

The Law Society of Newfoundland and Labrador

2009 - 2010 Annual Report



The Law Society of Newfoundland and Labrador
Annual Report 2009 - 2010
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Law Society Seal:
Gerald Squires, RCA, LL D

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**This Report covers the period
May, 2009 to May, 2010**

The Law Society of Newfoundland and Labrador

**Annual Report
2009 - 2010**



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Auditors' Report and Financial Statements, Law Society
Fiscal Year Ended December 31, 2009

Auditors' Report and Financial Statements, Lawyers' Insurance Program
Fiscal Year Ended June 30, 2009

BENCHERS

Officers:

President: Irene S Muzychka
Vice-President: Glen L C Noel

Elective Benchers

Eastern District:

Kenneth L Baggs, QC
Augustine F Bruce
R. Paul Burgess
Morgan C Cooper
Barry G Fleming, QC
Brenda B Grimes
Susan M LeDrew
Liam P O'Brien
Terry G Rowe
Ian C Wallace

Central District:

Marcus A Evans
Kevin TA Preston

Western District:

Shawn C A Colbourne
George L Murphy, QC

Labrador District:

J John Noseworthy

Appointed Benchers

Don Downer
Linda Harnett

Glenda Reid
Bert Riggs

Ex Officio Benchers

Christopher P Curran, QC, Registrar

Honorary Benchers

Lewis B Andrews, QC
Jeffrey P Benson, QC
V Randell J Earle, QC
J David B Eaton, QC
Francis P Fowler, QC
J Vernon French, QC
Brian F Furey, QC
The Hon Mr Justice W Goodridge
The Hon Chief Justice J D Green
The Hon Gloria Harding
Edward M Hearn, QC
Thomas R Kendall, QC
R Barry Learmonth, QC
Dana K Lenehan, QC

Augustus G Lilly, QC
Dennis C MacKay, QC
G David Martin, QC
Paul M McDonald
Stephanie L Newell, 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 Robert Wells
Marina C Whitten, QC
Sheila H Greene, QC

Treasurers / 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 Rowe, 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 J 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 Morrison, KC
 1919 J A Clift, KC
 1923 P F 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
 2003 Stephanie L Newell
 2004 Brian F Furey
 2005 Edward M Hearn, QC
 2006 Paul M McDonald
 2007 Marina C Whitten
 2008 Sheila H Greene, QC
 2009 Irene S Muzychka

Secretaries / Vice-Presidents of the Law Society

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 I 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
 1991 Thomas R Kendell, QC
 1992 Augustus G Lilly, QC
 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
 2003 Brian F Furey
 2004 Edward M Hearn, QC
 2005 Paul M McDonald
 2006 Marina C Whitten
 2007 Sheila H Greene, QC
 2008 Irene S Muzychka
 2009 Glen LC Noel

LAW SOCIETY AND LIBRARY STAFF

Directors:	Phyllis E Weir Francis P O'Brien	
Librarians:	Gail A Hogan Heather A Myers	
Accountant:	Judith G Pardy	
Administrators:	Janice K Whitman Pamela A Marks	<i>Insurance</i> <i>Professional Responsibility</i>
Administrative Assistants:	Anne P Cross Regina M Whitty S Renee Whalen Tanya M Johnson Lisa E Kennedy Erin K Rowe	<i>Professional Responsibility</i> <i>Education</i> <i>Administration</i> <i>Library/Reception</i> <i>Custodianship</i> <i>Accounting</i>
Maintenance:	Donald Norman	
Technician:	Brenda Blunden	<i>Library Part-time</i>

MEMBERSHIP

Membership Statistics as of May, 2010:

Practising:	499
Practising Uninsured:	195
Non-Practising:	222
Life:	<u>15</u>
 TOTAL	 <u><u>931</u></u>

The total membership figures for the years since Confederation with Canada are as follows:

1950	-	66	1970	-	124	1990	-	477
1951	-	64	1971	-	129	1991	-	514
1952	-	66	1972	-	129	1992	-	560
1953	-	69	1973	-	145	1993	-	588
1954	-	72	1974	-	153	1994	-	617
1955	-	75	1975	-	179	1995	-	635
1956	-	73	1976	-	189	1996	-	669
1957	-	76	1977	-	203	1997	-	683
1958	-	76	1978	-	237	1998	-	706
1959	-	77	1979	-	261	1999	-	728
1960	-	81	1980	-	281	2000	-	750
1961	-	83	1981	-	316	2001	-	767
1962	-	86	1982	-	333	2002	-	772
1963	-	86	1983	-	351	2003	-	798
1964	-	86	1984	-	371	2004	-	808
1965	-	86	1985	-	378	2005	-	832
1966	-	86	1986	-	394	2006	-	858
1967	-	89	1987	-	408	2007	-	870
1968	-	106	1988	-	435	2008	-	904
1969	-	110	1989	-	445	2009	-	923

