

The Law Society of Newfoundland

2002 - 2003 Annual Report



The Law Society of Newfoundland
Annual Report 2002 - 2003
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Law Society Seal:
Gerald Squires, RCA, LL D

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**This Report covers the period
May, 2002 to April, 2003**

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Annual Report 2002 - 2003



CONTENTS

	Page
Benchers.....	1
Law Society Staff	3
Membership	3
President's Annual Report	5
Vice-President's Report	9
Archives & Records Committee Report	11
Bar Admission Course Committee Report	12
Continuing Legal Education Committee Report	14
Education Committee Report	15
Insurance Committee Report	16
Library Committee Report.....	20
Professional Assistance Committee Report	21
Student Awards Committee Report.....	22
Society Committees	23
Auditors' Report and Financial Statements, Fiscal Year Ended December 31, 2002	27

BENCHERS

ELECTIVE BENCHERS:

Eastern District

John D Brooks, QC
William A Cadigan
Brian F Furey
William H N Goodridge, QC, President
Sheila H Greene
Paul M McDonald
Tobias F McDonald
Irene S Muzychka
Stephanie L Newell, Vice-President
Glen L C Noel
Terry G Rowe
Marina C Whitten

Central District

Aidan B Beresford, QC
H Wayne Burden

Western District

M Beverley L Marks, QC
George L Murphy

Labrador District

Edward M Hearn, QC

APPOINTED BENCHERS

John P Greene
C Ted Janes
Bernice Morgan, D Litt
Bert Riggs

EX OFFICIO BENCHER:

Barry R Sparkes, QC

HONORARY BENCHERS:

Lewis B Andrews, QC
Jeffrey P Benson, QC
Reginald H Brown, QC
V Randell J Earle, QC
J David B Eaton, QC
Francis P Fowler, QC
J Vernon French, QC
The Hon Chief Justice J D Green
The Hon Judge Gloria Harding
Thomas R Kendell, QC
R Barry Learmonth, QC
Dana K Lenahan, QC
Augustus G Lilly, QC
Dennis C MacKay, QC
G David Martin, QC
M Francis O'Dea, QC
Thomas J O'Reilly, QC
Ernest G Reid, QC
John F Roil, QC
The Hon Mr Justice D Russell
Robert M Sinclair, QC
The Hon Mr Justice R Wells, LL D

**TREASURERS/PRESIDENTS
OF THE LAW SOCIETY**

**SECRETARIES/VICE-PRESIDENTS
OF THE LAW SOCIETY**

1834-1845 Records of the Society were destroyed in the Great Fire of June 9, 1846

1846 Hon Wm B Row, QC
 1849 Bryan Robinson, QC
 1852 E M Archibald
 1855 F B T Carter
 1866 Wm V Whiteway
 1869 Robert J Pinsent, QC
 1870 Wm V Whiteway
 1879 Robert J Pinsent, QC
 1881 J I Little, QC
 1885 Robert J Kent, QC
 1893 Sir Wm V Whiteway, KCMG, QC
 1908 Sir James S Winter
 1911 Daniel J Greene, KC
 1912 Donald Morison, KC
 1919 J A Clift, KC
 1923 P J Summers, KC
 1927 W R Howley, KC
 1941 C O'N Conroy, KC
 1947 John G Higgins, QC
 1958 R.S Furlong, QC
 1959 G M Stirling, CM, QC
 1971 R W Bartlett, QC
 1974 Donald A Mercer, QC
 1977 Robert Wells, QC
 1981 Francis P Fowler, QC
 1982 Ernest G Reid, QC
 1983 Thomas J O'Reilly, QC
 1984 M Francis O'Dea, QC
 1985 Peter W Strong, QC
 1986 David L Russell, QC
 1986 G David Martin, QC
 1987 J Vernon French, QC
 1988 Lewis B Andrews, QC
 1989 John F Roil, QC
 1990 J Derek Green, QC
 1991 R Barry Learmonth
 1992 Thomas R. Kendell, QC
 1993 Augustus G Lilly, QC
 1994 V Randell J Earle, QC
 1995 Reginald H Brown, QC
 1996 Dana K Lenahan, QC
 1997 Gloria Harding
 1998 J David B Eaton
 1999 Dennis C MacKay
 2000 Robert M Sinclair, QC
 2001 Jeffrey P Benson, QC
 2002 William H Goodridge, QC

1846 E M Archibald
 1847 H W Hoyles
 1849 F B T Carter
 1855 George Hogsett
 1856 Henry A Clift
 1869 M W Walbank
 1866 Robert J Pinsent
 1869 M W Walbank
 1877 T J Keough, QC
 1879 Prescott Emerson, QC
 1885 Prescott Emerson, QC
 1889 A J W McNeily, QC
 1895 D M Browning
 1914 C O'N Conroy
 1916 C H Emerson, KC
 1919 Rt Hon Sir Wm Lloyd
 1937 J G Higgins, QC
 1947 J A Barron, QC
 1958 G M Stirling, CM, QC
 1959 T A Hickman, QC
 1967 D A Mercer, QC
 1974 Noel Goodridge, QC
 1976 Francis P Fowler, QC
 1981 Ernest G Reid, QC
 1982 Thomas J O'Reilly, QC
 1983 M. Francis O'Dea, QC
 1984 Peter W Strong, QC
 1985 David L Russell, QC
 1986 G David Martin, QC
 1986 J Vernon French, QC
 1987 Lewis B Andrews, QC
 1988 John F Roil, QC
 1989 J Derek Green, QC
 1990 R Barry Learmonth
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 1993 V Randell J Earle, QC
 1994 Reginald H Brown, QC
 1995 Dana K Lenahan, QC
 1996 Gloria Harding
 1997 J David B Eaton
 1998 Dennis C MacKay
 1999 Robert M Sinclair, QC
 2000 Jeffrey P Benson
 2001 William H Goodridge, QC
 2002 Stephanie L Newell

LAW SOCIETY STAFF

ADMINISTRATIVE OFFICES

Executive Director: Peter G Ringrose
Assistant to the Executive Director: Janice K Whitman

Legal Director: Phyllis E Weir
Assistant to the Legal Director: Anne P Cross

Director of Legal Education: Francis P O'Brien
Assistant to the Director of Legal Education: Regina Whitty

Accountant: Judith Pardy

Receptionist: Tanya Barrington

LIBRARY

Librarian: Gail A Hogan

Librarian: Harriet A Mercer

Library Technicians:
Karen Hayward
Brenda Blunden
Renee Whalen (*on leave*)

MEMBERSHIP

Membership Statistics as of April 30, 2003:

Practising:	469
Practising Uninsured:	162
Non-Practising:	149
Inactive:	1
Life	16
TOTAL	797

Lawyers were first regulated in Newfoundland under a Royal Charter of 1826; the Law Society was incorporated on July 1, 1834.

The Barrister and Solicitor Rolls as of the April 9, 2003, Call to Bar reached 1236 enrolments.

The Benchers record with regret the death of the following members during the period from May, 2002 to April, 2003:

Isaac Mercer, QC, Roll #192, called to Bar April 9, 1938

Christopher M Sullivan, Roll #774, called to Bar July 3, 1990

MEMBERSHIP FIGURES SINCE CONFEDERATION WITH CANADA

1950 - 66	1964 - 86	1978 - 237	1992 - 560
1951 - 64	1965 - 86	1979 - 261	1993 - 588
1952 - 66	1966 - 86	1980 - 281	1994 - 617
1953 - 69	1967 - 89	1981 - 316	1995 - 635
1954 - 72	1968 - 106	1982 - 333	1996 - 669
1955 - 75	1969 - 110	1983 - 351	1997 - 683
1956 - 73	1970 - 124	1984 - 371	1998 - 706
1957 - 76	1971 - 129	1985 - 378	1999 - 728
1958 - 76	1972 - 129	1986 - 394	2000 - 750
1959 - 77	1973 - 145	1987 - 408	2001 - 767
1960 - 81	1974 - 153	1988 - 435	2002 - 772
1961 - 83	1975 - 179	1989 - 445	
1962 - 86	1976 - 189	1990 - 477	
1963 - 86	1977 - 203	1991 - 514	

Call to Bar, 2002-2003

Roll # October 11, 2002

1202 Blair Gerard Downey
 1203 Jeffrey Bertram Cutler
 1204 Andrew Winston May
 1205 Eli Winston Piers Baker

Roll # February 5, 2003

1206 Lorilee Alina Sharpe
 1207 Toby John Bristow
 1208 Douglas Warren Wright
 1209 Twila Eileen Reid
 1210 Lesley Christine Enta
 1211 Andrew Alexander Fitzgerald
 1212 Raelene Lavina Lee
 1213 Dennis James Neville
 1214 Shirley Anne Walsh
 1215 Cindy Grace Starkes
 1216 Susan Marie Day
 1217 Jonathan Michael Hale
 1218 Barbara Grace Barrowman
 1219 Kendra Elizabeth Wright
 1220 Kenneth James Mahoney
 1221 Tracey Lynn Trahey
 1222 Nancy Joanne Kleer
 1223 Trevor James Bennett

Roll # April 19, 2003

1224 Andrew John Wadden
 # 1225 Jennifer Deanne Samson
 # 1226 Heather Dawn MacDonald
 # 1227 Shawn Ivan Patten
 # 1228 Louise Marie Powell
 # 1229 Krista Leigh Simon
 # 1230 Trina Daphne Simms
 # 1231 Crystal Dawn Critch
 # 1232 Christa Joy Reccord
 # 1233 Navjot Nancy Bains
 # 1234 Erin Kathleen Ann Breen
 # 1235 Edward Mark Rogers
 # 1236 Riley Michelle Adams

PRESIDENT'S ANNUAL REPORT

William H N Goodridge, QC
President

I am pleased to report on the activities of the President, and of the Law Society, for the period from June 2002 to April 2003. As members who follow *Benchers' Notes* are aware, the office of the President fulfils two roles, ceremonial and functional. I will mention briefly some of the activities during my term that represent each of these different, but individually important, roles.

