



LAWYERS  
INDEMNITY  
FUND

# Lawyers Indemnity Fund

## 2021 Annual Report

EXPERTISE • SERVICE • RESULTS

# 2021 In Review.



# Who We Are.



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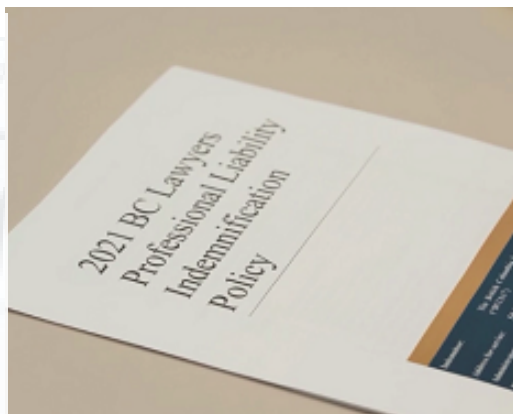
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# What We Do.

## Claims Management

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



## 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.



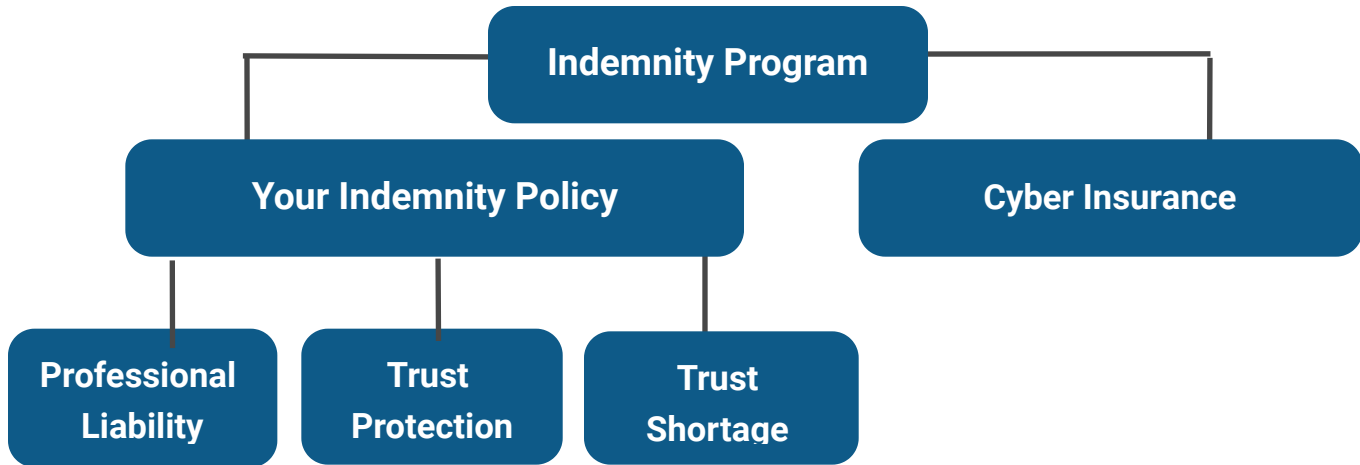
## Underwriting & Coverage

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



# Your 2021 Policies.

The Indemnity Program is made up of your indemnity policy and cyber insurance:



Your Indemnity Policy is made up of:

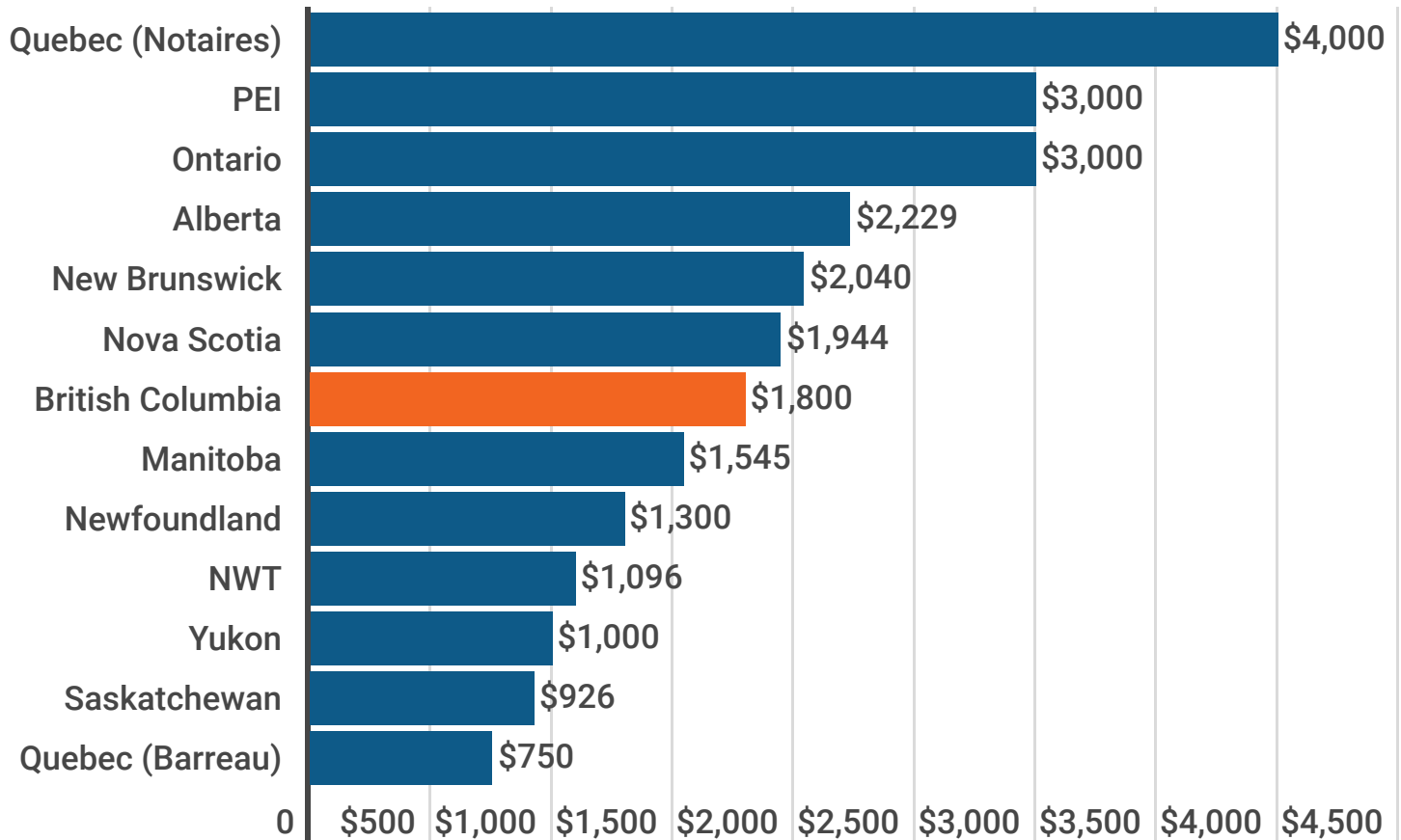
A. **Professional Liability** - coverage to individual lawyers for their negligence while providing professional services to others.

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

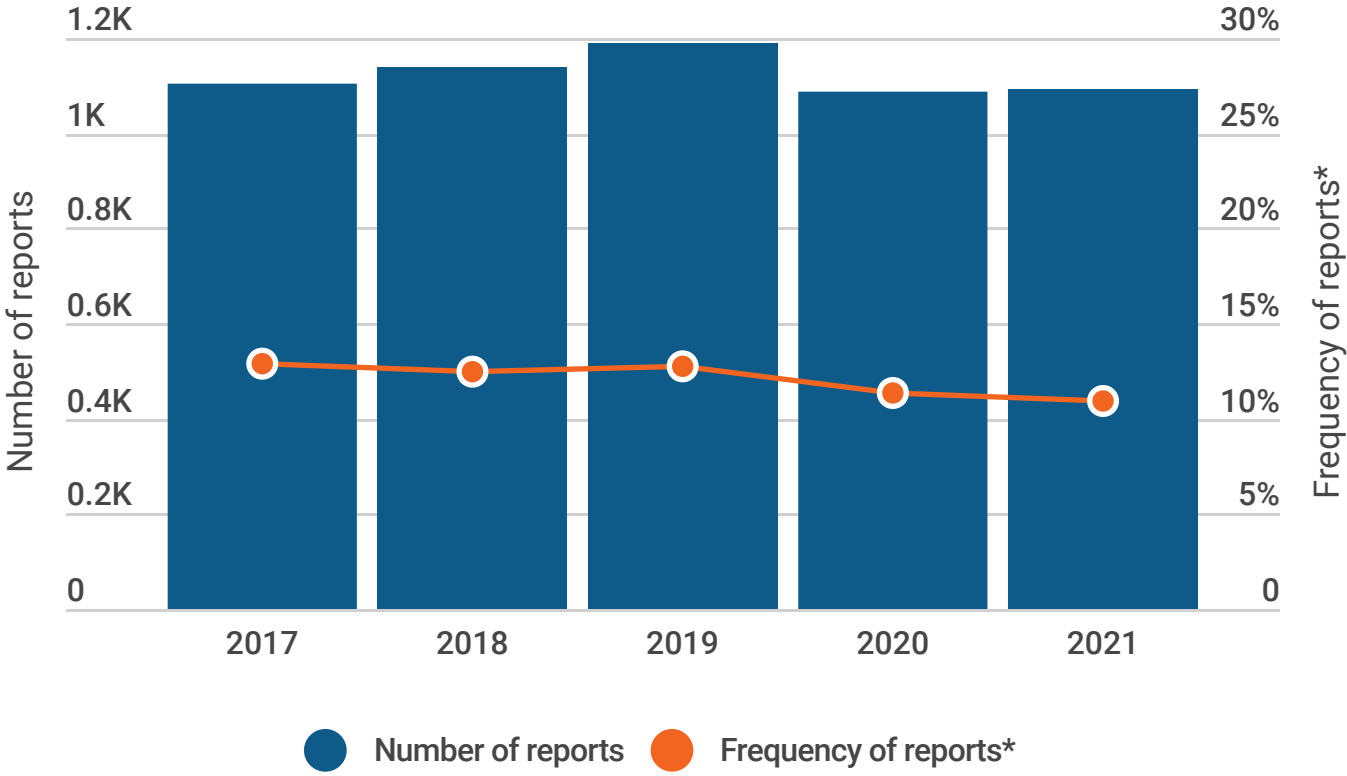
C. **Trust Shortage Liability** - coverage for trust funds transferred by a lawyer to a fraudulent third party as a result of a social engineering fraud or reliance on a fraudulent certified cheque.