Fifteen lawyers were called to Bar of Newfoundland and Labrador on June 26, 2009

Roll #		Roll#	
1446	Glen George Seaborn	1454	Lori-Lee Michelle St. Croix
1447	Theodoric Anthony Nowak	1455	Krista Melanie Atkins
1448	Wayne Gordon Silliker	1456	Jonathan David Regan
1449	Candace Grace Summers	1457	John Francis Edward Drover
1450	Jeffrey Aaron Summers	1458	Jarret Wayne Hann
1451	Jennifer Michelle Gorman	1459	Brian Rene Gatien
1452	Tanya Louise Bath	1460	Amy Elizabeth Kendell
1453	Beverley Ann Lane		

Six lawyers were called to the Bar of Newfoundland and Labrador on October 23, 2009

Roll#		Roll#	
1461	Charles Brodie Gallant	1464	Suzanne Vera Elizabeth Hollett
1462	Brett Matthew Keith Ludlow	1465	Jessica Anne Dellow
1463	Jonathan Philip Robert Myrick Fowler	1466	Shawn Harrison Patey

Ten lawyers were called to the Bar of Newfoundland and Labrador on February 8, 2010

Roll#		Roll#	
1467	Christian James Ronayne Hurley	1472	Ashley Rae Parsons
1468	Jillian Marguerite Kean	1473	Pádraig James Mohan
1469	Andrew Gordon MacLellan Woodland	1474	Melissa Louise Hamilton Hill
1470	Daniel Francis Furey	1475	Kimberley Dawn Pochini
1471	Mary Elizabeth Newton	1476	Tauna Michele Staniland

Ten lawyers were called to the Bar of Newfoundland and Labrador on April 16, 2010

Roll#		Roll#	
1477	Michael Stuart Ladha	1482	Lori Susan Williams
1478	John Chalker Crosbie	1483	André Jordan Clair
1479	Adam Samuel Gosse	1484	John Leonard Hurley
1480	Heather Lynn Buffett	1485	Adam James Crocker
1481	Ruth Emeria Trask	1486	Matthew Gordon Rowe

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 16, 2010, record that 1486 members have been called to the Bar since 1826.



The Benchers record with regret the death of the following members and past members during the period from May 2009 to May 2010:

Sandra J Tilley
called December 2, 1996, Roll #1021

Stanislaus F Carew
called February 3, 1951, Roll #222



LAW SOCIETY COMMITTEES

EXECUTIVE COMMITTEE:

Irene S Muzychka, *President*
Glen LC Noel, *Vice-President*
Augustine F Bruce
Morgan C Cooper
Sheila H Greene, QC
Francis P O'Brien, *ex officio*
Phyllis E Weir, *ex officio*

STATUTORY COMMITTEES:

Complaints Authorization Committee

Augustine F Bruce, *Chair*
J. David B Eaton, QC, *Vice-Chair*
Kenneth L Baggs, QC
R Paul Burgess
Linda Harnett, *Lay Bench*
Glenda Reid, *Lay Bench*
Terry G Rowe, QC
Glen LC Noel, *Vice-President/ex officio*
Phyllis E Weir, *ex officio*

Discipline

Marina Whitten, QC, *Chair*
John M Green, QC, *Vice-Chair*

Law Society Members:
David LG Andrews, QC
John M Babb, QC
Denis G Barry, QC
Glen S Belbin
Bryan J Blackmore, QC
Katrina A Brannan
Kimberley D Burridge
Janis C Byrne
Wayne D Chamberlain
Sandra R Chaytor, QC
S Bruce Chislett
Paul L Coxworthy
Michael J Crosbie, QC
Jean V Dawe, QC
Rosemary Dawson
V. Randell J Earle, QC
Anne M Fagan
Donald J Gallant
Bruce C Grant, QC

George P Horan, QC
Deborah LJ Hutchings
David A King, QC
R Barry Learmonth, QC
Mary J Mandville
Tobias F McDonald, QC
John W McGrath, QC
William G Morrow, QC
James C Oakley
Mary C O'Brien
John VB O'Dea
D Richard Robbins
Linda M Rose, QC
Daniel W Simmons
Ellen EM Turpin
James E Vavasour, QC
Elaine C Wychreschuk
Phyllis E Weir, *ex officio*

Lay Representatives:
Harold Barrett
Bernard Bolger
Angela Bowes
Herbert Burry
Frederick Drover
Freida Faour
James Gladney
Mark King
Ruth Noel
Thomas Quigley
Raymond Rose
Dr Marina Sexton

Education

Augustine F Bruce, *Chair*

David G L Buffett, QC
J David B Eaton, QC
Heather M Jacobs

Ian C Wallace
D Bradford Wicks, QC
Francis P O'Brien, *ex officio*

RULES-BASED COMMITTEES:

Bar Admission

J David B Eaton, QC, *Chair*

Denis G Barry, QC
Aubrey L Bonnell, QC
Sandra M Burke
V Randell J Earle, QC

Augustus G Lilly, QC
Glen LC Noel
Gregory M Smith
Francis P O'Brien, *ex officio*

Library

Terry G Rowe, QC, *Chair*

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

Rebecca C Phillipps
Randolph J Piercey, QC
Bert Riggs, *Lay Bench*
Gail A Hogan, *Librarian*
Heather A Myers, *Librarian*

BENCHER APPOINTED STANDING COMMITTEES:

Student Awards

Denis J Mahoney
Joan F Myles

Francis P O'Brien, *ex officio*

Honours and Awards

Brian F Furey, QC, *Chair*

John D Brooks, QC
V Randell J Earle, QC
Paul M McDonald

Bert Riggs, *Lay Bench*
Edwards J Shortall, QC

Insurance Committee

John F Roil, QC, *Chair*

Philip J Buckingham
R Paul Burgess
Edward M Hearn, QC
Stephen J May
Darlene P Russell

Maureen E Ryan
Raymond P Walsh, FIIC, *Insurance Adjuster*
Janice K Whitman, *Insurance Administrator*
Francis P O'Brien, *ex officio*

Claims Review Committee

Francis P O'Dea, QC, *Counsel*
Lewis B Andrews, QC

Raymond P Walsh, FIIC, *Senior Adjuster*
Janice K Whitman, *Insurance Administrator*

Law Society Act and Rules Committee

George L Murphy, QC, *Chair*

Donald E Anthony
Jane C Hennebury
Jamie P Martin

Karen M Stone
Francis P O'Brien, *ex officio*
Phyllis E Weir, *ex officio*

Legislation

Brian F Furey, *Chair*

John D Brooks, QC
Tobias F McDonald, QC,
Court Rules Committee Representative
Glen LC Noel

James C Oakley,
Court Rules Committee Representative
John V O'Dea,
Court Rules Committee Representative
Francis P O'Brien, *ex officio*

Practice Rules Compliance Committee

Kenneth L Baggs, QC, *Chair*
Morgan C Cooper, *Co-Chair*

Shelley L Bryant
Annette M Conway
Pauline Downer, FCA, *Auditor*
Diane Rendell, CA, *Auditor*

Bert Riggs, *Lay Bench*
Roland C Snelgrove, QC
Glen LC Noel, *Vice-President / ex officio*
Phyllis E Weir, *ex officio*

Project Daisy Committee

Christopher P Curran *Co-chair*
The Honourable Judge John L Joy, *Co-chair*

Mel Baker
The Honourable Judge Gerald J Barnable
Thomas J Burke, QC
Christopher English
Nina Goudie

The Honourable J Derek Green,
Chief Justice of Newfoundland & Labrador
David J Jones, QC
Francis P O'Brien, *ex officio*
Phyllis E Weir, *ex officio*

Real Estate Committee

Thomas W Fraize, QC, *Chair*

Susan M LeDrew
Catherine J Perry

Graham A Wells
Francis P O'Brien, *ex officio*

Unauthorized Practice Committee

James Thistle, QC
Phyllis E Weir, *ex officio*

Archives Committee

Bert Riggs, *Chair, Archivist, Lay Bench*

Justin Mellor
Veva Moulton

Rebecca C Phillipps
Gail A Hogan, *Librarian*

BENCHER APPOINTED AD HOC COMMITTEES:

Professional Law Corporations Committee

Jeffrey P Benson, QC, *Chair*

Michael H Duffy
Maureen E Ryan

Francis P O'Brien, *ex officio*
Phyllis E Weir, *ex officio*

JOINT LIAISON COMMITTEES:

Law Society and Newfoundland and Labrador Medical Association

Daniel M Boone, *Chair*

Brenda B Grimes
Thomas J Johnson
Thomas G Mills

LeeAnn L Montgomery
Edward P Noonan, QC

Professional's Assistance

Brian F Furey, QC
Christopher DG Pike

PRESIDENT'S ANNUAL REPORT

Irene S. Muzychka

It is my pleasure to provide the President's annual report for 2009-2010 which provides an opportunity to reflect on Law Society activities, events and issues of the past year. This report will mainly discuss activities and events which have occurred during the time I was President, from June 2009 to June 2010. I will also comment generally on the work and role of the Law Society as I have experienced it since my election to Benchers in 2002.

Call to Bar for New Lawyers

A very pleasant task of a Law Society President is to participate in the various ceremonies of the Law Society. One of these is the Call to Bar ceremony. There were four (4) Call to Bar ceremonies between June 2009 and April 2010, and this year saw the debut of a new Call to Bar speech, bringing a fresh new approach to welcome our new members. It is an exciting time to be joining the legal profession in this province, and it is always rewarding to witness the transition which our students make as they become enrolled as members of the Bar and begin their professional lives as our new colleagues.