Ceremonies

Two ceremonies hold particular significance for me during my term, each because it is a ceremony rarely held. The first was the presentation of a 75 Year Membership Certificate to Mr Edmund Phelan, QC, KSG, LLD, at his home in St John's. Mr Phelan was called to the Bar of Newfoundland on February 1, 1926. I was delighted and honoured to meet with Mr Phelan and to speak with him about his years at the Bar. Mr Phelan is an enduring part of the legal history of the Law Society and of Newfoundland and Labrador. This presentation will stand as a high point in my year as President.

The second ceremony of rare occurrence was the Official Opening of the Law Society building on December 31, 2002. The building construction and Opening was the culmination of three years planning, and the result of many hundreds of hours of volunteer time by Toby McDonald, the Benchers who chaired the Building Committee, and the efforts of Law Society staff and several Benchers. I thought it appropriate on this rare occasion to encourage deserving others to have the spotlight, and so Toby McDonald and Remy Vidal cut the official ribbon to the delight of hundreds attending. Remy Vidal was the site foreman for Redwood Construction and a new friend for all of us associated with the building during renovation. For this occasion it was pleasant also to have the presence of one of our own as Lieutenant Governor. His Honour, Edward M Roberts, QC, was part of the Official Opening ceremonies.

While the ceremonies mentioned above are clearly high points for their rarity, I must add comment about the pleasure I found in the ongoing traditions of the Society, specifically, the Call to Bar of new members. During my term, 35 new members were Called in three ceremonies from October, 2002, to April, 2003. Calls provided me the opportunity to meet with new members, to encourage them in the careers that lie before them, and to find my own personal encouragement. We are extremely fortunate to have exceptional men and women entering the practice of law in this province.

Within hours of being elected President in June, 2002, I shared with Jeffrey Benson, QC, outgoing President, delight in presenting the Gordon M Stirling, QC, Distinguished Service Award to John Roil, QC. In making this presentation to John, we all acknowledge his remarkable contribution to the Society over a great many years. He is a worthy recipient to this Award and adds his own distinction to it.

Decisions Taken

It would be immodest to suggest that a President alone can lead the Law Society. The Executive Committee and Benchers, and the Society's committees, have key roles in policy development and decisions. Together, all rely frequently and significantly upon the information and advice provided by our professional and support staff. With this structure, much has been accomplished during 2002-2003.

Last year, the President, Jeffrey Benson, QC, wrote in this Report that decisions taken by Benchers during his term would alter the future course of the Law Society. Hindsight confirms, and during my term Benchers consolidated the decisions of 2001-2002 referenced by Benson, QC. For example, at the Fall Term

Convocation, Benchers approved in principle a National Mobility Agreement prepared by the Federation of Law Societies of Canada. When implemented, the Agreement will permit members across the country to practice without permission for up to 100 days in any signatory Law Society. This decision will give unprecedented ease of access by our members to other jurisdictions in Canada. Benchers believe strongly that participation in the Mobility Agreement is in the public interest.

Flowing from this new direction, I was a member of the Federation's Mobility Task Force that worked through the various concerns necessary to ensure implementation across Canada of the National Mobility Agreement. Work on the Task Force took a significant commitment of time during the year and resulted in draft Rules that are now being considered by signatory law societies.

Consideration of these draft Rules in Newfoundland and Labrador has considerable impact upon the work of our committees. Committees such as the Act & Rules Committee, Education Committee, Practice Rules Compliance Committee, Complaints Authorization Committee, Insurance Committee, and Executive, must each consider the Protocol's Rules and how they impact upon our responsibilities within this jurisdiction. More importantly, committees will need to determine what changes are necessary for this Society's *Act* and Rules to make possible the full mobility intended. I expect this review process to be completed by year-end; it is the intention of Benchers that Newfoundland and Labrador be in a position to participate fully in the Mobility Agreement by January 1, 2004.

While the National Mobility Agreement is the policy decision with the broadest impact upon the Society and its members, Benchers have been active on other policy agendas. For example, the Limited Liability Partnerships Subcommittee continues its work and will soon be in a position to put recommendations for Benchers' consideration. As well, the Incorporation of Lawyers Subcommittee continues to develop a professional corporate structure that will permit members a further option in planning their business relationships.

Benchers have authorized initiatives in other policy areas during the year. There is approval from Benchers to proceed with the integration of trust account rules in Atlantic Canada, this to make it easier for members practising regionally under the forthcoming National Mobility Agreement. For similar reasons, Benchers also approved work towards a common *Code of Professional Conduct* in Atlantic Canada. The *Code* to be adopted is the one recently completed for the Law Society of New Brunswick by Beverley G Smith, QC. Further still, and perhaps with direct and daily interest to members, over the last two years the Society has been developing a File Closure, Retention and Destruction Policy. We are all hopeful the Policy will be approved by Benchers during the Summer Term Convocation in June.

Federation of Law Societies

In addition to the initiative set out above, I was assigned by Benchers to be the Society's representative on the *pro tem* Board of the Federation of Law Societies. The *pro tem* Board is a transition Board until a new one replaces. As well, and as one aspect of participation on the *pro tem* Board, I participated nationally in discussions about the restructuring of the Federation of Law Societies' Board. This work, too, required a great deal of volunteer time. In the end result, I believe the Federation's work will appear to be more inclusive and more visible to our members.

Concerning increased visibility, members are well to note the importance of the Federation in their daily practice. Many will recall that, last year, the Federation and its member societies initiated actions against the Government of Canada because of concerns arising out of the Government's money-laundering legislation. The legislation undermined the solicitor-client relationship and required lawyers to report to Government about certain types of financial transactions. Benchers of the Law Society of Newfoundland, and Benchers across

Canada, committed approximately \$7.00 of each member's fees to litigate the legislation in British Columbia where an action challenging the legislation was first begun. Locally, we enlisted the generous *pro bono* assistance of Mr Greg Anthony and the Hon John C Crosbie, PC, QC, at Patterson Palmer, to initiate litigation in our courts. Recently, and as a direct result of the Federation's initiative and successful actions across Canada, the Government of Canada announced it would abandon the legislative proposals insofar as they impact upon solicitor-client privilege. This is a remarkable achievement and underscores the value of participation in the Federation.

Law Foundation

We are fortunate and grateful to have the continued financial support of the Law Foundation for law libraries. For fiscal 2003, the Foundation granted \$110,000 for the Law Society Library in St John's, \$9,000 for the Court House Library in Gander and \$20,000 for the Sir Richard Squires Law Library in Corner Brook. The Foundation's contribution provides a significant portion of each Library's acquisition budget and, in providing these grants, the Foundation serves the public interest by making better resource and research materials available to the Bar provincially and, in St John's, to members of the public.

Even with the Foundation's generosity, the grants are alone insufficient to maintain the Law Library in St John's. The Law Society will add in 2003 a further sum exceeding \$400,000 for acquisitions and related operational expenses.

Relations With Government

I am pleased to report that relationships with the Government of Newfoundland and Labrador remain cordial and consultative. The Society continues to meet twice yearly with the Minister of Justice and Attorney General, the Hon Kelvin Parsons, QC, to address matters of common interest. Central among these discussions during the last two years is the need for better court facilities in Happy Valley-Goose Bay. I am pleased to note that these concerns are being addressed and that new facilities for the Provincial Court and for the Supreme Court will be completed soon.

Continuing with government, members of the Executive meet also with the Minister of Government Services and Lands. Since the jurisdiction of this Department overlaps with many areas of interest to the legal community, Benchers believe it appropriate to develop a consultative relationship with Department officials. Meetings with Minister Walter Noel have been informal and productive, and a very good beginning for ongoing discussions with this Department. The Executive will soon make arrangements to meet with the new Minister in this Department, the Hon George Sweeney.

Volunteers

Our commitment to our own personal goals and values should also entail a commitment to strengthening the professional community to which we belong. In this regard, every President has occasion to learn about and admire the work of the Society's many Committees. Every President has also remarked, as I now do, upon the number of members who volunteer their time and expertise to the work of the Society. These volunteers strengthen our professional community and protect the precepts of self-governance. By their contribution, our volunteers advance the integrity, credibility and future of the profession.

Benchers are volunteers, too, and they make significant contributions of time and expertise to the Law Society. Few members outside the Benchers' table realize fully the effort and energy necessary to be a Bencher. Old Minutes of Convocations note from time-to-time the statutory obligation to meet but, "there being no business to discuss, Convocation adjourned." Today, we occasionally trim the Agenda to ensure its completion within the day and have on occasion extended Convocation into the evening or the following day.

Conclusion

My term as President has provided me considerable satisfaction. I have enjoyed working with Benchers and Law Society staff, and I have enjoyed the friendships and the commonalities found while attending meetings of the Federation of Law Societies and of our counterpart societies in Atlantic Canada. These experiences have been the reward and satisfaction for a year of hard work. I have been honoured and pleased by the opportunity to serve the profession and our community as President. In closing, I want to thank and commend Executive Committee members, Benchers, individual members with whom I have consulted from time-to-time, and Law Society staff, all for their consistent support and assistance.

