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LAWYERS  
INDEMNITY  
FUND

# Lawyers Indemnity Fund

## 2022 Annual Report

EXPERTISE • SERVICE • RESULTS

# 2022 In Review



2022 In Review




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Susan Forbes, QC  
Chief Operating Officer of  
Lawyers Indemnity Fund



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# Who We Are



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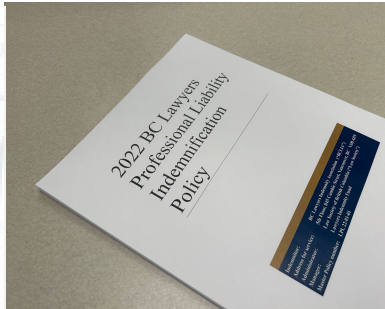
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# What We Do

## 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.



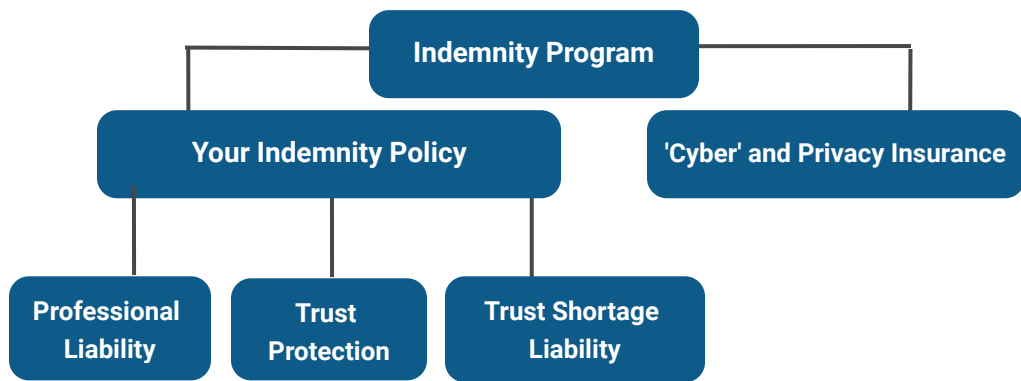
## Underwriting & Coverage

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



# Your 2022 Policies

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

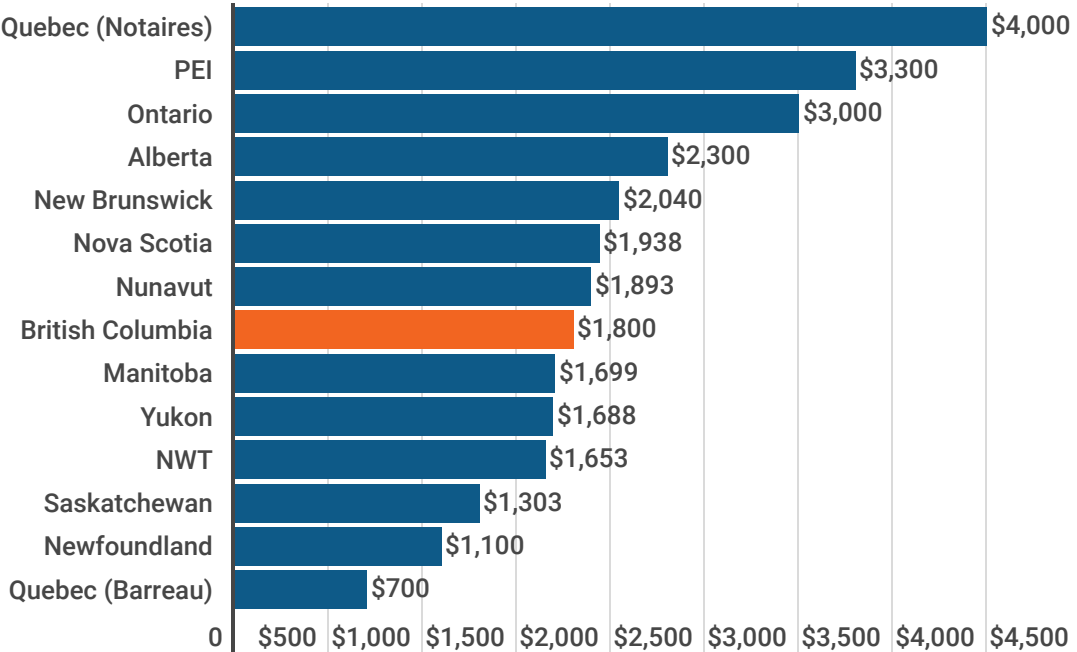


Your Indemnity Policy is made up of:

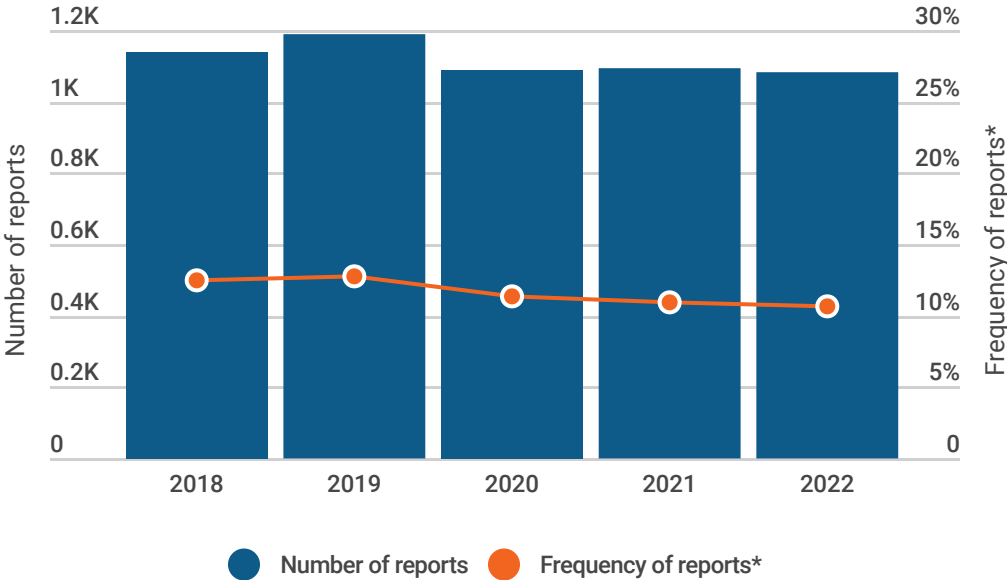
- A. **Professional Liability** - coverage to individual lawyers for their negligence while providing professional services to others.
- B. **Trust Protection** - coverage for funds dishonestly appropriated by a lawyer.
- C. **Trust Shortage Liability** - coverage for trust funds transferred by a lawyer to a third party as a result of a social engineering fraud or reliance on a fraudulent certified cheque.

Your **Cyber and Privacy Insurance** - coverage by Coalition Inc. for certain data breaches, network security failures, and cybercrime risks.

# 2022 Indemnity Fees



# Number and Frequency of Reports



\* Reports per hundred lawyers

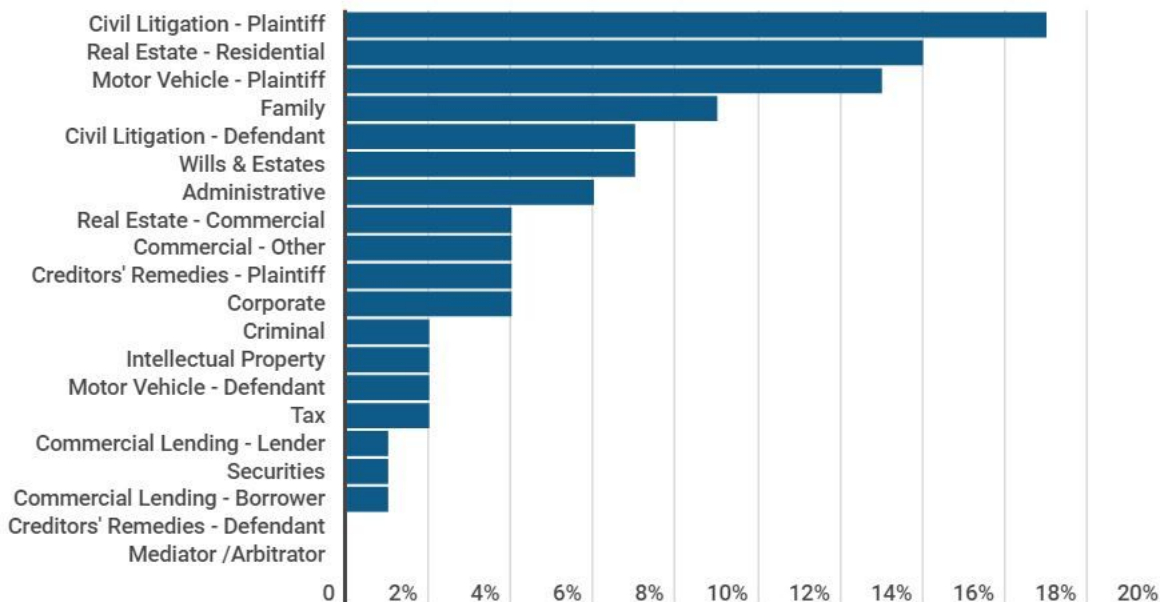
# Frequency of Reports by Area of Law

vs.