This year, in the Call to Bar Ceremonies, there were 41 new lawyers admitted. Of these, 31 were students who had recently completed Law School and had articulated and successfully completed the Bar Admission Course and exams in this province. There were 10 lawyers who transferred from other Canadian jurisdictions pursuant to the National Mobility Agreement. As in prior years, the National Mobility Agreement has been being heavily used by lawyers in other parts of Canada wishing to relocate to Newfoundland and Labrador, and it is also helpful to members of our Bar who wish to move and work in another province or territory.

New Judges

It has also been a pleasure to welcome new members to the Bench and to bring greetings on behalf of the Law Society. This year, there was a ceremony involving the swearing in of the following new judges:

- Justices Valerie Marshall and Robert Stack of the Supreme Court Trial Division;
- Chief Judge Mark Pike and Associate Chief Judge Robert Hyslop of the Provincial Court of Newfoundland and Labrador; and
- Judges Jackie Brazil, Michael Madden and Lois Skanes of the Provincial Court of Newfoundland and Labrador.

Following the swearing-in ceremonies for new lawyers and new judges, the Law Society hosted receptions which were attended by members of the Bar and other guests.

Opening of the new Commercial Registrations Division

In March, at the invitation of the Honourable Kevin O'Brien, Minister of Government Services, I represented the Law Society at the official opening of the new location for the Commercial Registrations Division at 59 Elizabeth Avenue, St. John's. The Division was formerly located in the East Block, Confederation Building.

The Commercial Registrations Division is responsible for the registration function for documents and information relating to companies, deeds, mechanics liens, condominiums, co-operatives, personal property, lobbyists, limited partnerships and limited liability partnerships. Lawyers rely daily on the accuracy of the records maintained by the Commercial Registrations Division, in real estate and commercial matters. A reliable and professional registry protects the public and promotes public confidence in legal transactions.

The Law Society and its members congratulated the Provincial Government for establishing such a functional, appropriate and pleasant setting in which to house these valuable materials.

New Queen's Counsel

In April, I was pleased to attend the Supreme Court ceremony in which nine of our members took the Oath of Office and were sworn in as new Queen's Counsel. The new Queen's Counsel are:

F. Geoffrey Aylward
Lisa A. Byrne
Michael J. Crosbie
Calvin L. Lake
James E. Maher
Heather L.C. Jewer-Mills
Robert P. Pittman
Terry G. Rowe
Graham A. Wells

This is a well-deserved honour and recognition for the members appointed, and I was privileged to attend on Benchers' behalf and to congratulate our new Queen's Counsel at the reception hosted by the Law Society following the ceremony.

Opening of the new Corner Brook Law Courts

One of the highlights of the past year was the opportunity to participate in the official opening of the Corner Brook Law Courts in May. This modern facility will serve the residents of the West Coast well for many years. I was honoured to bring best wishes on behalf of members and Benchers of the Law Society and participate in the other events associated with the opening, including a dinner hosted by the National Judicial Institute which featured Supreme Court of Canada Justice Tom Cromwell as keynote speaker. Notably, the Law Society's historical committee, Project Daisy, produced an excellent historical treatment of the legal profession in Western Newfoundland. This book, entitled *"Barrels to Benches: The Foundations of English Law on Newfoundland's West Coast"* was written and published to commemorate the opening of the Corner Brook Law Courts. The Law Society congratulates Project Daisy and especially those directly involved in the publication on this latest in a commendable series of publications by Project Daisy.

The Work of the Law Society: Benchers, the Executive Committee and Law Society Professional Staff

In my participation on Benchers of the Law Society over the past eight years, I have gained insight and understanding into how the Law Society regulates the profession in the public interest.

The Benchers, working through an Executive Committee and the Society's many other committees, have key roles in policy development and decisions in the public interest. Together, they all rely significantly on, and their decisions are fre-

quently informed by, the information, guidance and advice provided by the Law Society's senior professional staff.

In February 2010, there was a change in the senior professional staff at the Law Society. Benchers noted the retirement of Peter Ringrose, Executive Director, who had been employed by the Society for nearly 16 years. The Executive Committee appointed Legal Director, Phyllis Weir and Director of Legal Education, Frank O'Brien, as interim acting Executive Directors, both of whom have performed admirably in taking on the additional duties involved in running the business of the Law Society.

Mr. O'Brien and Ms. Weir have worked together to ensure that Benchers and the Executive are properly advised, informed and supported on all aspects of the Law Society's operations and activities. They have been directly involved in the day to day management of the Law Society's affairs, ensuring that the Law Society properly discharges its statutory governance responsibilities.