VICE-PRESIDENT'S REPORT

Stephanie L Newell
Vice-President

The Vice-President, a Benchers responsible to oversee the regulatory process, reviews correspondence concerning professional conduct to determine whether the enquiry constitutes an allegation of conduct deserving of sanction and is within the Law Society's jurisdiction. Conduct deserving of sanction is defined in section 41 of the *Law Society Act, 1999*, (the *Act*) to include professional misconduct, conduct unbecoming a member of the Society, acting in breach of the *Act* or the Law Society Rules and failing to adhere to the Code of Professional Conduct. The Vice-President either refers the allegation to consensual mediation or refers the allegation for investigation. If the allegation is resolved through mediation the mediator confirms the resolution and the file is closed. However, if a satisfactory resolution is not achieved then the allegation will be investigated, subject to the third party allegation policy approved by Benchers on June 9, 2000.

A third party allegation is an allegation received from a non-client or a lawyer opposed in interest to the client of the solicitor against whom the allegation is made. Following a review of an allegation on the basis of specific factors, the Vice-President has discretion to defer the investigation pending the final determination of a proceeding. When an investigation is deferred, the Vice-President requests, from the respondent, a waiver of delay and a consent to any subsequent investigation. Also the complainant must waive solicitor-client privilege.

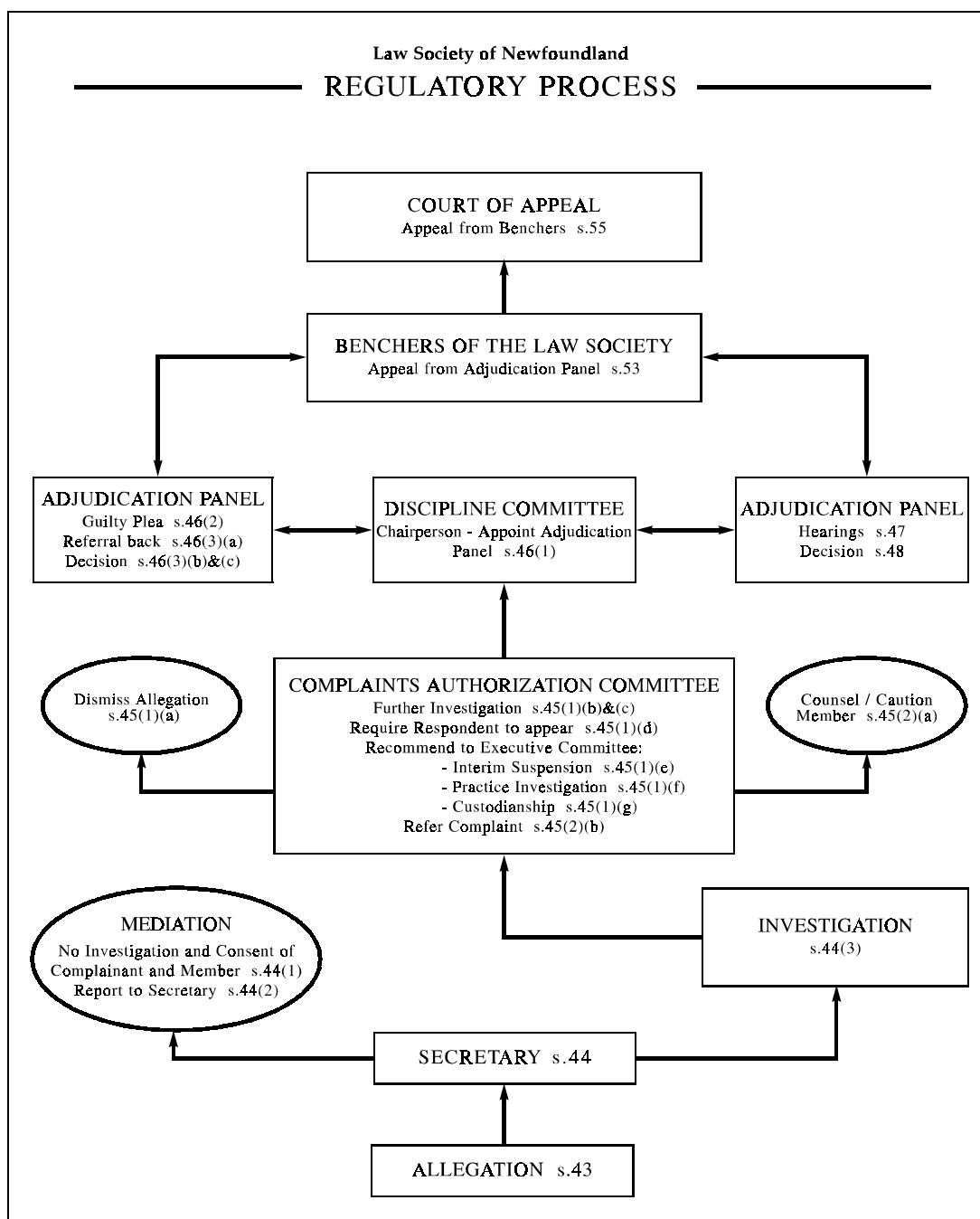
Investigation is conducted through the Legal Director's office and generally involves an exchange of written correspondence. However, the Vice-President and the Complaints Authorization Committee may authorize further investigative measures as needed. The Vice-President submits the allegation to the Complaints Authorization Committee, a statutory committee of at least three Benchers, one of whom is an appointed Benchers. The powers of the Complaints Authorization Committee are prescribed by section 45 of the *Act* and include the authority to conduct further investigation and to make recommendations to the Executive Committee concerning the respondent's practice. Subsequent to its final consideration of an allegation, the Complaints Authorization Committee will either dismiss the allegation or, where there are reasonable grounds to believe that a respondent has engaged in conduct deserving of sanction, counsel or caution the respondent. The decision to issue a letter of counsel or caution is not a disciplinary action. There is no finding of guilt from which discipline can flow. Counsel is advice, caution is a warning. Both are intended to assist the member in his or her future conduct. Alternatively, the Complaints Authorization Committee may instruct the Vice-President to file the Complaint and refer it to the Discipline Committee.

The Discipline Committee, established pursuant to section 42 of the *Act*, consists of Law Society members and lay representatives appointed by the Minister of Justice. The Discipline Committee Chairperson appoints an Adjudication Panel, consisting of two members and one lay representative, to hear the Complaint. When an Adjudication Panel accepts a guilty plea it makes an order pursuant to subsection 46(3) of the *Act*. Otherwise the hearing proceeds pursuant to section 48 of the *Act*. A party to the hearing has the right to appeal a decision or an order of the Adjudication Panel to the Benchers. A decision or an order of the Benchers may be further appealed to the Supreme Court of Newfoundland, Court of Appeal.

The following statistical information relates to the 161 enquiries received in 2002. Approximately 25 percent of these enquiries were resolved through the office of the Legal Director. Requests for general information and questions about statements of account constitute 26 percent of the enquiries and were addressed by the Legal

Director. Approximately 24 percent of the enquiries were determined, by the Vice-President, as not constituting allegations. Allegations referred for investigation and considered by the Complaints Authorization Committee constitute 25 percent of the 2002 enquiries, eight letters of counsel and two letters of caution were issued. Five Complaints were referred to the Discipline Committee. Three disciplinary Hearings were held and the respondents were found guilty of conduct deserving of sanction and reprimands were imposed.

Hundreds of hours of volunteer time are contributed on an annual basis, by members of the Complaints Authorization Committee and of the Discipline Committee, to the Law Society's regulatory process. The Vice-President sincerely thanks all those who assist the Society in the governance of its members.



ARCHIVES & RECORDS COMMITTEE REPORT

Bert Riggs, Chair, Archivist
Justin Mellor
Veva Moulton
Rebecca Phillipps

Peter G Ringrose, ex officio
Gail A Hogan, Law Librarian
Harriet A Mercer, Law Librarian
Janice Whitman, Committee Assistant

The Archives and Records Committee is responsible for the long-term maintenance, preservation and accessibility of the records of the Law Society. Its mandate requires that it establish policies and procedures for the governance of the historical, inactive and current records of the Society, identify gaps in the Society's records and attempt to fill them, and establish within the Society an archives for the safekeeping of those records. The Committee will be at the disposal of the Law Society's Benchers, members and staff who may be seeking advice or assistance in matters of archives or records management.

The Committee has begun its work by attempting to fill several obvious gaps in the Law Society's historical records. We have sought out the location of formal portraits, either paintings or photographs, of the Treasurers of the Law Society between 1846 and 1977, with the aim of having copies of these portraits made and added to the Gallery of post-1977 Treasurers and Presidents that is displayed in the Society's new premises. So far we have located portraits of all but one of these former Treasurers: regrettably, the missing one is the first known Treasurer, William B Row (1786-1865), who held the office from 1846 to 1849.

The Law Society, as a body corporate, dates from 1834. Undoubtedly there were Treasurers during the years between 1834 and 1846, but the Society's records were destroyed in the fire that swept through St. John's on June 9, 1846. We have undertaken a comprehensive search of other records dating from that period that have survived the ravages of time, in an attempt to fill in this gap in our own records. Research has also begun on documenting the lives of the first women to be admitted as Students-at-Law and as Barristers.

In the matter of policy, the Committee was consulted and has had input into the Society's draft policy on the File Closure, Retention and Destruction Policy. Work has begun on developing sample retention and destruction schedules to accompany this Policy.

The Committee is fortunate to have members who are very committed to its mandate and who give freely of their own time in pursuit of our goals. I would like to thank them for their dedication and look forward to working with them in the future.