# Severity of Reports by Area of Law

Frequency of Reports by Area of Law - 2022\*

Severity of Reports by Area of Law - 2022\*\*



\*Frequency reflects the number of reports.

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



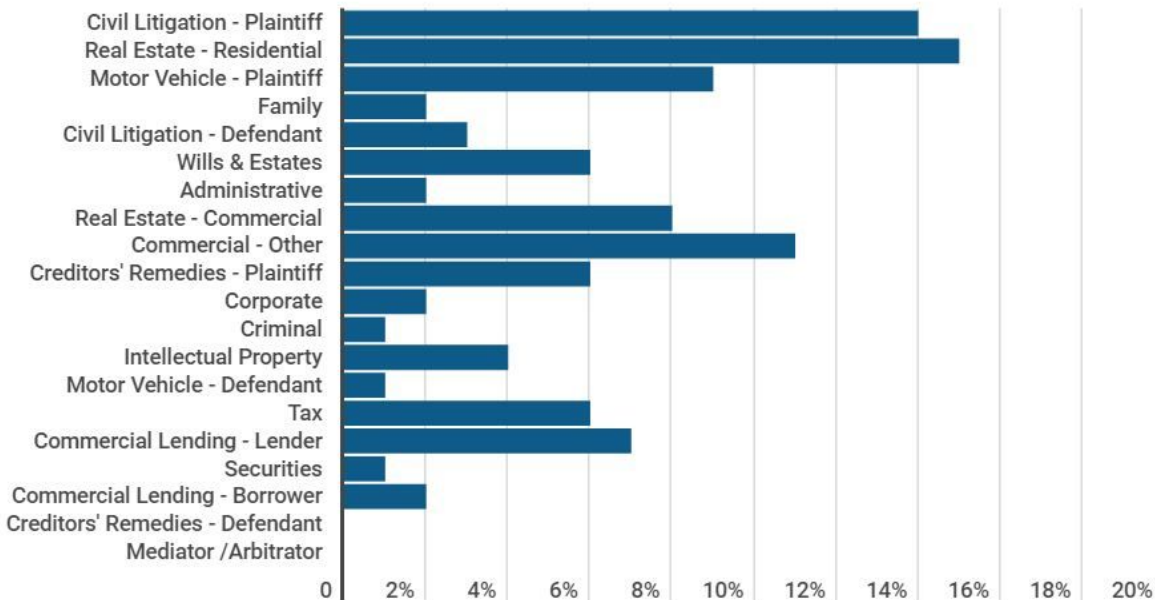
# Frequency of Reports by Area of Law

vs.

# Severity of Reports by Area of Law

Frequency of Reports by Area of Law - 2022\*

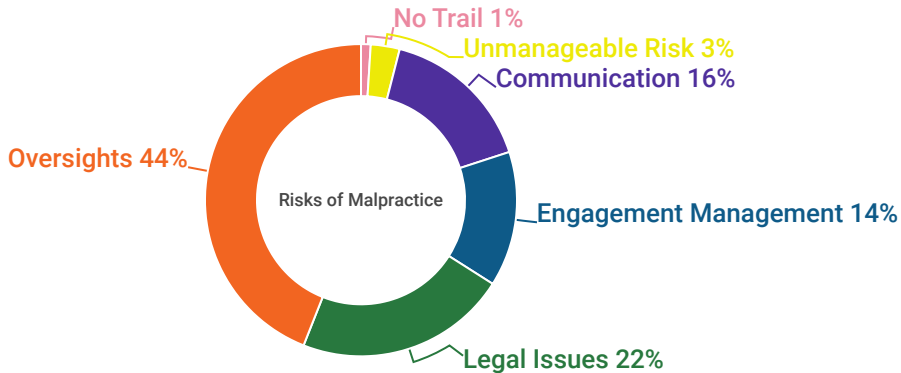
Severity of Reports by Area of Law - 2022\*\*



\*Frequency reflects the number of reports.

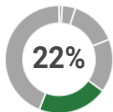
\*\*Severity reflects the dollar amount of claims.