Committee Work

The Law Society's work is carried out in many instances through committees, many of which are listed or have included reports elsewhere in this Annual Report. All Law Society committees are involved in interesting and important work. It would be impossible to outline all the work which is accomplished through Law Society committees in a given year. The range of activities of our committees covers education issues, the Law Society library, professional law corporations, compliance with trust and practice rules, discipline and professional conduct, admissions, insurance and many other issues. Suffice it to say that all of the Law Society's committees do an extraordinary job and contribute greatly to the success and effective operation of the Law Society. Just a couple of the many examples of recent issues which have been dealt with by various Law Society committees within the past year are provided below.

For example, the Education Committee had been considering how best to assess and accredit foreign law school graduates for acceptance into the Bar of this province. Over the past years the Education Committee has closely considered the many aspects of this issue, and recommended policy guidelines to Benchers which were adopted at the June 2009 Benchers' Convocation. The Committee

has also been involved in reviewing a national Task Force report on the Canadian Common Law Degree, including considerations about the subject areas and core competencies included in a law degree in Canada. In addition the Committee continues its work in assessing applications for admission from students, transferring lawyers, foreign-trained applicants etc. The Committee's goal, in all cases, is to maintain standards of excellence in admissions.

As well, the Complaints Authorization Committee, in carrying out its mandate to screen allegations of conduct deserving of sanction, continues to provide direction to membership on the appropriate standard of conduct. Some members of the Committee have been involved in a comparative review of the current Code of Professional Conduct with the new national Model Code of Conduct for Lawyers. This Model Code, a national initiative, is presently in the final stages of review and is expected to be finalized and introduced by late 2010 or early next year.

Federation of Law Societies of Canada

In addition to being well served by Benchers, the Executive, Law Society professional staff and our many excellent committees, the Law Society also participates as a signatory in the Federation of Law Societies of Canada, a national organization of Law Societies throughout the country. Where appropriate and within that national context, information and national policy considerations which are discussed at the Federation level often evolve into common policies which are implemented in this jurisdiction and elsewhere. Benchers and law Society professional staff act upon common decisions taken by the Federation as a whole, for the benefit of the profession and the specific benefit of the public interest.

I was pleased to have the opportunity to travel to Winnipeg in October, 2009 for the Federation of Law Societies' meetings. In March 2010, I attended the winter meeting of the Federation in Toronto and was pleased to represent the Law Society of Newfoundland and Labrador as a signatory to the Quebec Mobility Agreement. This Quebec Mobility Agreement is an adjunct to the National Mobility Agreement, discussed above, and brought Quebec into the fold. Once implemented, this agreement will permit Quebec lawyers to work in other provinces when dealing with Quebec or federal law. As well, lawyers in other

provinces and territories will be able to work in Quebec on federal law matters or issues involving local law of their province or territory.

The Federation of Law Societies of Canada has other important initiatives which benefit the Law Society and its members. One such initiative is the Canadian Legal Information Institute (CanLII), a virtual law library widely used by members and the public. The Law Society is involved in ensuring that the collection of judgments and legislation from this province on the CanLII site is as current and comprehensive as possible. Use of CanLII by members and by the public continues to grow at an astonishing pace, including use by lawyers in this province. In the coming months, the governance structure of CanLII will undergo some changes, but this will have no impact on the CanLII website or services to users.

Finally, the Federation of Law Societies' annual Criminal Law Conference will be held in St. John's in July 2010. The Law Society is proud to support and be a partner in this Conference which is expected to have over 500 judges, lawyers and academics in attendance.

Law Foundation

We are fortunate and grateful once again to have the continued financial support of the Law Foundation of Newfoundland and Labrador for law libraries. This funding is primarily allocated to the Law Society Law Library in St. John's, with amounts also provided to Corner Brook and Gander. On behalf of Benchers and the Law Society we express our gratitude to the Law Foundation and its Board of Governors for its continued support of our law libraries. The present and future support of the Law Foundation is crucial to maintaining library resources which will enable lawyers to practice appropriately. As such, the Foundation's support serves the public interest.

Our Volunteers

As President, I have had many occasions to witness and admire the work of members and non-members who contribute, on a volunteer basis, to the Law Society. These volunteer contributions occur at the Benchers' level, as well as through the Society's committees and in many other ways. The number of Law Society members who volunteer their time and expertise to the work of the Society and the public interest is truly impressive. These volunteers strengthen our professional community and are essential to self-governance. By their con-

tribution, our volunteers advance the integrity, credibility and future of the profession. We express our thanks to each and every volunteer who makes a contribution to the Society.

Conclusion

In closing, this is a bitter-sweet moment personally, as my time as a Benchers is coming to an end. I have learned much about our profession since I joined Benchers in 2002. I have also learned much about the Law Society's role and responsibility of regulating this profession in the public interest.

There have been many wonderful experiences as a Benchers, and I have really enjoyed working with Benchers and Law Society staff. I have been honoured and pleased by the opportunity to serve the profession and our members as President.

In closing, I want to thank and commend Benchers, Executive Committee members, and the entire Law Society team, for their valued support and assistance. Best wishes to all involved in the Law Society for continued success.