BAR ADMISSION COURSE COMMITTEE REPORT

J David B Eaton, QC, Chair
Aubrey L Bonnell, QC
Sandra M Burke
V Randell J Earle, QC

Augustus G Lilly, QC
Christopher D G Pike, FIIC
Francis P O'Brien, ex officio

The Bar Admission Course for Newfoundland and Labrador commenced on October 8, 2002, and continued until November 22, 2002. The Bar Course is a 7 week intensive educational experience which runs 9:00 - 5:00 daily and covers a tremendous amount of information on provincial and federal law. This past year 33 students participated in the Course.

What follows is an overview of the Course.

- Week 1 - The Course deals with Family Law. Topics include divorce proceedings, custody and access, child and spousal support, matrimonial property, provincial family legislation, pensions, Unified Family Court procedure, child protection and support enforcement.
- Week 2 - The Course covers Corporate/Commercial Law. Topics include incorporation and organizing a business, corporate procedures, corporate finance, the *Personal Property Security Act*, security opinions, purchase and sale of a business/shares and commercial insolvency.
- Week 3 - The Course deals with Civil Procedure. Topics include limitations of actions, commencing proceedings, service, defences, counterclaims and third party proceedings, summary trial, expedited trial, discovery and disclosure of evidence, setting down for trial, the *Judgment Enforcement Act*, civil appeals, costs and alternative dispute resolution.
- Week 4 - The Course presents lawyering-skills workshops where students receive instruction in direct examination, cross-examination, negotiating settlements, interviewing clients, examination for discovery, risk management and how to avoid professional negligence claims. As well there is a session on maintaining a balance between professional and personal lives. There is a separate section on Ethics and the Code of Professional Conduct, in which students complete a written assignment.
- Week 5 - The Course deals with criminal law and procedure. Topics include the court structure, presumptions and burdens, classification of offences, pre-arrest, arrest, charge, first appearances, judicial interim release, disclosure, elections and re-elections, solicitor/client matters, preliminary inquiries, pre-trial matters, Charter applications, trial by judge alone, jury trials, the sentencing process, types of sentences, criminal appeals, young offenders, evidentiary matters, *voir dire*s, search and seizure and defences. As well, in this section, students receive instruction on advocacy skills. There is a panel discussion among judges with respect to advocacy and students prepare for and participate in a mock trial and sentencing exercises.

- Week 6 - The Course covers Administrative Law. Topics include the Labour Relations Board, labour and commercial arbitration, municipal law, the Human Rights Commission, the Workplace Health, Safety and Compensation Commission, administrative law in the Federal Court, the Law Society discipline process, statutory appeals, judicial review of arbitration and prerogative orders.
- Week 7 - The Course deals with Real Estate and Wills. Topics include the registry system and land tenure, the real estate transaction, the mortgage, disabilities, title insurance, survey/location certificates, taxation issues, crown lands, quieting of titles, possessory title, residential tenancies, title searches, a real estate transaction workshop and a separate section on wills, estates and probate.

To successfully complete the Bar Admission Course, students must pass examinations in Family Law, Commercial Law, Civil Procedure, Criminal Law, Administrative Law and Real Estate/Wills. Students must receive a minimum of 60% in each examination and obtain at least a 65% average overall mark in the six examinations in order to pass the Course. Each exam is 3½ hours long and focuses on the Bar Admission Course Instructors' presentations, the Bar Admission Course materials and the approximately 80 provincial and federal statutes and regulations covered in the Course. The Bar Admission Course materials consist of 11 separate volumes and cover thousands of pages of text and forms.

The goal of the Course is simple; to give new lawyers a comprehensive overview of Newfoundland and Labrador and federal law and procedure and to provide the necessary information to ensure entry level competence in the profession. The Course is intensive, practical and relevant to what a new lawyer will see in practice. We attempt to have the Course be an enjoyable educational experience for the students and the volunteer judges, lawyers and other professionals whose contributions make the Course a success.

The Bar Admission Course Committee and the Law Society is grateful to the generous contributions made by members of the profession in ensuring the Course remains vibrant and beneficial to our new lawyers. As future Bar Admission Courses will be held in the new Law Society Building, members will have an increased opportunity to audit any section(s) of the Course which may be of interest.

CONTINUING LEGAL EDUCATION COMMITTEE REPORT

*Maureen E Ryan - Law Society, Co-Chair
Christine M Healey - CBA, Co-Chair
Peter D House – CBA Representative
W A Brock Myles - CBA Representative
Roxane Dean - Committee Assistant, CBA*

*Hon William J English - LS Representative
Jeffrey P Keefe - LS Representative
Francis P O'Brien, ex officio
Regina M Whitty - Committee Assistant, LS*

Continuing Legal Education for Newfoundland and Labrador lawyers is developed and delivered through a Joint Committee of the Law Society of Newfoundland and the Canadian Bar Association, Newfoundland & Labrador Branch. This Joint Committee on Continuing Legal Education has as its goal the provision of high quality legal education programs which assist in keeping our members current and competent.

Recent continuing legal education programs have been offered, and will be offered, to members of the Newfoundland and Labrador Bar in a variety of practice areas. These include:

- *Orientation to Intellectual Property for Lawyers*
- *Wills, Estate Planning and Probate Practice – St. John's, Video Repeat in Corner Brook*
- *Expert Evidence: Examination of the Expert Witness*
- *New Developments in Family Law for 2003 (St. John's, Corner Brook and Labrador)*
- *The New Court Ordered Mediation Rule: What Lawyers and Mediators Need to Know*
- *Title Insurance for Legal Assistants/Legal Secretaries*
- *What's New in the Law of Damages*
- *Practice Management for Lawyers*
- *Civil Procedure Update: Focus on Expert Witnesses and Civil Jury Trials*

Lawyers in Newfoundland and Labrador continue to be enthusiastic and interested in Continuing Legal Education and they continue to support the programming by their excellent attendance, positive feedback and suggestions for future programs.

The Joint Committee sincerely thanks our many volunteer lawyers, judges and other professionals who give freely of their time and talents, as presenters at our seminars, to enhance the knowledge and professional standards of other practitioners. The Committee is greatly appreciative of these contributions and impressed with the excellence and enthusiasm of our presenters.

In the coming year we will continue to offer relevant, practical and useful programs to benefit our members and contribute to the ongoing competence and education of lawyers throughout the Province.

EDUCATION COMMITTEE REPORT

Paul McDonald, Chair
Denis G Barry, QC
David G L Buffett, QC
J David B Eaton, QC
Herbert F Edwards

Heather M Jacobs
Ian C Wallace
D Bradford Wicks
Francis P O'Brien, ex officio
Peter G Ringrose, ex officio

The Education Committee is responsible for all educational issues which arise concerning members and prospective members of the Law Society. The Education Committee deals with ongoing requests and queries of members and prospective members relating to the requirements in the *Law Society Act, 1999* and the *Law Society Rules* on educational issues.

As such, the Education Committee considers applications from law students for admission as a Student-at-Law, applications from members of other Law Societies who wish to practice in Newfoundland and Labrador, and applications from non-practicing or former members of the Law Society who wish to reinstate their status to practicing membership. In all of these cases, the Committee must ensure that the applicant has met the required educational standards.

From May 2002-April 2003, the Committee admitted 20 applicants as Students-at-Law. In that same period, the Education Committee recommended to Benchers that 34 students, having met the requirements as a Student-at-Law, be called to the Bar in Newfoundland.

Each year the Education Committee also reviews and approves the marks from the Bar Admission Course examinations and gives direction, where needed, with respect to the writing of supplementary examinations or the completion of further educational requirements before a Student-at-Law is eligible to be called to the Bar.

The Committee also deals with the Rules respecting Articles of Clerkship. The Rules require that an Education Plan be filed by the Student-at-Law and the Principal, setting out the practice areas and skills areas that are to be covered in Articles. An Education Plan Progress Report is filed between six and eight months after articles commence, and this gives the Committee an indication of the progress being made in satisfying the Education Plan. Finally, a Certification of Education Plan is filed at completion of articles, certifying that the Education Plan has been successfully completed. The Rule is meant to provide guidance to Principals and Students-at-Law as to the practice areas and skills which must be covered during Articles of Clerkship and ensure that the Student-at-Law receives valuable training and exposure to many practice areas throughout the Articles of Clerkship period.

INSURANCE COMMITTEE

John F Roil, QC, Chair
Gillian D Butler, QC
Maureen P Greene, QC
Edward Hearn, QC, ex officio

Ronald G Penney
Raymond P Walsh, FIIC, Adjuster
Peter G Ringrose, ex officio

The Law Society first made available an insurance program for professional liability errors and omissions in the mid-1970's, but it was only following a 1978 amendment to the *Law Society Act* that it was possible to implement a compulsory program.

By the early 1980's, premiums for the compulsory program were significant by today's standards, yet coverage was modest. For example, in 1982 the premium was \$1,150 for \$100,000 cover, with a \$10,000 deductible. In response to these high costs, the Insurance Committee determined it could reduce costs to members by self-insuring a portion of the risk.

In 1983, the Benchers agreed to a program that self-insured members for the first \$30,000 of a claim. Because of projected cost savings, under the new program the premium declined by \$200 and the deductible was reduced to \$5,000. Monies to cover anticipated claims against the self-insured risk were deducted from members' premiums and held in separate funds managed by the Law Society, with the remaining amount paid as a premium to an insurance company which covered the remaining risk.