# Top 6 Causes of Claims



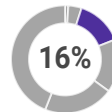
### Simple Oversights

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



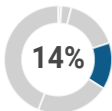
### Legal Issues

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



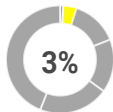
### Communication Issues

Failures in listening, asking, and explaining.



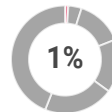
### Engagement Management

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



### Unmanageable Risk

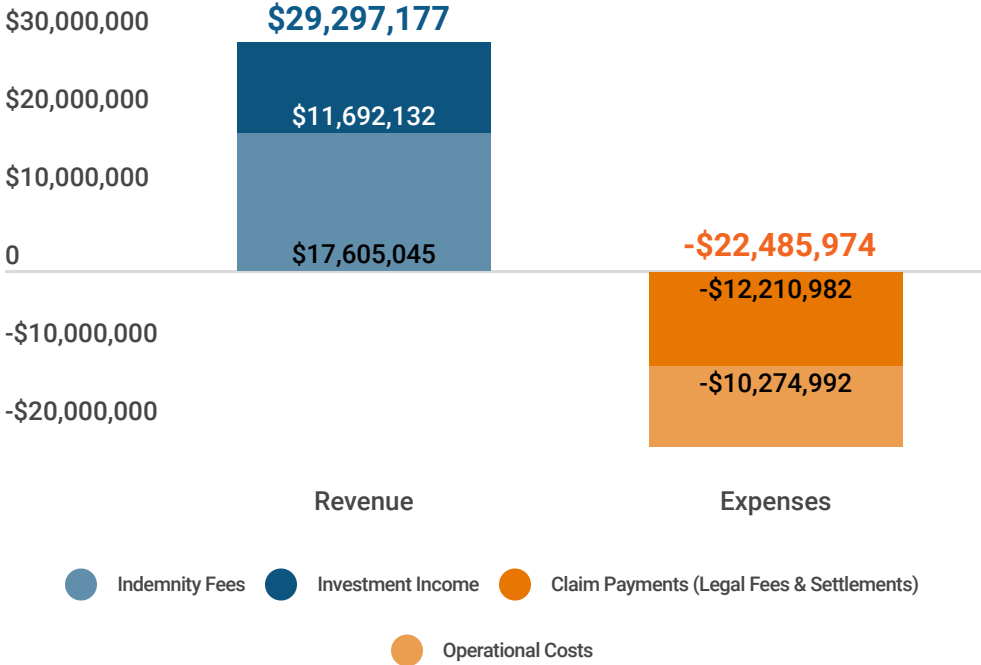
An unavoidable claim. For example, when a matrimonial lawyer gets sued by the opposing party, that's pretty hard to avoid.



### No Trail

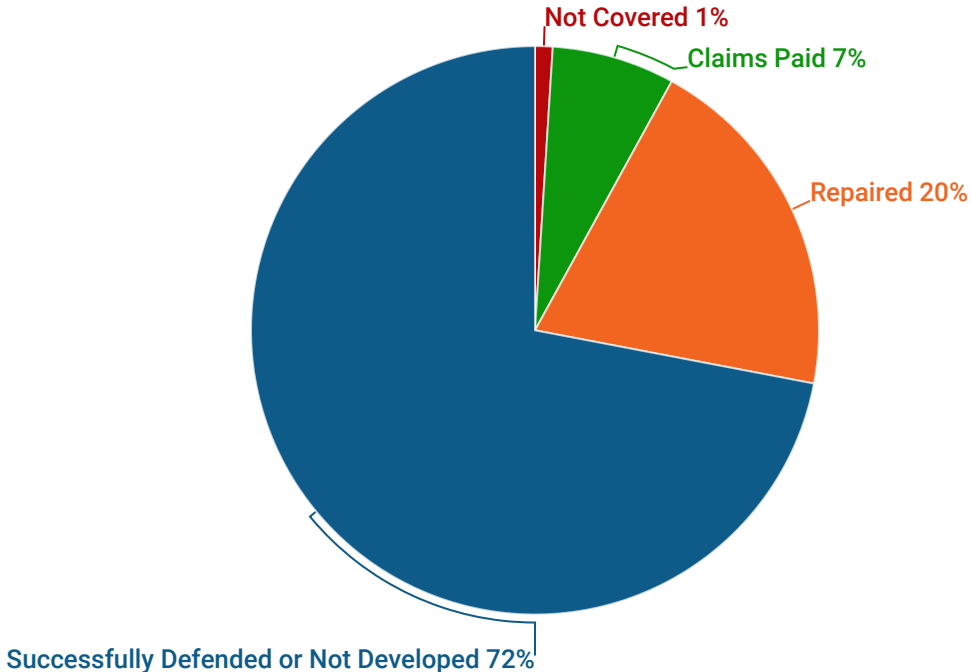
A failure to confirm and document the advice you gave.

