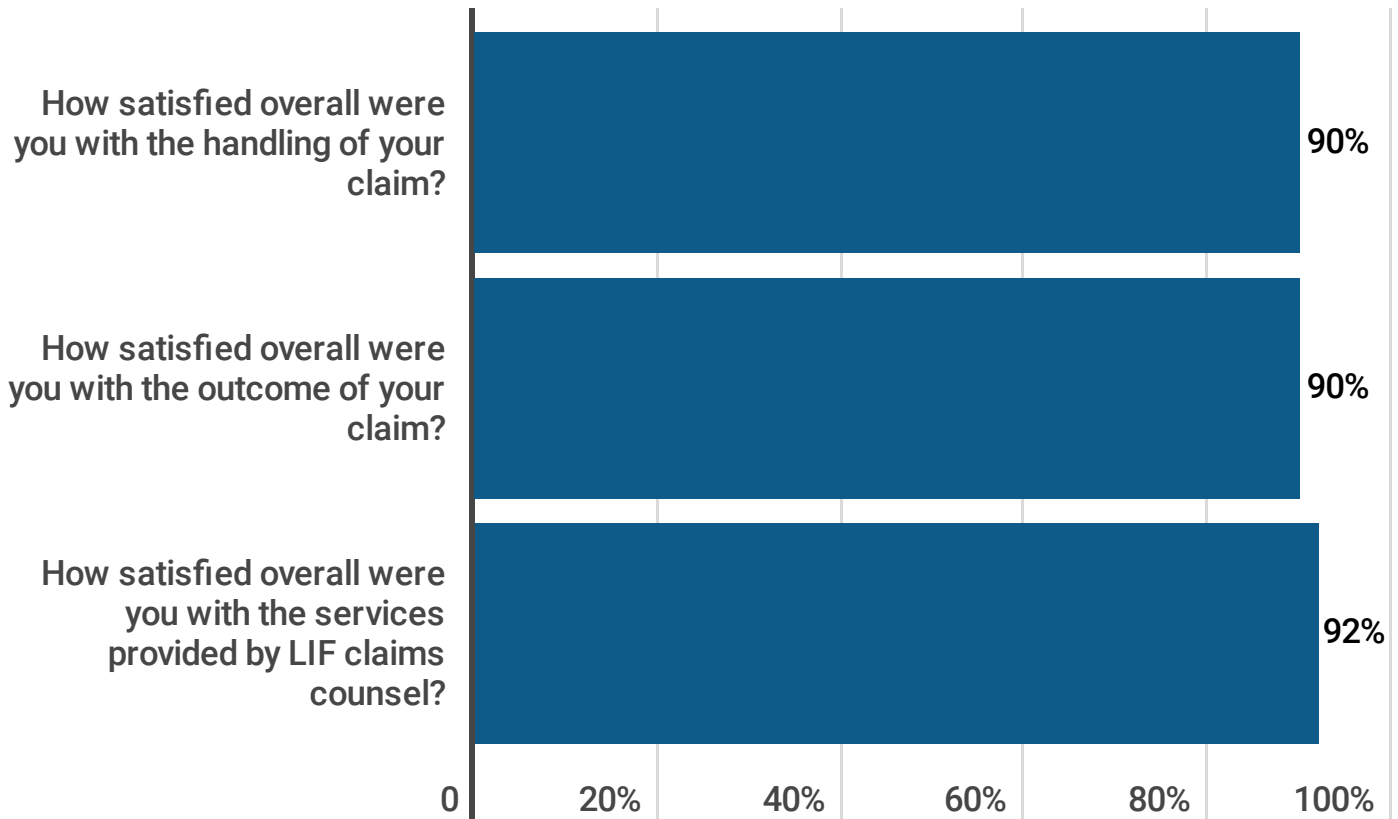


LIF continues to be in a position of financial strength.

Claims Resolution.



Lawyer Feedback.



Risk Management in Review.