In 1995, faced with a changing insurance market and on the recommendation of the Insurance Committee, Benchers determined not to continue with a self-insured component but opted instead for a retained risk. In that year, LPIC, the Society's insurer (since renamed, LawPro) retained 43% of the risk on the policy, and Benchers agreed that the Law Society would carry half of that risk, with the new provision that the insurer be responsible for payment of the full amount of any claim beyond the \$5,000 member deductible. Today, many of the features of the 1995 policy are retained, and coverage extends to \$1,000,000 per claim and a \$2,000,000 aggregate per member, with the insurer being liable from "dollar one" beyond the deductible.

As a result of the new policy direction taken with LawPRO in 1995, and because claims against the 1983-1994 self-insured fund years are now substantially settled, there is a net surplus of \$2,800,000 in the self-insurance funds, collectively named "Fund A". In addition to this amount, there is \$447,000 available in an Insurance Contingency Fund, "Fund B". This Fund B was created over several years, funded by a members' fee surcharge to provide a pool of monies in the event the insurance program at any time required a sudden and substantial expenditure. Such expenditure could result from a change in claims experience, a change in insurance coverage, or possibly a change of insurers. At the end of 2001, Funds A and B taken together held \$3,331,224.

During the Special Term Convocation of Benchers on December 4, 2000, the insurance premium and the cash reserves held in Funds A and B were reviewed as part of the Law Society's annual budget process. Concerning the Funds, the Insurance Committee recommended, and Benchers agreed, that there was now sufficient cash for emergencies or other insurance requirements and Fund monies should be capped at \$3,000,000.

Since, at December 31, 2000, the Funds held \$214,000 in excess of the \$3,000,000 requirement, Benchers decided on the recommendation of the Insurance Committee that it was prudent to use the excess monies to reduce the 2001 insurance premium. As a result, the premium per member was reduced by \$482 in that year. Benchers further determined that, in future years, interest earnings on the \$3,000,000 would be used to pay down the insurance premium, unless the Insurance Committee recommended otherwise and Benchers agreed.

In recent years, Benchers have taken other decisions to keep premiums under control. Perhaps the most notable of these decisions was taken at the Special Term Convocation of December 1, 1997. At that time, Benchers reviewed the claims history surcharge policy in place during earlier years, directed at members with multiple claims paid. Benchers determined that the policy was not effective and should be revised. On the recommendation of the Insurance Committee, under the new policy a member with two or more insurance claims reported after December 31, 1997, and for which repair costs were incurred or indemnity payments made following that date, will pay a claims history surcharge. There will be no surcharge on the first claim paid. A surcharge will be imposed for a five-year period. Below is a chart to illustrate the surcharge structure.

CLAIMS HISTORY	SURCHARGE
One Claim paid in a five year period	Nil
Two claims paid in a five year period	\$5,000.
Three claims paid in a five year period	\$10,000.
Four claims paid in a five year period	\$15,000.
Five claims paid in a five year period	\$25,000.
Each claim paid in addition to five claims paid	\$25,000. + \$10,000. per claim paid

During 2002 and the first quarter of 2003, missed limitations continued to account for a significant part of Newfoundland and Labrador claims. Over the past ten years, approximately 30% of all claims reported and 40% of total claims costs have been attributed to missed limitations. The second most common cause of loss during this period was defective real property searches, accounting for approximately 25% of claims reported and 17% of claims costs. Over time, the gradual implementation of Title Insurance Programs may reduce the number and cost of real property claims against the insurance program and, in result, reduce the premium for professional liability insurance.

For 2003, the insurance premium increased from \$3,300 to \$4,200. The increase was attributed to several factors. First, there continues to be a reduction in interest rate earnings in North America. Insurers traditionally invest their premiums and include anticipated interest earnings in their calculation of premiums. With reduced earnings from investments, insurers maintain their return on equity by adjusting premiums upward. Second, the impact of the September 11, 2001, world events resulted then, and continues to result, in a general increase in all E&O liability premiums. During 2002, a difficult insurance market was exacerbated by floods in Europe and other catastrophic losses internationally. As well, the number and dollar value of claims made in 2002 against the Law Society's program was exceptionally high by historical standards. These factors, taken together, challenged the Insurance Committee and our insurer, LawPRO, to place insurance in the market for the 2003 coverage.

Following consultations between LawPRO, potential carriers for the Society's insurance, and the Insurance Committee, the 2003 Policy proposed by LawPRO, and agreed upon by the Committee and by Benchers, mirrors in principle the retained risk policy held by the Society for members during 1995. In 2003, LawPRO retained 20% of the risk and the Society agreed to accept half of that retention. In 1995 and again this year, and in return for accepting half the risk retained by our insurer, the Society is entitled to share in a proportion of the profits that result from a favourable claims year. One significant and perhaps surprising difference between the two insurance years is the premium charged for coverage. In 1995, the premium was \$4,610; in 2003, it is \$4,200.

During 2003, and for the first time, Insurance Fund A financing for the Law Society's new offices will benefit the insurance program. In 2000, and shortly after the Law Society acquired the current building on Water Street, a change in Fund A and B investments was contemplated. Paying the cost of renovations to the building from these Funds was discussed over many months and, at a Convocation in April, 2002, following presentations from the Insurance Committee and the Property Management Committee, Benchers decided to borrow from Fund A, to a maximum of \$1,700,000, the fitting-up costs for the new building. By agreement, the monies borrowed will be repaid to the Funds over 25 years at an interest rate determined annually in November and equal to a one-year Government of Canada Treasury Bill. In the event the insurance program requires a cash infusion for emergency or other purposes, then the Law Society will borrow from conventional sources for the monies needed, up to the amount borrowed against the Fund. In this way, members are able to benefit from interest rates below those of a conventional mortgage, yet the Funds are available for insurance purposes at sound investment interest rates.

At the Special Term Convocation in December 2002, Benchers decided that for fiscal year 2003 the rate of interest to be charged the Society for use of Insurance Fund A monies would be 3.25%, this rate somewhat higher than the Treasury Bill rate of 2.97% at the time. This slightly higher interest rate was intended to offset to some degree the interest-free use of Fund monies during the construction period.

Current and planned work of the Insurance Committee deserves some attention. Late last year, a number of new appointments were made to the Committee, including my own appointment as Chair. These changes meant that new Committee members were required to review and consider the ongoing business of the Committee and, in the autumn, the important work of purchasing the 2003 Policy. All this was accomplished with relative ease by these newcomers, thanks in large measure to the sound condition of the programme developed by outgoing Committee members, and by the good efforts and advice of our insurer, LawPRO, complimented by the efforts and expertise of the incoming Committee members. I am grateful to all for their assistance.

Looking toward the future, during 2003 the Committee intends to finalize a plain language version of the Insurance Policy now held by our members. The plain language version was substantially completed by the previous Committee and will take very little effort to finalize. Additionally, the Committee plans to review the Claims History Surcharge Policy outlined and charted above. While the surcharge policy has been in effect since 1998, and a previous surcharge in place for some years prior to that, not a single member with more than one claim has ever been penalized; none met the criteria. The current policy should now be reviewed to determine whether it still meets current objectives. Other areas of interest to the Committee during 2003 will be an examination of competing insurance programs elsewhere in Canada, most notably the CLIA insurance group, which holds a significant part of the Canadian E&O market. While we are entirely pleased with the service and the Policy provided us by LawPRO, Committee members believe they should increase their knowledge of the marketplace and the competition.

I close this Report with an expression of gratitude to my predecessor as Chair, Lewis B Andrews, QC. Andrews QC, served the Committee with great distinction for many years, and holds an unblemished track record for his persuasive and proven abilities with Benchers on insurance policy, pricing, and investment decisions. He and other retired members of the Committee, Robert Pittman, Stephen May, Christopher Pike, Dan Simmons, all deserve acknowledgement and gratitude for their important contribution to the Law Society as a whole, and to Benchers and members.

LIBRARY COMMITTEE REPORT

Sheila H Greene, Chair
Derek W Hillier, QC
David F Hurley, QC
Kimberly M McLennan
James C Oakley

Rebecca C Phillipps
Randolph J Piercey
Peter G Ringrose, ex officio
Gail A Hogan, Librarian
Harriet A Mercer, Librarian

The Law Library made its historic move to the new Law Society Building in December, 2002. This move required Herculean efforts on behalf of the Law Librarians and staff and the Committee acknowledges their hard work. Prior to the move, the Law Librarians continued the difficult task of accommodating a thirty percent reduction of space and the growing electronic needs of the members. The Law Librarians continued the process of an orderly culling of materials with print subscription cancellations totaling more than \$98,000.00. As a result, the Library has become more reliant on electronic sources. This change in emphasis from print to electronic sources does not alter core collection values but it does underscore the trend of recent years and is now accelerated by the move to the new building. Although the Law Library is moving towards greater reliance on electronic reporters, the Library is firmly committed to providing a strong research collection including the most comprehensive and up-to-date legal texts and journals.

The new Library provides members with greater access to computers and permits the use of personal laptops. The layout of our new space also permits members to get away from the crowd. Members who have not viewed the beautiful new Library are encouraged to drop in.

In related matters, there has been continued growth in the number of requests received electronically from members, i.e., by email and facsimile. This increase in remote access to our services has resulted in a continued decrease in research materials supplied by photocopy and an increase in information provided by e-mail. The Law Library Committee is currently considering means to recoup lost photocopy revenue with the introduction of new valuable services. The Law Library Committee has also spent considerable time addressing the ever increasing costs of library resources, particularly electronic data.

During the past year the Law Librarians, in conjunction with Continuing Legal Education, have continued to provide on-site training on electronic legal research products. These small group workshops were very well received.