VICE-PRESIDENT'S ANNUAL REPORT

Glen L.C. Noel

The *Law Society Act, 1999* (the "*Act*") prescribes the Vice-President's role in the disciplinary process. The Vice-President receives reports from the Legal Director and submits allegations to the Complaints Authorization Committee. The Complaints Authorization Committee, a statutory committee consisting of three Benchers, at least one of whom is an appointed Bencher, screens allegations of conduct deserving of sanction. Conduct deserving of sanction is defined in section 41 of the *Act* to include professional misconduct, failure to maintain the standards of practice, 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, with the consent of the parties, may attempt to resolve an allegation or may refer the allegation to alternate dispute resolution. If the allegation is resolved the mediator confirms the resolution and the file is closed. Where a satisfactory resolution is not achieved then the allegation is referred to the Complaints Authorization Committee. The initial assessment of an allegation is subject to the third party allegation policy.

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 the allegation on the basis of specific factors, the Vice-President has discretion to decline or to defer the investigation pending the final determination of a proceeding. When an investigation is deferred, the Vice-President requests, from the respondent, a consent and a waiver of delay. When an investigation is declined, the complainant is advised that outstanding issues, if any, may be re-filed with the Law Society subsequent to the final determination of the proceeding.

The powers of the Complaints Authorization Committee are prescribed by section 45 of the *Act* and include the authority to conduct investigation, conduct a practice review and require the member's appearance before the Committee. The investigation/review is conducted through the Legal Director's office. Following its final consid-

eration 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, the Committee will authorize the Complaint. A complainant whose allegation is dismissed by the Complaints Authorization Committee has a right to appeal to the Supreme Court, Trial Division.

Following authorization of the Complaint, the Complaints Authorization Committee may counsel or caution the respondent, may instruct the Vice-President to file the Complaint and refer it to the Disciplinary Panel, make an application for appointment of a Custodian of the member's practice, and suspend or restrict the member's licence to practice.

The Disciplinary Panel, appointed pursuant to section 42 of the *Act*, is comprised of Law Society members and lay representatives, appointed by the Minister of Justice. For the purpose of dealing with Complaints referred and applications made to the Disciplinary Panel, the Chairperson appoints an Adjudication Tribunal, consisting of two members and one lay representative, to hear the matter. The Hearing proceeds pursuant to sections 47 through 51 of the *Act*. A party to the Hearing has the right to appeal an Order or Decision of the Adjudication Tribunal to the Supreme Court of Newfoundland and Labrador, Trial Division.

Information concerning Complaints processed during the current reporting period follows. The Complaints Authorization Committee has authorized eleven Complaints; two of which resulted in letters of counsel; three resulted in letters of caution and six were referred to the Disciplinary Panel. Two Complaints have been heard by Adjudication Tribunals. Following the hearing of an Appeal in another Complaint, the Supreme Court Trial Division upheld the Adjudication Tribunal's decision on one issue and set aside the Adjudication Tribunal's decision on another issue. This Complaint was referred back to the Adjudication Tribunal for further submissions on sanction.

Hundreds of hours of volunteer time are contributed on an annual basis by members of the Complaints Authorization Committee and by members of the Disciplinary Panel to the Law Society's disciplinary process. The Society could

not function without the dedication and volunteer time of benchers and committee members. Your contribution is significant and very much appreciated.

BAR ADMISSION COURSE COMMITTEE REPORT

The Bar Admission Course for Newfoundland and Labrador began on October 6, 2009 and continued until November 20, 2009. This year 30 students took the Course. The Bar Course is a 7 week intensive educational experience in which students cover practical material on provincial and federal law.

What follows is an overview of the Course.

Family Law:

Topics include divorce proceedings, parenting (custody and access), child and spousal support, matrimonial property, provincial family legislation, pensions, UFC procedure, child protection, support enforcement and tax implications of family law. There is also a panel discussion on the practice of family law.

Corporate/Commercial Law:

Topics include incorporation and organizing a business, registration issues, corporate procedures, corporate finance, the *Personal Property Security Act*, security opinions, purchase and sale of a business/shares and commercial insolvency.

Civil Procedure:

Topics include limitations of actions, fatal accidents, survival of actions, commencing proceedings, service, defences, counterclaims, 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 mechanisms.

Practice Skills, Practice Management and Ethics:

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, a presentation on the Lamer Inquiry and a presentation on using the resources of the Law Society Library. There are also presentations on the Law Society Trust Accounting requirements and professional conduct and client complaints. There is a separate section on ethics and the Code

of Professional Conduct, in which students complete a written assignment.

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 dres*, search and seizure and defences. As well, in this section, students receive instruction on advocacy skills, there is a panel discussion with judges on the topic of advocacy, and students prepare for and participate in a mock trial and sentencing exercises.

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 a presentation on prerogative orders.