Your **Cyber Insurance** - coverage by Coalition Inc. as of June 1 for certain data (privacy) breaches, network security failures and common cybercrime risks.

# 2021 Indemnity Fees.



# Number and Frequency of Reports.

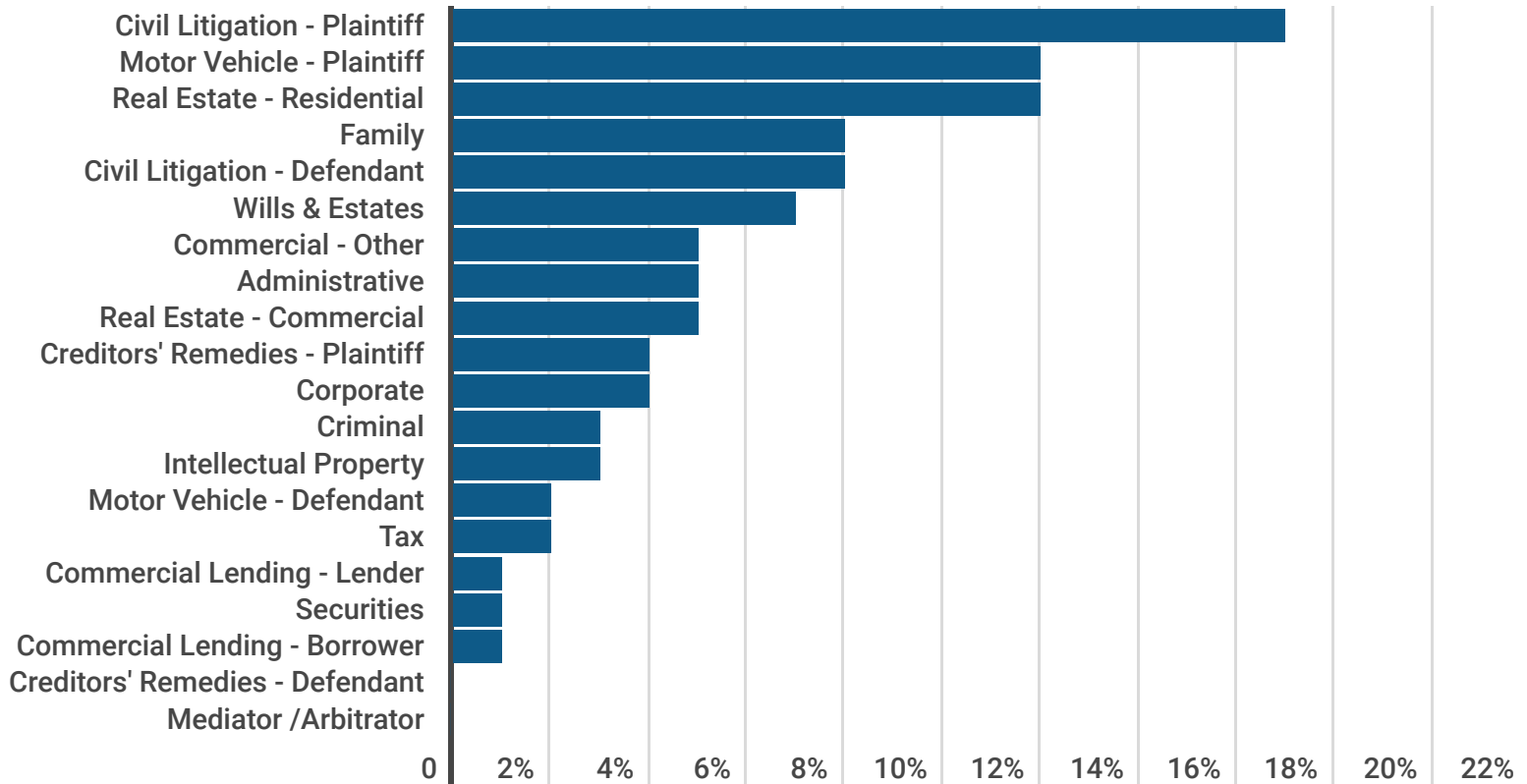


\* Reports per hundred lawyers

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

Frequency of Reports by Area of Law - 2021\*

Severity of Reports by Area of Law - 2021\*\*



\*Frequency reflects the number of reports.