# 2022 Revenue, Claim Payments and Operating Costs



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

# Claims Resolution

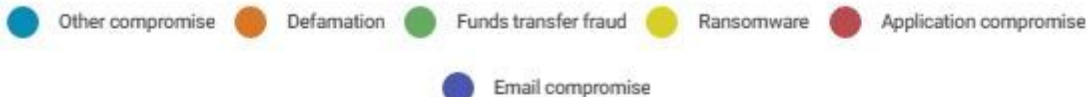
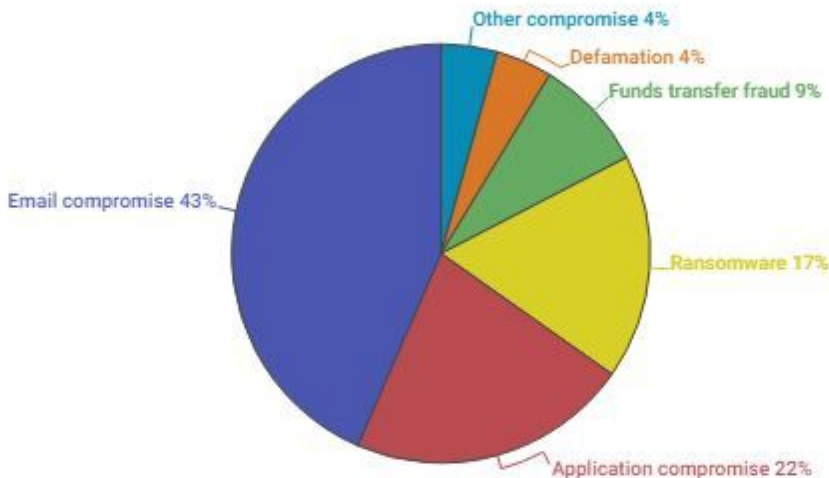