Real Estate and Wills:

Topics include the registry system and land tenure, the real estate transaction, the mortgage, professional responsibility in real estate issues, title insurance, survey/location certificates, taxation issues, crown lands, quieting of titles, possessory title, residential tenancies and title searches. There is a real estate transaction workshop and a separate section on wills, estates and probate.

To pass the Bar Course, students must pass examinations in Family Law, Commercial Law, Civil Procedure, Criminal Law, Administrative Law and Real Estate/Wills. Each exam is 3½ hours long and focuses on the lecture 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 materials.

The goal of the Course is to give new lawyers a comprehensive overview of Newfoundland and Labrador and federal law and procedure and transfer to them 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 experience for the students and the approximately 70 volunteer judges, lawyers and other professionals whose contributions make the Course a success.

The Bar Admission Course Committee and the Law Society is grateful for the generous contributions made by members of the profession in ensuring the Course remains vibrant and beneficial to our new lawyers.

Law Society members interested in obtaining further information about the Bar Admission Course should contact Mr. Francis P O'Brien at (709) 722-4898 or by email francis.obrien@lawsociety.nf.ca.

CONTINUING LEGAL EDUCATION REPORT

The Law Society of Newfoundland and Labrador develops and delivers a program of Continuing Legal Education for members of the Bar. This is achieved through the Law Society's education entity, Newfoundland and Labrador Continuing Legal Education.

Newfoundland and Labrador 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 to members of the Newfoundland and Labrador Bar in a variety of practice areas. Examples of these programs are:

- *Cross-Examination in Courts and Tribunals*
- *Wills, Estates, Probate, Administration and Guardianship: Legislative Update, Best Practices and New Developments*
- *Copyright Law Update*
- *Trade-mark Law Update*
- *Exclusion of Evidence under Section 24(2) of the Canadian Charter of Rights and Freedoms: The cur-*

rent state of the law after R. v. Grant - St. John's & Corner Brook, NL

- *New Developments in Family Law, 2010*
- *Family Violence Intervention Court*

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

We appreciate 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 Law Society greatly appreciates these contributions and we are continuously impressed with the excellence and enthusiasm of our presenters.

Members with program suggestions should contact Mr. Francis P. O'Brien at (709) 722-4898 or by email at francis.obrien@lawsociety.nf.ca.

EDUCATION COMMITTEE REPORT

The Education Committee is responsible for educational issues which arise concerning members and prospective members of the Law Society. The Committee deals with all applications for admission and re-admission to practice, which applications generally involve an assessment of academic credentials, currency of legal knowledge, fitness to practice and good character elements. The Education Committee deals with requests throughout the year from members and prospective members relating to the requirements in the *Law Society Act, 1999* and the *Law Society Rules* on educational and admissions issues.

As such, the Education Committee considers applications from:

- law students regarding admission as a Student-at-Law;
- applications from members of other Law Societies who wish to practice in Newfoundland and Labrador on a temporary basis under the National Mobility Agreement;
- applications from members of other Law Societies who wish to transfer to Newfoundland and Labrador on a permanent basis pursuant to the National Mobility Agreement; 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 standards, educational and otherwise.

Each year the Education Committee also reviews and approves the marks from the Bar Admission Course examinations and directs, when required, the writing of supplementary examinations or the completion of further educational requirements before a Student-at-Law is eligible to be called to the Newfoundland and Labrador Bar.

From May 2009 to April 2010, the Education Committee:

- (i) admitted thirty-one (31) new applicants as Students-at-Law;
- (ii) recommended to Benchers that thirty-one (31) students, having met the requirements of a Student-at-Law, be called to the Bar in Newfoundland and Labrador;
- (iii) approved the application of ten (10) transfer candidates who were called to the Bar of Newfoundland and Labrador under the National Mobility Agreement;
- (iv) approved a change from non-practicing to practicing status for twenty-eight (28) Law Society members;
- (v) approved reinstatement to non-practicing status for one (1) Law Society member; and
- (vi) approved reinstatement to practicing status for one (1) Law Society member.

INSURANCE COMMITTEE REPORT

Commencing in January, 2005, the financial statements for the Lawyers' Insurance Program (the "Program") have covered a different fiscal year than the Law Society (the "Society"), which follows the calendar year. The insurance year for the Canadian Lawyers' Insurance Association (CLIA), through which lawyers are insured, is July 1 to June 30 and, thus, the Program follows that model.

The Program obtains financial direction from Ms. Pauline Downer, CA and the Program's auditors are independent of the Society's auditors.

Financial Overview and Asset Base

In overview, the Financial Statements show an Insurance Program that is stable and appropriately funded to secure members' protection, based on current activities. The Transaction Levy (the "Levy") continues to be key to that stability funding. As in the past five years, revenues from the Levy are shown as revenue in the Financial Statement of the Program and have now accumulated to \$5.1M.