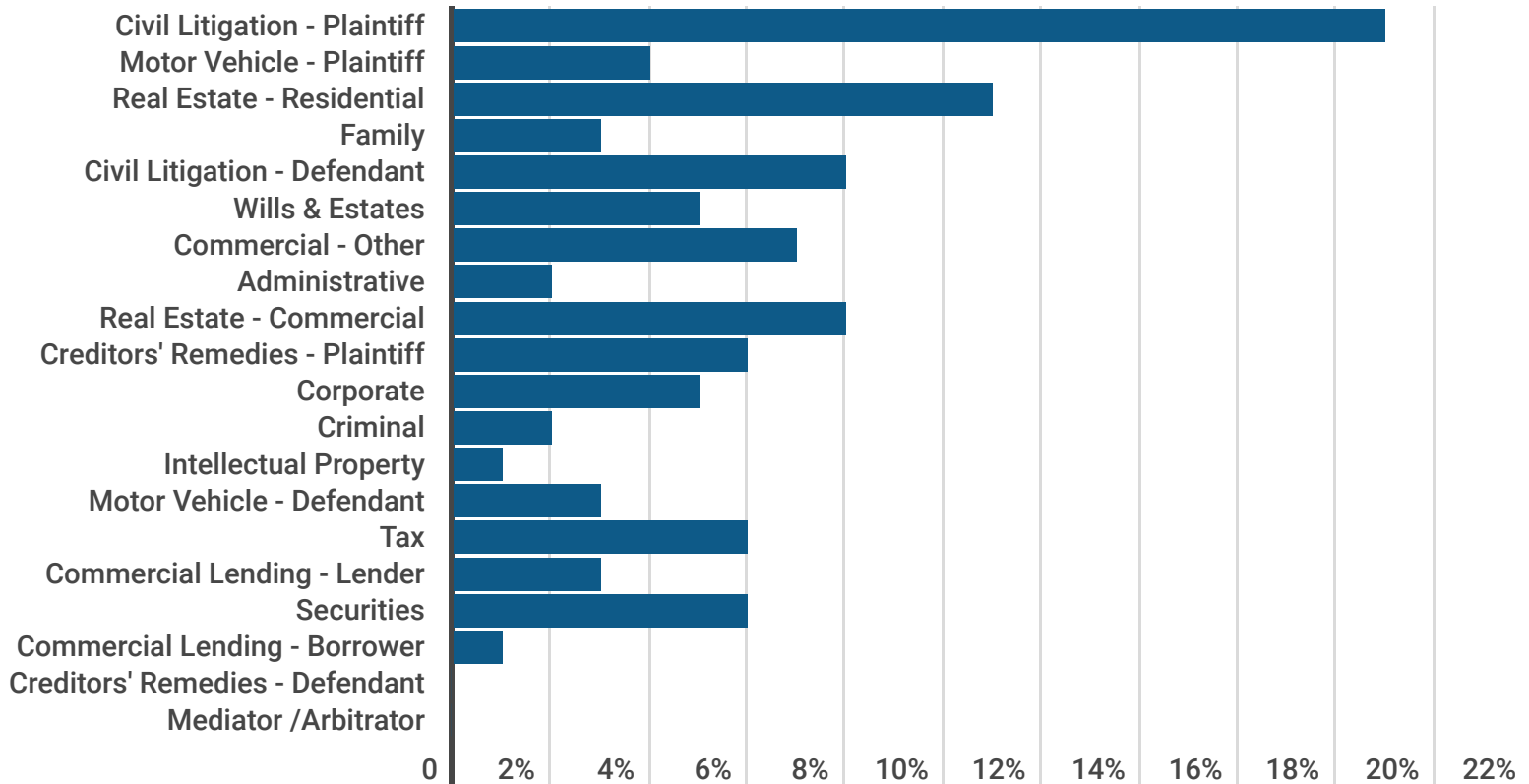
\*\*Severity reflects the dollar amount of claims.



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

Severity of Reports by Area of Law - 2021\*\*

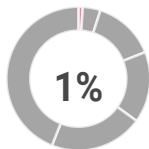
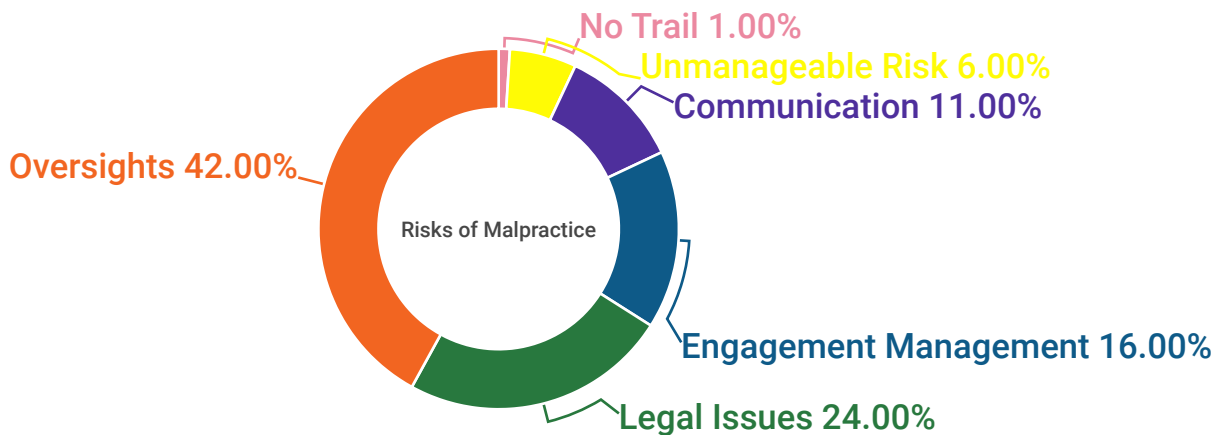
Frequency of Reports by Area of Law - 2021\*



\*Frequency reflects the number of reports.