In 2002, the Law Foundation once again provided grants totaling \$110,000.00 for library acquisitions. The Law Library Committee greatly appreciates the continued support of the Law Foundation. The Law Society's budget allocation for the Law Library, for acquisitions, space rental, salary, telephone, insurance, supplies and travel costs adds approximately \$400,000.00 to the Library budget. The Library Committee acknowledges with gratitude Benchers' continued support for the Law Library.

PROFESSIONAL ASSISTANCE COMMITTEE REPORT

Paul M McDonald

Thomas G Mills

The Professional Assistance Committee is a joint committee of the Law Society of Newfoundland, the Newfoundland and Labrador Medical Association, the Newfoundland Dental Association and the Newfoundland Pharmaceutical Association. The Committee is responsible for the Professional Assistance Program which provides assistance to lawyers, physicians, dentists, pharmacists and their families affected by all types of personal problems. Problems may include, but are not limited to, stress, financial and career problems, depression, personal/marital/family difficulties and inappropriate use of substances.

In addition to services rendered directly to members, the Professional Assistance Program organizes seminars and makes presentations of interest to members. In the last year, presentations have been made at the Law Society Bar Admission Course, the Law Society's Volunteers' Luncheon, and this Spring the Program will be putting off two seminars: "Walking the Tightrope (Balancing the Conflicting Demands of Work and Home)" and "On Being a Parent (What Really Matters in Raising Children from Birth to Twenty-five)".

The Professional Assistance Program employs a clinical co-ordinator, Rosemary Lahey, MSW, a registered social worker with extensive experience working with individuals, couples and families dealing with a wide range of social and emotional problems. The co-ordinator, in strictest confidence, facilitates early recognition of problems, initiates active intervention and makes appropriate referrals for treatment and rehabilitation. Referrals are accepted directly from the member or from a concerned colleague or family member. Since its inception in 1994, the Program has provided assistance to over 466 professionals including more than 148 members of the Law Society.

Ms Lahey, the Co-ordinator, can be contacted in confidence by calling 754-3007 or toll free at 1-800-563-9133, or by electronic mail at rmlahey@roadrunner.nf.net

STUDENT AWARDS COMMITTEE REPORT

Charles W White, QC, Chair
Denis J Mahoney

Joan F Myles
Francis P O'Brien, ex officio

The Student Awards Committee deals with four Law Society awards for Articled Students-at-Law. These are the Hunt Award, the Penney Award, the William J Browne Scholarship and the Maxwell J Pratt Scholarship respectively.

The Hunt Award is presented to the Student-at-Law who receives the highest overall average mark in the Law Society of Newfoundland's Bar Admission Course. The recipient of the Hunt Award for the 2002 Bar Admission Course is Ms Barbara Barrowman. Ms Barrowman served Articles of Clerkship at the Department of Justice and her principal was George Horan, QC. She was called to the Newfoundland Bar on February 5, 2003, at which time she commenced practice with the Department of Justice.

The Penney Award is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course. The recipient of the 2002 Penney Award is Ms Christa Reccord. Ms Reccord served Articles of Clerkship at the Department of Justice and her principal was Mr Brian Furey. She was called to the Newfoundland Bar on April 9, 2003, and she will practice law with the Department of Justice until September, 2003, when she commences a clerkship with the Federal Court of Appeal in Ottawa.

The William J Browne Scholarship is presented to a Student-at-Law who has submitted a research essay on a legal issue of current public concern. The recipient of the 2003 William J Browne Scholarship will be determined in late May 2003.

The Maxwell J Pratt Scholarship is based on academic performance and is presented to a Student-at-Law who is a graduate of Memorial University of Newfoundland and a student at Dalhousie Law School. The recipient of the 2003 Maxwell J Pratt Scholarship will also be determined in late May 2003.

The above awards will be presented on June 6, 2003 at the Law Society of Newfoundland Annual Dinner.

SOCIETY COMMITTEES

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William H N Goodridge, QC, President
Stephanie L Newell, Vice-President
Jeffrey P Benson, QC
Brian F Furey
Edward P Hearn, QC
Paul M McDonald
Peter G Ringrose, *ex officio*

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Lewis B Andrews, QC
Reginald H Brown, QC
J David B Eaton, QC
V Randell J Earle, QC
Francis P Fowler, QC
J Vernon French, QC
Hon Gloria Harding
Thomas R Kendell, QC
Dana K Lenehan, QC
Augustus G Lilly, QC
Dennis C MacKay, QC
David G Martin, QC
M Francis O'Dea, QC
Ernest G Reid, QC
Thomas J O'Reilly, QC
John F Roil, QC
Robert M Sinclair, QC
Mr Justice Robert Wells, LL D
Peter G Ringrose, *ex officio*

STATUTORY COMMITTEES:

COMPLAINTS AUTHORIZATION COMMITTEE

Brian F Furey, Chair
John P Greene, *lay Bench*
Dana K Lenehan, QC
Stephanie L Newell, Vice-President
Phyllis E Weir, *ex officio*

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Karl R S Inder
David A King, QC
R Barry Learmonth, QC
Barbara A MacAdam, QC
Mary J McCarthy Mandville
John W McGrath, QC
William G Morrow, QC
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D Richard Robbins
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Ellen E Turpin
James E Vavasour, QC
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Dr Melvin Regular
Dr Marina Sexton
C Randy Smith
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Sandra M Burke
V Randell J Earle, QC
Augustus G Lilly, QC
Christopher D G Pike, FIIC
Francis P O'Brien, *ex officio*

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Kimberly M McLennan
James C Oakley
Rebecca C Phillipps
Randolph J Piercey
Peter G Ringrose, *ex officio*
Gail A Hogan, *Librarian*
Harriet A Mercer, *Librarian*

BENCHER APPOINTED STANDING COMMITTEES:**STUDENT AWARDS**

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Joan F Myles
Francis P O'Brien, *ex officio*

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Augustus G Lilly, QC
Bert Riggs, *lay Bench*
Peter Ringrose, *ex officio*
Janice Whitman, *Committee Assistant*

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Maureen P Greene, QC
Edward Hearn, QC, *ex officio*
Ronald G Penney
Raymond P Walsh, FIIC, Ins. Adjuster
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John V O'Dea, *Court Rules Committee Rep*
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Francis P O'Brien, *ex officio*

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Pauline Downer, CA(*Representative of Canadian Institute of Chartered Accountants*)
C Ted Janes, *lay Bench*
David D McKay
Irene S Muzychka
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Gary F Peddle
Peter G Ringrose, *ex officio*

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Christopher P Curran, co-Chair
Hon Judge Gerald Barnable
Thomas J Burke
William A Cadigan
Christopher English, Ph.D
The Hon Chief Justice J D Green
David W Jones, QC
Peter G Ringrose, *ex officio*
Janice K Whitman, *Committee Assistant*

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Stephanie L Newell, Vice-President
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Sheila L Greene
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Francis P O'Brien, *ex officio*
Gail A Hogan, *Law Librarian*
Harriet Mercer, *Law Librarian*

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Aiden B Beresford, QC
Graham A Wells
Peter D House
Francis P O'Brien, *ex officio*

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H Wayne Burden
Beverley L Marks, QC
James Thistle, QC
Phyllis E Weir, *ex officio*

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Veva Moulton
Rebecca Phillipps
Peter G Ringrose, *ex officio*
Gail A Hogan, *Law Librarian*
Harriet A Mercer, *Law Librarian*
Janice Whitman, *Committee Assistant*

BENCHER APPOINTED AD HOC COMMITTEES:**LIMITATIONS ACT
SUBCOMMITTEE**

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Lewis B Andrews, QC
Glen L Noel
Francis P O'Brien, *ex officio*

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Maureen E Ryan
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Peter G Ringrose, *ex officio*

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CONTINUING LEGAL EDUCATION**

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Christine M Healey -CBA, Co-Chair
Peter D House- CBA Representative
W A Brock Myles - CBA Representative
Hon William J English – LS Representative
Jeffrey P Keefe - LS Representative
Francis P O'Brien, *ex officio*
Roxanne Dean - Committee Assistant, CBA
Regina M Whitty, Committee Assistant, LS

LAW SOCIETY/NLMA LIAISON

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M Francis O'Dea, QC
Edward P Noonan, QC
Peter G Ringrose, *ex officio*

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Thomas G Mills

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William A Cadigan
William MacCullum
Peter G Ringrose, *ex officio*

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COUNCIL**

H Wayne Burden

**ATLANTIC LAW SOCIETIES
REGIONAL COMMITTEE**

Stephanie L Newell
Peter G Ringrose, *ex officio*

**AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

for the
Fiscal Year Ended December 31, 2002



Law Society of Newfoundland

Financial Statements
December 31, 2002



March 28, 2003

PricewaterhouseCoopers LLP
Chartered Accountants
Atlantic Place
215 Water Street Suite 802
Box 75
St. John's Newfoundland and Labrador
Canada A1C 6C9
Telephone +1 (709) 722 3883
Facsimile +1 (709) 722 5874

Auditors' Report

To the Members of Law Society of Newfoundland

We have audited the balance sheet of **Law Society of Newfoundland** as at December 31, 2002, the statements of revenue, expenses and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