- Not Covered
- Claims Paid
- Repaired
- Successfully Defended or Not Developed

# Cyber Policy - 2022

Frequency of Cyber Reports

Severity of Cyber Reports



**Number of claims with payment: 23**

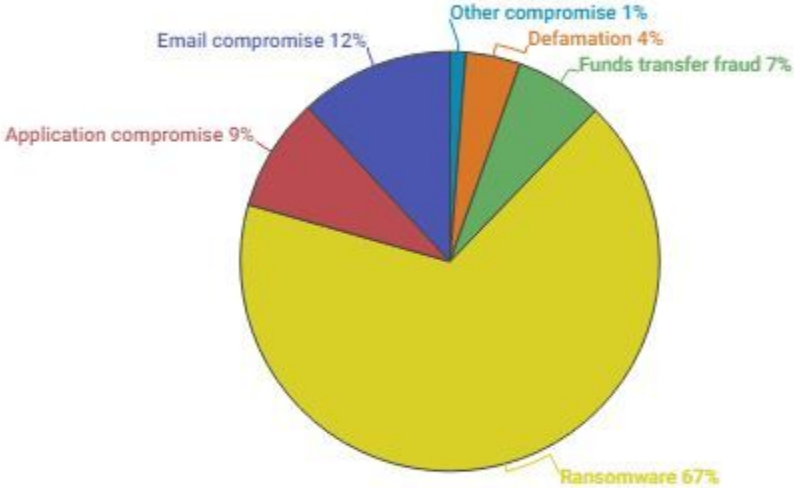
**Amount paid: \$1,030,681**

\*Data provided by Coalition Inc. June 1, 2021 to December 31, 2022

# Cyber Policy - 2022

Frequency of Cyber Reports

Severity of Cyber Reports



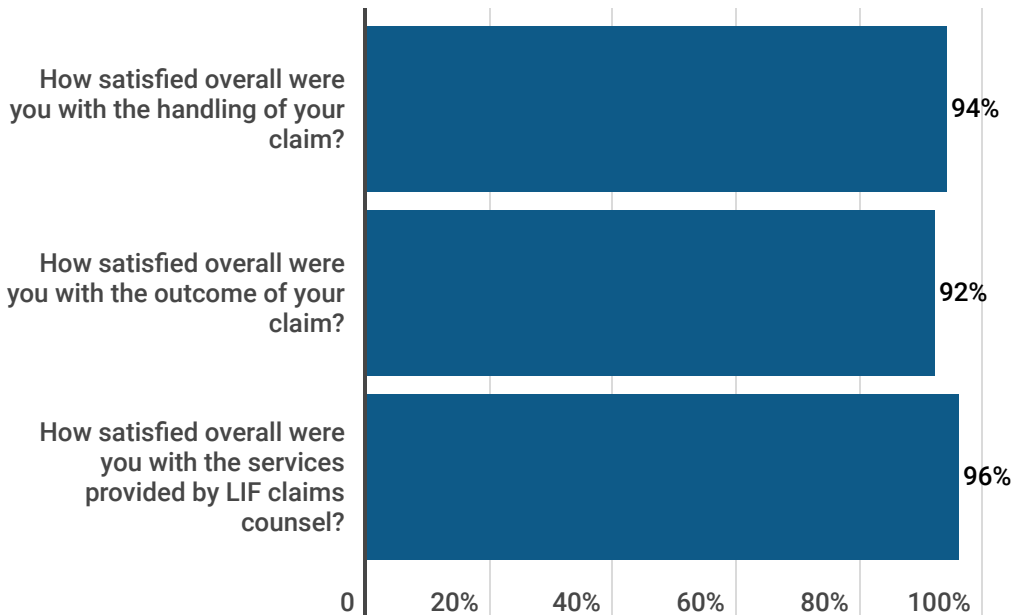
- Other compromise
- Defamation
- Funds transfer fraud
- Ransomware
- Application compromise
- Email compromise

**Number of claims with payment: 23**

**Amount paid: \$1,030,681**

\*Data provided by Coalition Inc. June 1, 2021 to December 31, 2022

# Lawyer Feedback



# Risk Management in Review



2022 Risk Management in Review



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2022 Risk Management in Review

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# For More Information

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2023: No. 1 • SPRING

## INDEMNITY ISSUES: Program Report



### What's in this issue?

- [A steady \\$1,800 indemnity fee](#)
- [Indemnification Program Overview](#)
- [What's New for 2023!](#)
- [A Look at 2022 Claims](#)
- [Cyber and Privacy Insurance Update](#)
- [Risk Management in Review](#)

The Lawyers Indemnity Fund manages the Law Society's Indemnification Program, including the BC Lawyers Compulsory Professional Liability Indemnification Policy and the "cyber" policy underwritten by Coalition, Inc.

### 2023 Indemnity Fee

For the 6th consecutive year, the indemnity fee remains at \$1,800 per full-time lawyer. The fee has increased only once — and by only \$50 — in the last 12 years, showing a consistency and stability that you can be proud of. As shown in the accompanying graph on page 2, the fee compares favourably with other provinces and territories, especially considering that BC has the broadest professional liability coverage in the country and that other programs charge additional fees not shown here for the same risks. Be assured that LIF's consistently low fee is no accident and is a product of several factors, including:

- We regularly alert you to important risk management issues, helping you to avoid errors;
- You report claims promptly, permitting less litigation to begin right away, whether that be repairing the mistake, settling the claim early, or successfully

- defending the allegations; and
- We have a highly effective claims management team dedicated to providing you with excellent service.

### Indemnification Program Overview

- The indemnification program has two parts:
- 1) The BC Lawyers Compulsory Professional Liability Indemnification Policy, which protects lawyers and members of the public and is comprised of:
    - Part A: Professional Liability Indemnity — if you make a mistake that results in financial loss for a third party;
    - Part B: Trust Protection Coverage — if you dishonestly take money entrusted to you in relation to legal services;
    - Part C: Trust Shortage Liability Indemnity — if you incur a loss from depositing a fraudulent certified

cheque or you are tricked by social engineering into sending trust funds to a fraudster; and

- 2) The "cyber" insurance policy that applies to network security and privacy liability risks. The "cyber" policy, which is arranged and paid for by LIF, is underwritten by Coalition, Inc. and insures most BC law firms.

Every covered lawyer can download a copy of their professional liability Certificate of Indemnity from their Member Portal profile on the Law Society's website. Policy wordings for current and previous years are available on LIF's website. Each firm with Coalition's coverage can obtain a cyber policy insurance certificate. This is available on the Member Portal and can be accessed by the firm's Designated Representative(s).

### What's New for 2023?

- Part C, applicable to social engineering frauds, was updated to reflect a change in the "cyber" policy. LIF ended the Funds



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