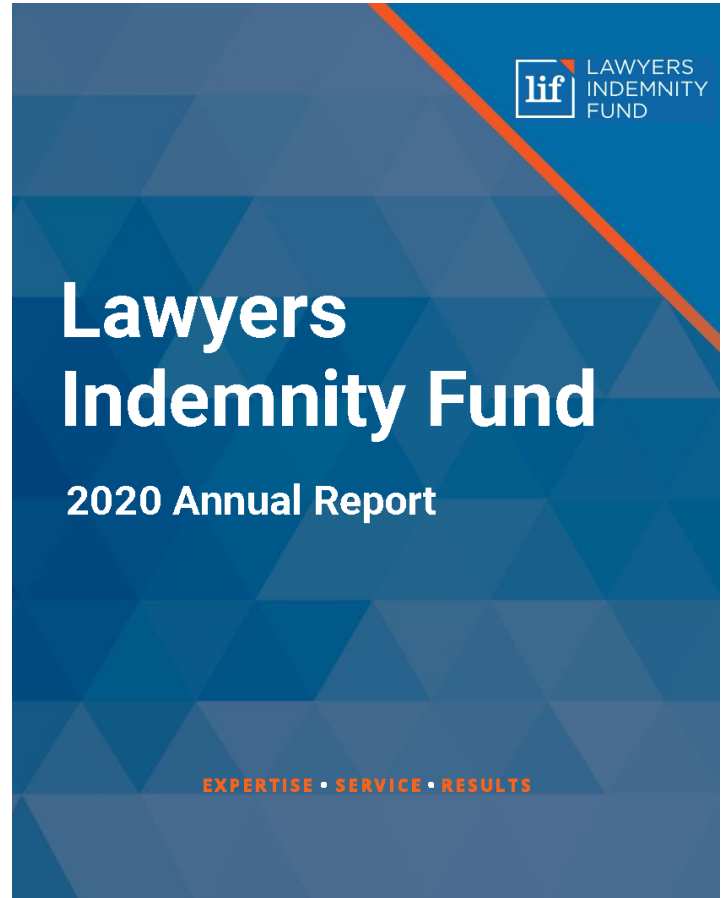
2020 was a hard year.

We have been through a lot together. Take care of yourself during this stressful time.



For More Information.

Download full PDF for more information.



What's in this issue?

- LIF has a new website and fresh look
- Indemnity fee remains at \$1,800
- BC Lawyers Indemnity Association is new policy indemnitor
- In-house lawyers join the Program
- Optional BIC coverage now available by endorsement

Your 2021 indemnification program

The Lawyers Indemnity Fund manages the Law Society's indemnification program, including the BC Lawyers Compulsory Professional Liability Indemnification Policy (the "Policy").

Beginning January 1, 2021, LIF has a new website – www.lif.ca – along with a new logo, telephone call display, staff email addresses, email banner for notices and reports, and a separate suite address. You can also follow us @LIFBC on Twitter for the latest information on our programs, risk management tips and videos. While LIF has always maintained confidentiality over claims information and operated at arm's length, these changes further enhance the separation of LIF from the conduct and discipline functions of the Law Society, and better support our ability to provide you with the information you need to practise claims-free.

Starting with the 2021 policy year, the Policy will be issued by a new, not-for-profit, wholly owned subsidiary of the Law Society that is exempt from regulation, called BC Lawyers Indemnity Association (BCLIA). BCLIA has assumed all of the rights and

obligations of the LSBC Captive Insurance Company Ltd., which was the indemnitor of all earlier policies. Personnel, claims handling, payments and administration of the program will remain virtually the same as they have been for many years.

Welcome in-house lawyers!

Since October 31, 2020, in-house and seconded lawyers have had the option of paying the annual indemnity fee and participating in the program, receiving the same coverage terms as private practice lawyers. This option is available to lawyers employed by, or seconded to, one of the following:

- a federal, provincial, territorial or municipal government department or a Crown corporation;
- a society or association;
- a partnership or corporation, other than a law firm;
- a trade union; or
- a regulatory body.

In-house lawyers are also eligible for a part-time indemnity fee discount, even if they are practising law full-time. The application asks for information about the legal services the lawyer is providing that could give rise to a claim by a third party, and then the

estimated number of hours the lawyer will spend providing those services. The time during which the lawyer provides direct legal advice to their employer (or seconding organization or partnership) should not be included. All other criteria for private practice lawyers remain applicable to in-house lawyers.

Optional business innocent party coverage (BIC)

Since 2002, LIF has managed an optional policy, the Business Innocent Covered Party Policy (the "BIC Policy"), designed to protect members and firms against a vicarious liability claim arising from a professional liability claim that has been denied under the compulsory Policy due to Exclusion 6.2, the "business exclusion." Exclusion 6.2 operates to exclude a claim by or in connection with any organization in which the responsible lawyer, their family or their law firm partners, associates or associate counsel had effective management or control or a greater than 10% ownership interest at the time of the error. Coverage is excluded for both the lawyer responsible for the error and for any lawyer and law firm vicariously liable for the responsible member's acts.

Starting January 1, 2021, the BIC Policy has been converted to an endorsement to

Download the Program Report

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