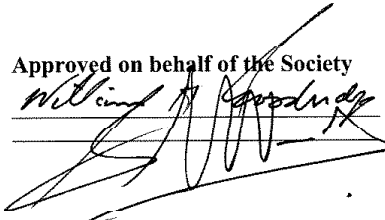

Law Society of Newfoundland

Balance Sheet

As at December 31, 2002

	2002 \$	2001 \$
Assets		
Current assets		
Cash (note 2)	15,983	466,565
Short-term investments	683,289	644,091
Accounts receivable	244,114	153,076
Prepaid expenses	1,000	1,000
Current and deferred grants receivable	139,000	139,000
Due from Law Society - Self Insurance Funds (net)	20,833	-
	1,104,219	1,403,732
Capital assets (notes 3 and 4)	1,934,106	376,400
Special funds (note 8)	881,453	830,250
	<u>3,919,778</u>	<u>2,610,382</u>
Liabilities		
Current liabilities		
Accounts payable	174,112	58,432
Current and deferred grants payable	139,000	139,000
Due to Law Society - Self Insurance Funds (net)	-	1,511
Due to Law Society - General Assurance Fund and Office Fund	233,559	202,851
Insurance levy	350,437	447,363
Capital fund levy - net	242,251	62,854
Library - deferred insurance proceeds	6,602	39,128
Current portion of long-term debt	44,000	38,003
	1,189,961	989,142
Long-term debt (note 4)	1,556,000	276,308
	2,745,961	1,265,450
Members' Equity		
Surplus	292,364	514,682
	3,038,325	1,780,132
Special funds (note 8)	881,453	830,250
	<u>3,919,778</u>	<u>2,610,382</u>

Approved on behalf of the Society

 President
 Vice-President

Law Society of Newfoundland

Statement of Revenue, Expenses and Surplus

For the year ended December 31, 2002

	2002 \$	2001 \$
Revenue		
Admission fees (note 6)	20,825	30,625
Annual fees - certificates	707,654	692,573
Bar admission course	60,302	74,253
Contributions from the Law Foundation of Newfoundland	139,000	139,000
Copy machines and other recoveries	28,193	40,542
Interest	111,904	132,047
Miscellaneous	885	970
Process fees	15,124	19,320
Rental property	32,217	138,408
Seminars	30,457	37,364
	<u>1,146,561</u>	<u>1,305,102</u>
Expenses		
Bar admission course	16,046	41,394
Benchers' receptions	16,422	6,846
Committees	18,754	16,049
Continuing legal education	13,349	13,918
Contributions	11,077	15,302
Conventions	19,644	19,558
Convocations	35,688	33,526
Copy machines	38,129	33,332
Discipline	16,294	(10,912)
General insurance	9,094	7,410
Interest and bank charges	6,670	6,554
Libraries	235,075	245,147
Miscellaneous and courier	9,088	9,365
Printing and publishing	7,200	14,703
Postage	16,281	15,196
Professional fees	41,754	85,430
Rent	116,336	125,149
Rental property	63,629	101,840
Salaries and employee benefits	567,861	513,565
Supplies and equipment	50,079	41,589
Telephone	24,021	19,521
Travel	36,388	25,199
	<u>1,368,879</u>	<u>1,379,681</u>
Excess of expenses over revenue	(222,318)	(74,579)
Surplus - Beginning of year	<u>514,682</u>	<u>589,261</u>
Surplus - End of year	<u>292,364</u>	<u>514,682</u>

Law Society of Newfoundland

Statement of Cash Flows

For the year ended December 31, 2002

	2002 \$	2001 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue	(222,318)	(74,579)
Item not affecting cash		
Amortization	5,611	16,832
	(216,707)	(57,747)
Change in non cash working capital balances		
Increase in accounts receivable	(91,038)	(54,152)
Increase in prepaid expenses	-	(1,000)
Decrease (increase) in due from (to) Self Insurance Funds (net)	(22,344)	6,314
Increase in accounts payable	115,680	27,367
Increase in due to General Assurance Fund and Office Fund	30,708	35,626
Decrease in insurance levy	(96,926)	(213,825)
Increase in capital fund levy	179,397	62,854
Increase (decrease) in deferred insurance proceeds	(32,526)	1,455
	(133,756)	(193,108)
Financing activities		
Proceeds from long-term debt	1,600,000	-
Repayment of long-term debt	(314,311)	(35,423)
	1,285,689	(35,423)
Investing activity		
Purchase of capital assets	(1,563,317)	-
Net change in cash during the year	(411,384)	(228,531)
Cash and cash equivalents – Beginning of year	1,110,656	1,339,187
Cash and cash equivalents – End of year	699,272	1,110,656
Cash and cash equivalents is comprised of:		
Cash	15,983	466,565
Short-term investments	683,289	644,091
	699,272	1,110,656
Additional information required		
Interest paid	13,571	25,455

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2002

1 Accounting policy

Amortization

Capital assets are carried at cost less contributions received and are amortized using the following methods and rates:

Assets	Method	Rate %
Building	Straight line	5
Furniture and fixtures	Declining balance	20

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rates less 2½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Capital assets

	2002		2001	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	73,429	-	73,429	73,429
Building	1,742,552	39,274	1,703,278	302,971
Furniture and fixtures	157,399	-	157,399	-
	1,973,380	39,274	1,934,106	376,400

The building was under construction for most of the year and no depreciation has been recorded during the construction phase.

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2002

4 Long-term debt

	2002 \$	2001 \$
7.75% mortgage, repaid in 2002	-	314,311
3.25% unsecured advance from the Law Society of Newfoundland – 1983 to 1987 Self-Insurance Funds, renewable in October 2003, payable in blended monthly payments of \$7,566	1,600,000	-
	1,600,000	314,311
Current portion	44,000	38,003
	1,556,000	276,308

Aggregate annual principal payments on long-term debt for the next five years are as follows:

	\$
December 31, 2003	44,000
2004	45,000
2005	46,000
2006	48,000
2007	49,000

5 Obligations under operating leases

The following is an analysis of the future minimum lease payments on operating leases:

	\$
Year ending December 31, 2003	32,364
2004	30,914
2005	27,036
2006	25,153

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2002

6 Admission fees

Admission fees consist of the following:

	2002 \$	2001 \$
Articled clerks	7,500	10,500
Call-to-bar	12,075	20,125
Other	1,250	-
	<u>20,825</u>	<u>30,625</u>

7 Professional liability insurance

On January 1, 1983, the Society established a Self-Insurance Fund for practising Newfoundland lawyers. Each year the Society assesses its members an amount which is paid to that year's Self-Insurance Fund. Separate financial statements are prepared for each year's Fund and their assets, liabilities and surpluses or deficiencies are not reflected in these statements.

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2002

8 Special Funds

The statement of revenue, expenses and surplus of the Law Society of Newfoundland does not include the operations of the Office and the General Assurance Funds.

During the year, the following transactions occurred in these funds:

	Office Fund \$	General Assurance Fund \$
Revenue		
Contributions	-	30,710
Interest	-	24,088
	-	54,798
Expenses		
Miscellaneous	(19)	3,614
Excess of revenue over expenses	19	51,184
Balance – Beginning of year	924	829,326
Balance – End of year	943	880,510
Comprised of:		
Cash	13	224,192
Short-term investments	-	418,974
Accounts and interest receivable	363	4,352
Due from Law Society	567	232,992
	943	880,510

**Law Society of Newfoundland -
1983 to 1987 Self-Insurance Funds**

Financial Statements
December 31, 2002

February 17, 2003

Auditors' Report

To the Members of the Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

We have audited the balance sheet of the **Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds** as at December 31, 2002 and the statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

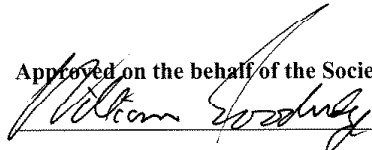
**Law Society of Newfoundland -
1983 to 1987 Self-Insurance Funds**

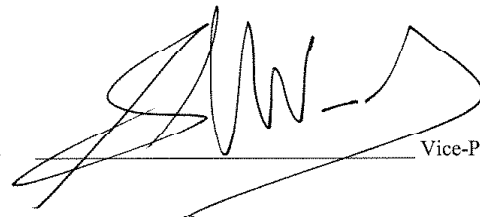
Balance Sheet

As at December 31, 2002

	2002	2001
	\$	\$
Assets		
Current assets		
Cash (note 2)	30,470	87,968
Short-term investments	877,881	2,378,189
Accounts and interest receivable	-	23,248
Due from 1988 - 1994 Self-Insurance Funds	450,000	450,000
Current portion of long-term receivable	44,000	-
	<u>1,402,351</u>	<u>2,939,405</u>
Long-term receivable		
3.25% unsecured advance receivable from the Law Society of Newfoundland	1,600,000	-
Less: current portion of long-term receivable	<u>(44,000)</u>	<u>-</u>
	<u>1,556,000</u>	<u>-</u>
	<u>2,958,351</u>	<u>2,939,405</u>
Liabilities		
Current liabilities		
Accounts payable	18,324	9,750
Surplus	<u>2,940,027</u>	<u>2,929,655</u>
	<u>2,958,351</u>	<u>2,939,405</u>

Approved on the behalf of the Society

 President

 Vice-President

**Law Society of Newfoundland -
1983 to 1987 Self-Insurance Funds**
Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2002

	2002	2001
	\$	\$
Revenue		
Interest	33,612	107,389
Expenses		
Interest and bank charges	12	17
Investment fee - TD Bank	9,154	12,601
Professional fees	14,074	15,755
Professor Morgan's Report	-	8,585
	23,240	36,958
Excess of revenue over expenses	10,372	70,431
Surplus – Beginning of year	2,929,655	2,859,224
Surplus – End of year	2,940,027	2,929,655

Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

Notes to Financial Statements

December 31, 2002

1 Accounting policies

Method of operations

The 1986 and 1987 Funds insure all practising members up to \$30,000 (1983 to 1985 funds - \$20,000) after an initial deductible of \$5,000 per member per claim. Claims exceeding \$35,000 (1983 to 1985 Funds - \$25,000) are insured up to an additional \$65,000 (1983 to 1985 Funds - \$75,000) by a separate liability insurance policy purchased by the Funds.