\*\*Severity reflects the dollar amount of claims.

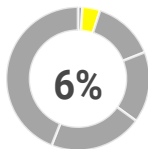
# Top 6 Causes of Claims.



1%

## No Trail

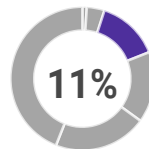
A failure to confirm and document the advice you gave.



6%

## Unmanageable Risk

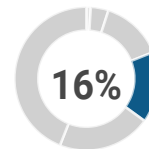
An unavoidable claim. For example, when a matrimonial lawyer gets sued by the opposing party, that's pretty hard to avoid.



11%

## Communication Issues

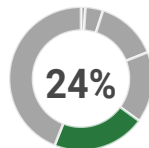
Failures in listening, asking, and explaining.



16%

## Engagement Management

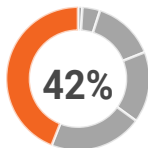
Not properly managing the engagement aspects of the file: client expectations, client selection, fee billing, retainer letters, and disengagement letters.



24%

## Legal Issues

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

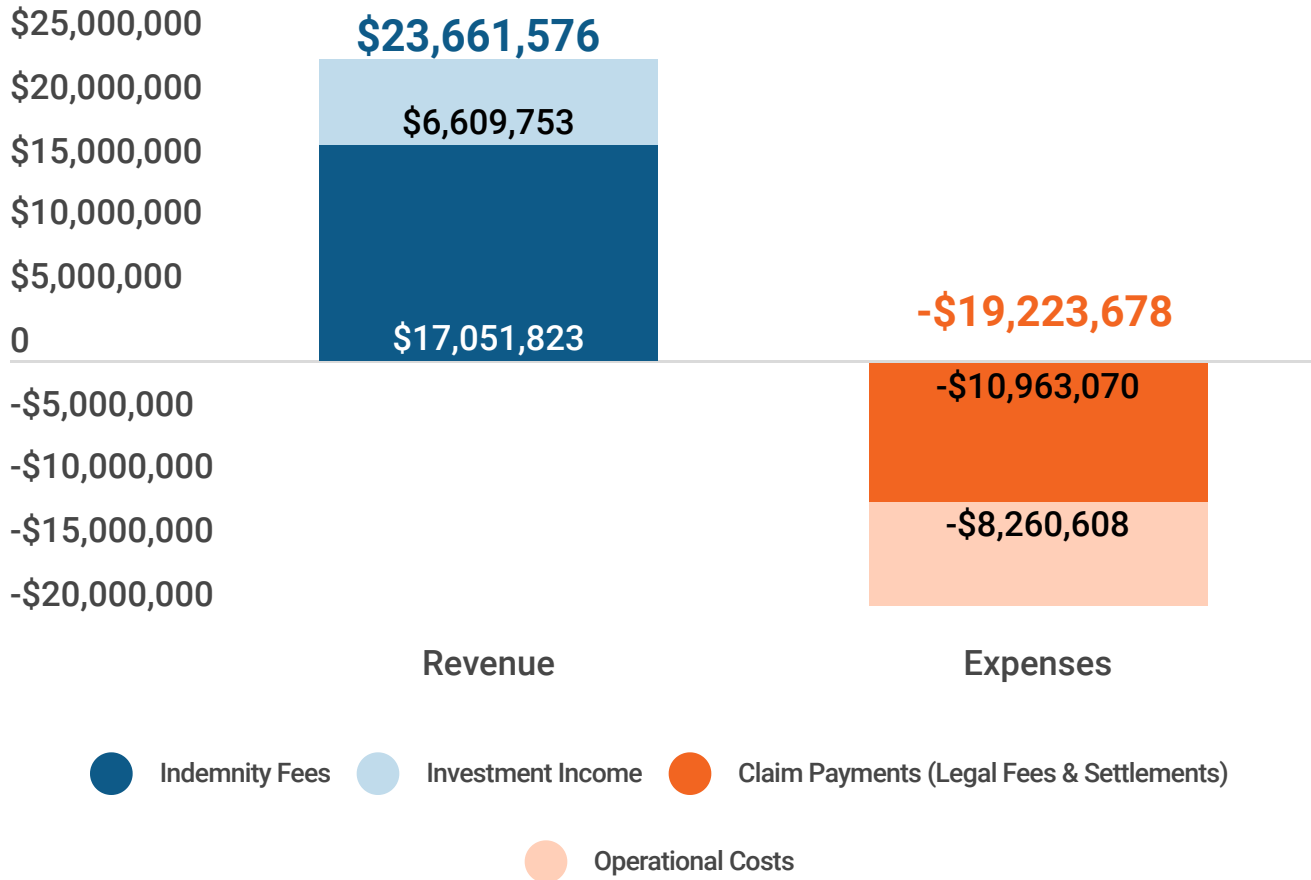


42%

## Simple Oversights

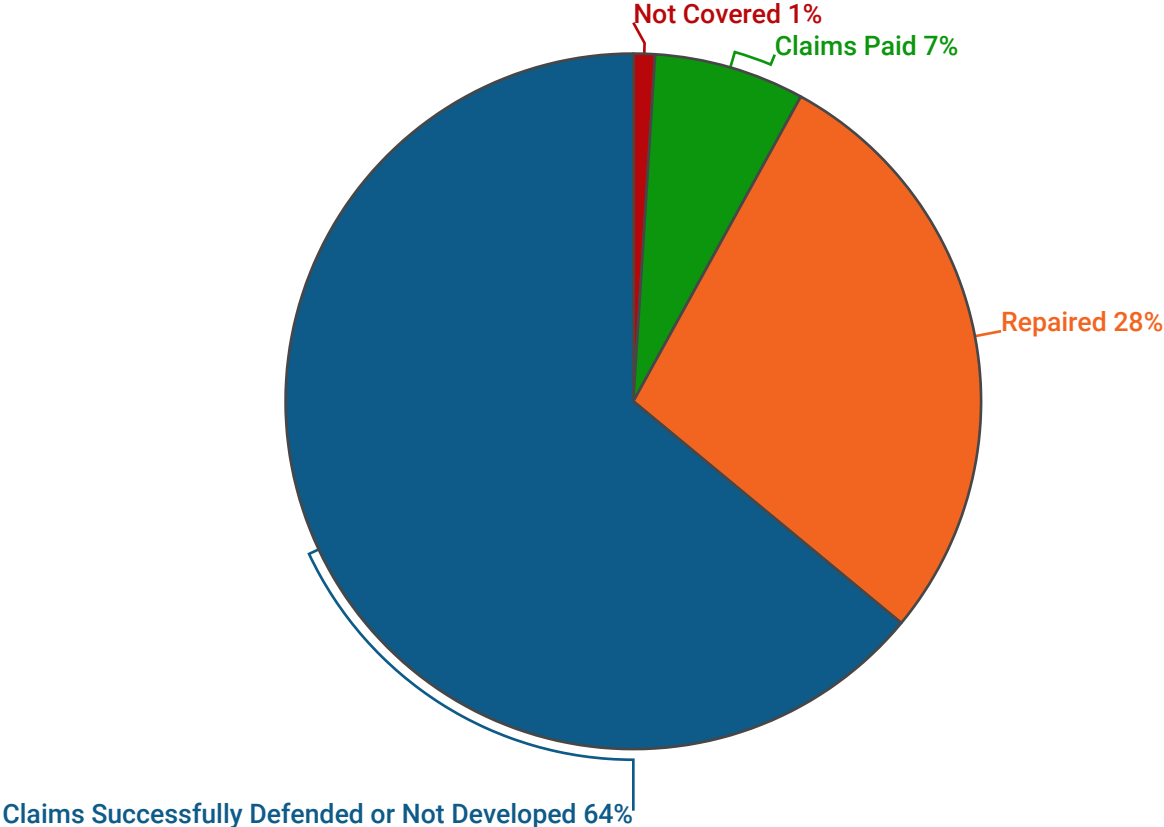
Always the leading cause, because "I forgot" is the most human of errors - and the most preventable.

# Financial Results.



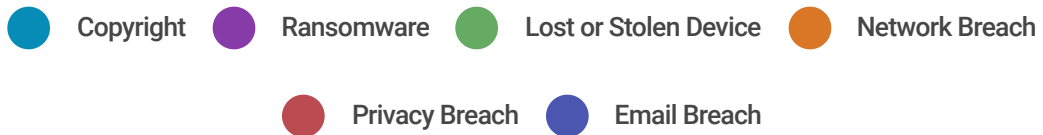
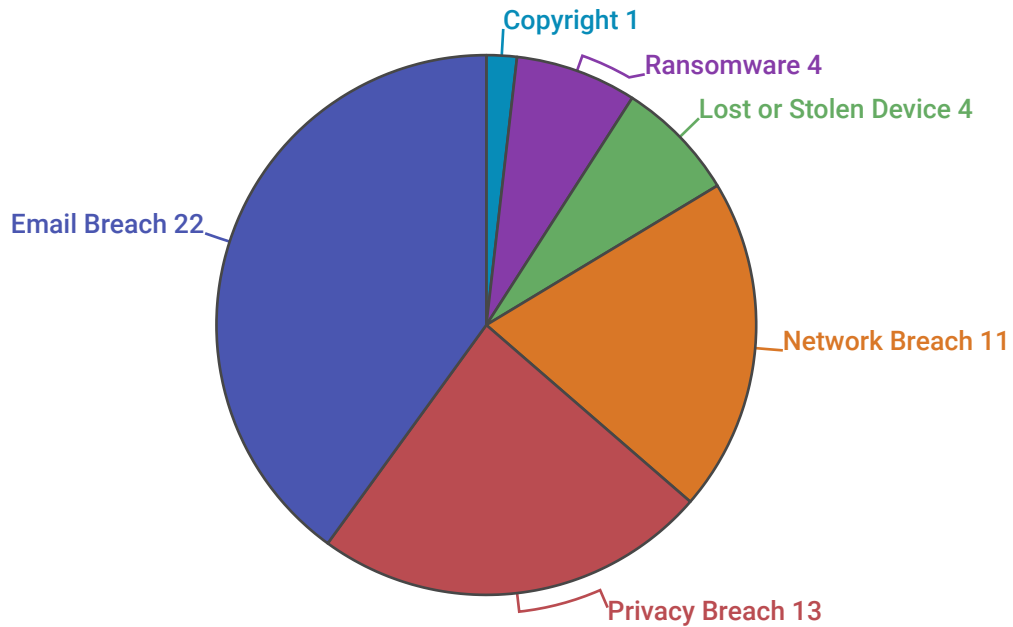
**LIF continues to be in a position of financial strength.**