This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland provided the original claim or suit for damages is brought during the policy period.

The 1986 and 1987 Funds are responsible for total annual claims up to \$300,000 (1983 and 1984 Funds - \$175,000, 1985 Fund - \$200,000) after which the insurance company pays all claims in excess of \$5,000. The Funds are responsible for any adjusting and legal fees involved in settling claims.

Reserve for claims

The adjusting company is responsible for consulting with the Chairman of the Self-Insurance Claims Committee in arriving at an estimate of the reserve required for claims outstanding. The reserve includes potential claims, legal and adjusting fees attributable to the outstanding matters minus any possible recovery.

Any changes in subsequent periods relating to these reserves is a result of:

- 1) Indemnity and legal and adjusting fees paid; and,
- 2) Adjustments as to the potential liability which would also increase or decrease the current period reserve expense.

Any cost, for which no reserve had been previously set up, is treated as a claims expense in the current period.

2 Cash Investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

Notes to Financial Statements

December 31, 2002

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2001, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.

**Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds**

Financial Statements
December 31, 2002



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Facsimile +1 (709) 722 5874

February 17, 2003

Auditors' Report

To the Members of Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

We have audited the balance sheet of **Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds** as at December 31, 2002 and the statement of revenue, expenses and deficit for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

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**Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds**

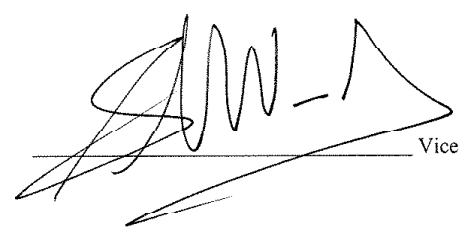
Balance Sheet

As at December 31, 2002

	2002 \$	2001 \$
Assets		
Current assets		
Cash (note 2)	186,147	193,308
Short-term investments	36,857	33,691
Accounts and interest receivable	5,002	5,297
Due from Law Society of Upper Canada (schedule)	138,214	167,410
	<u>366,220</u>	<u>399,706</u>
Liabilities		
Current liabilities		
Accounts payable	14,741	15,500
Due to 1983-87 Self-Insurance Funds	450,000	450,000
	<u>464,741</u>	<u>465,500</u>
Deficit	<u>(98,521)</u>	<u>(65,794)</u>
	<u>366,220</u>	<u>399,706</u>

Approved on behalf of the Society

 President

 Vice-President

Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Statement of Revenue, Expenses and Deficit

For the year ended December 31, 2002

	2002 \$	2001 \$
Revenue		
Interest	5,882	15,095
Expenses		
Claims		
Legal and adjusting	16,106	22,577
Reserves		
Indemnity	-	(13,664)
Legal and adjusting	12,044	(7,132)
Other expenses		
Administration	10,054	9,954
Investment fee - TD Bank	143	183
Miscellaneous	12	24
Professional and consulting fees	250	13,211
	38,609	25,153
Excess of expenses over revenue	(32,727)	(10,058)
Deficit – Beginning of year	(65,794)	(55,736)
Deficit – End of year	(98,521)	(65,794)

Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Notes to Financial Statements

December 31, 2002

1 Accounting policies

Method of operations

Lawyers' Professional Indemnity Company (LawPRO) is an insurance company that is licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada. This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland, provided the original claim or suit for damages is brought during the policy period.

1988 to 1994 Insurance Program

The 1988 to 1994 Insurance Program insures all practising members up to a deductible amount of \$245,000 (\$145,000 for claims brought January to June 1988 which are included in the 1988 fund), after an individual deductible of \$5,000 per member per claim. Claims exceeding the deductible amount are insured by a separate liability policy purchased by the Insurance Program, up to an additional \$750,000 per claim, (\$450,000 for claims brought January to June 1988) to a maximum annual limit of \$2,000,000 per insured.

Reserve for claims

The adjusting company in Newfoundland is responsible for consulting with the Chairman of the Self-Insurance Claims committee in Newfoundland in arriving at an estimate of the reserve required for claims outstanding. The reserve includes potential claims, legal and adjusting fees attributable to the outstanding matters minus any possible recovery.

Any changes in subsequent periods relating to these reserves is a result of:

- 1) Indemnity, legal and adjusting fees paid, and
- 2) Adjustments as to the potential liability which would also increase or decrease the current period reserve expense.

Any cost, for which no reserve had been previously set up, is treated as a claims expense in the current period.

Law Society of Upper Canada

The insurance assessment from the annual fee is due to the Law Society of Upper Canada. The funds remaining with the Law Society of Newfoundland pay certain administrative, operational and travel expenses.

The amount due to (from) the Law Society of Upper Canada includes reserves for indemnity, recoverable from members and other insurers, legal fees, adjusting fees, administration costs, and insurance premiums, less any advances made and interest earned thereon.

Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Notes to Financial Statements

December 31, 2002

When all of the claim files have been closed and all indemnities have been settled, any monies remaining with, or owed to the Law Society of Upper Canada will be paid or refunded together with interest earned on these funds. Upon receipt of assessments from the Law Society of Upper Canada, the Law Society of Newfoundland recognizes an adjustment to the estimated balance in the fund to which it relates.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2001, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.

Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds
Due to (from) Law Society of Upper Canada
As at December 31, 2002

Schedule

	1988	1989	1990	1991	1992	1993	1994	Totals	
	\$	\$	\$	\$	\$	\$	\$	2002	2001
								\$	\$
Reserves									
Indemnity claims	-	70,000	-	60,000	-	-	-	130,000	130,000
Recoverable from members	-	(5,000)	-	(10,000)	-	-	-	(15,000)	(15,000)
Legal and adjusting	-	5,616	-	52,109	-	-	9,772	68,497	56,452
	-	71,616	-	102,109	-	-	9,772	183,497	171,452
Less									
Advances and interest net of disbursements	308,645	364,353	(1,467)	(269,082)	136,733	(106,188)	(111,283)	321,711	338,862
	(308,645)	(292,737)	1,467	371,191	(136,733)	106,188	121,055	(138,214)	(167,410)

**Law Society of Newfoundland -
1995 to 2002 Self-Insurance Funds**

Financial Statements
December 31, 2002



February 17, 2003

PricewaterhouseCoopers LLP
Chartered Accountants
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Auditors' Report

To the Members of Law Society of Newfoundland - 1995 to 2002 Self-Insurance Funds

We have audited the balance sheet of **Law Society of Newfoundland - 1995 to 2002 Self-Insurance Funds** as at December 31, 2002 and the statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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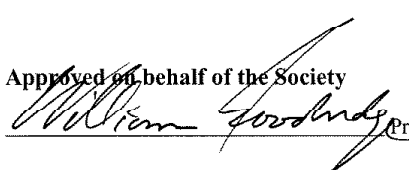
**Law Society of Newfoundland -
1995 to 2002 Self-Insurance Funds**

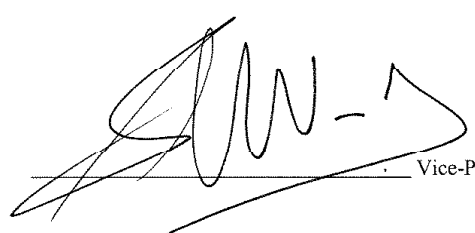
Balance Sheet

As at December 31, 2002

	2002 \$	2001 \$
Assets		
Current assets		
Cash (note 2)	44,197	44,303
Accounts receivable	10,937	12,329
	<hr/> 55,134	<hr/> 56,632
Liabilities		
Current liabilities		
Accounts payable	5,500	5,500
Due to Law Society of Newfoundland	4,018	3,489
	<hr/> 9,518	<hr/> 8,989
Surplus	<hr/> 45,616	<hr/> 47,643
	<hr/> 55,134	<hr/> 56,632

Approved on behalf of the Society

 President

 Vice-President

**Law Society of Newfoundland -
1995 to 2002 Self-Insurance Funds**

Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2002

	2002 \$	2001 \$
Revenue		
Fees	1,402,034	1,121,978
Insurance levy	97,000	214,000
Interest	737	2,997
	<u>1,499,771</u>	<u>1,338,975</u>
Expenses		
Insurance policy premium	1,498,389	1,341,000
Professional and consulting fees	3,738	3,451
Provision for doubtful accounts	(359)	(1,533)
Miscellaneous	30	(1,113)
	<u>1,501,798</u>	<u>1,341,805</u>
Excess of expenses over revenue	(2,027)	(2,830)
Surplus - Beginning of year	<u>47,643</u>	<u>50,473</u>
Surplus – End of year	<u>45,616</u>	<u>47,643</u>

Law Society of Newfoundland - 1995 to 2002 Self-Insurance Funds

Notes to Financial Statements

December 31, 2002

1 Accounting policies

Method of operations

Lawyers' Professional Indemnity Company (LawPRO) is an insurance company that is licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada. This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland, provided the original claim or suit for damages is brought during the policy period.

1995 to 2002 Insurance Program

The 1995 to 2002 Insurance Program insures all practising members up to \$1,000,000 per claim, after an individual deductible of at least \$5,000 per member per claim, to a maximum annual limit of \$2,000,000 per insured. The 1995 Insurance Program is now responsible for all claims and legal and adjusting expenses and has arranged for 57% quota share reinsurance above the members' deductible, retaining the other 43% for its own account. The Law Society of Newfoundland has agreed to share equally in this 43% retention. The 1996 to 2002 Insurance Program is responsible for 100% of all claims and legal and adjusting expenses above the members' deductible.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2002, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.