# Claims Resolution.



- Not Covered
- Claims Paid
- Repaired
- Claims Successfully Defended or Not Developed

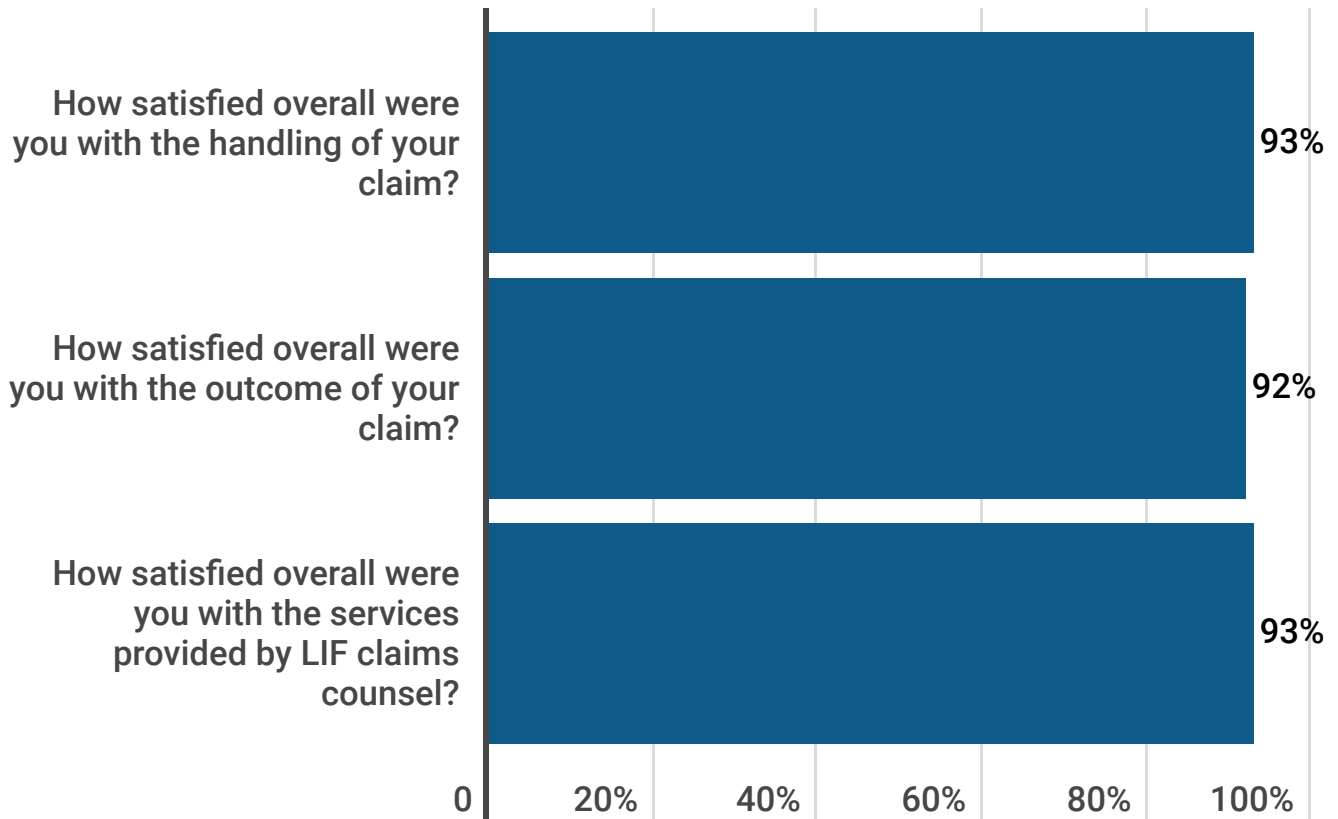
# Cyber Claims.



**Total cyber reports: 55**

\*Data provided by Coalition Inc.

# Lawyer Feedback.



# Risk Management in Review.



## LAWYERS INDEMNITY FUND

2021 Risk Management in Review

# 2021 was a hard year.

In good times and in bad times always prioritize your mental health.





# For More Information.

Download full PDF for more information.



#### What's in this issue?

- [In-house lawyers join the program](#)
- [New cyber insurance for BC firms](#)
- [Indemnity fee remains at \\$1,800](#)
- [Expanded pro bono coverage](#)
- [Reduced Part C deductible](#)
- [2021 risk management in review — alerts and videos at your fingertips](#)

#### Your 2022 indemnification program

The LAWYERS INDEMNITY FUND manages the Law Society's Indemnification Program, including the BC Lawyers Compulsory Professional Liability Indemnification Policy (the "Policy").

#### More in-house lawyers are covered by the Policy

The number of in-house lawyers participating in the program has jumped by 28% in the first year since the option to pay the indemnity fee was introduced in October 2020. Not all in-house lawyers need the coverage, but those with third-party liability risk are now able to mitigate their risk with the Policy coverage.

#### BC firms now have cyber insurance

Cybercrime, data or privacy breaches and computer security failures are increasingly impacting BC firms and their clients. In June 2021, cyber insurance through Coalition, Inc. was incorporated into the program. Although the cyber policy provides very broad coverage, a firm's best investment remains in prevention.

The most effective low or no-cost ways for you to stop the three most prevalent types of losses are:

1. **Business email compromise:** Enable multi-factor authentication, password management and email security, such as SPF, DKIM, DMARC and an anti-phishing solution.
2. **Funds transfer fraud:** Define procedures for handling new payment and change in payment requests. These procedures would include calling the requesting party on a known good number seeking to confirm the request.
3. **Ransomware:** Train staff on email security, such as spam filtering, to avoid ransomware being installed when users open a suspicious attachment or visit a malicious website. Also, ensure technical vulnerabilities like old, unpatched software or insecure remote access tools are unavailable for attackers to exploit. And implement a backup strategy that includes frequent backups and

offline storage, allowing you to rebuild systems without paying the ransom.<sup>1</sup>

Your **Cyber Coverage** on our website contains in-depth information about the cyber insurance and risk management provided by Coalition. If you wish help with your cyber security needs, please schedule a no-cost appointment with Coalition to discuss your options: [Schedule a Security Call with Coalition \(coalitioninc.com\)](#).

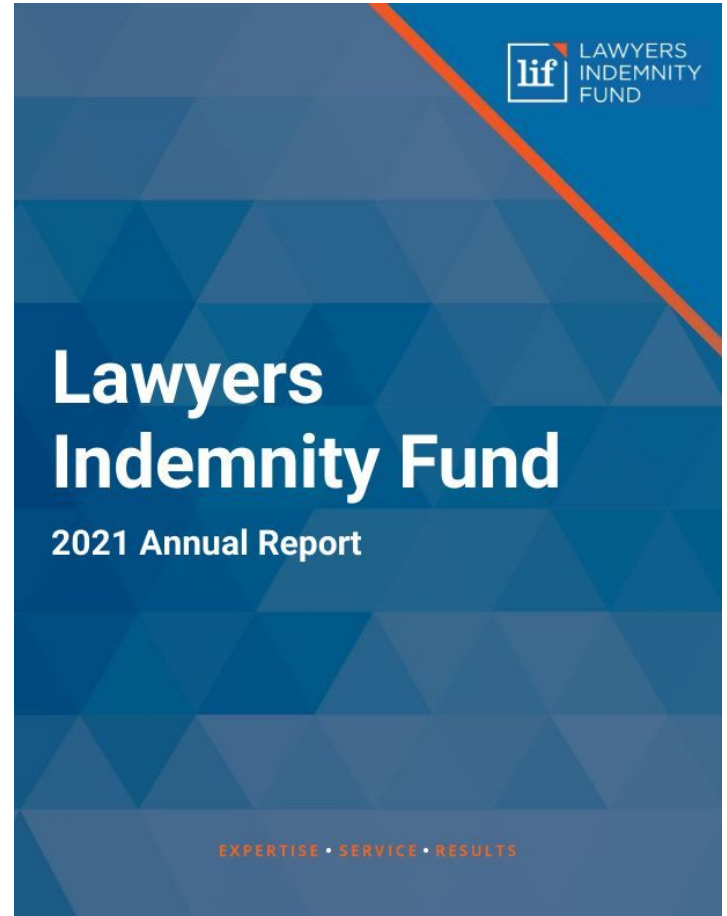
#### Your 2022 Indemnification Policy

Your policy provides the following coverage: Part A: professional liability (errors & omissions), Part B: trust protection for dishonest appropriation, and Part C: trust shortage liability arising from social engineering fraud or reliance on fraudulent certified cheques.

#### The 2022 Indemnity fee

The indemnity fee remains at \$1,800 per full-time lawyer for 2022, and has only increased by \$50 in the last 11 years. The graph on page 2 shows how favourably we compare with other provinces and

<sup>1</sup> Coalition Insurance Cyber Insurance Claims Report H1 2021.



Download the Program Report

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