The Insurance Committee originally estimated that a capital pool of up to \$12M would be required. This insurance level was recently reviewed by the Program's independent actuaries, NCA Partenaires Inc. of Montreal. Mr. Andre Normandin recently advised the Committee on the total fund necessary to stabilize the Program and indicated the amount to be \$8M on a conservative estimate.

The Program purchases on behalf of members, insurance coverage on the assurance responsibilities of the Society. This coverage, paid for by the Law Society, provides an insurance policy which will pay up to \$10M per loss/aggregate for claims by members of the public who suffer financial loss because of intentional acts committed by members.

Administration

Janice Whitman, who has been working part-time with the Insurance Program for the past five years commenced full-time employment as the Insurance Administrator in January 2010. As in previous years, the claims side of the Program continues to be advised by Raymond Walsh, FIIC, Adjuster, Francis O'Dea, QC and Lewis Andrews, QC.

Claims and Premiums

Insurance claims from July 2009 to this writing are considered quite low. We currently have 43 files opened. Typically in the recent past, the Program would open approximately 70 files a year, sometimes even more. Recent favourable claims experience, coupled with a) our lower claims history record in the CLIA Program, b) good Program management, c) effective claims management, d) timely claim files handling and e) growth of the capital pool, have all provided the opportunity to maintain a steady reduction in insurance costs. In recent years, premium costs to members have fallen steadily and annually from \$6,000 in 2005 to \$2,180 in 2010.

Maintaining reductions in insurance premium costs over the long term will require continued vigilance and a further decline in claims costs. One particular area where claims continue to be unacceptably high is missed limitations, an entirely preventable expense to the Program. While not a cure to better file management, the ability to re-open a missed limitation period, as permitted in Nova Scotia, would significantly benefit the Program in our province.

One way to keep downward pressure on insurance costs is to retain in-house more of the Program's administration, management, and risk. Following much deliberation, the Insurance Committee recommended to Benchers last year that the Program take \$100,000 in risk retention on our members' policy, that is, we would pay the first \$100,000 of any claim, subject to a stop loss limit of \$900,000. With this level of participation, lower premiums are then paid to CLIA. The Committee believes that assuming this risk provides the opportunity to strengthen our in-house administration and build toward larger retained risks in the future. CLIA encourages responsible and stable insurance programs to accept even higher risk retentions. This will be our second year at the \$100,000 level. With two years of good experience, we would then look at recommending that Benchers move the retention level even higher, perhaps as early as next year. These larger risks, backed by the cash assets generated from the regular insurance premium, together with the Levy and consistent Program and claims

management can even more significantly lower premium costs for members.

Excess Coverage

Part of the Insurance Program's mandate is to provide excess cover insurance through CLIA. Excess cover through CLIA has the added benefit of consistent policy wording above the basic \$1M provided by members' Society insurance and, as well, unified administration of claims. Excess coverage can be purchased through CLIA from the Program in amounts from \$1 million to \$9 million.

The excess cover premium rate structure per lawyer is also lower than last year and will be as follows:

\$1 million per occurrence / and aggregate	= \$ 381
\$2 million per occurrence / and aggregate	= \$ 560
\$3 million per occurrence / and aggregate	= \$ 654
\$4 million per occurrence / and aggregate	= \$ 693
\$9 million per occurrence / and aggregate	= \$ 971

Summary

In summary, the Insurance Committee is pleased overall by the changes implemented in the Insurance Program in recent years and by the prospect of advancing our administration and reducing our costs through a continued and growing retained risk as mentioned above. Looking forward, the Committee is confident that improvements in the Program will continue to both serve members and protect the public, all at reasonable cost and with stability of coverage.

Benchers, in consultation with the Insurance Committee, will be reviewing the mandate, governance and operation of the Law Society Insurance Program in the coming months, including surpluses that are being generated by the Transaction Levy and being accumulated in the Insurance Program.

LIBRARY COMMITTEE REPORT

The primary objective of the Law Society Library is to support lawyer competency through the delivery of high level reference services to members in Newfoundland and Labrador. To provide these services it is essential to maintain and enhance the Library's excellent collection of legal texts, journals and electronic reference tools. As such it is becoming increasingly important to deliver as many items as possible directly to lawyers' desktops.

On June 12, 2009 the Library launched its new web page www.lslibrary.ca. Through this site members now have desktop access to:

- Library Catalogue
- Table of contents of journals and books received in the last month
- Links to websites of particular importance to Newfoundland and Labrador legal practitioners
- Ask a Librarian: which lets members e-mail a question directly to the Library
- Judgment Interest rates 1984 to present
- Practice Notes from the Court of Appeal and Supreme Court of Newfoundland and Labrador
- Standard Automobile Policy

The Library web page will continue to expand its coverage to meet the changing needs of legal researchers. While the web page allows legal researchers to access information easily, during the past year the Library has delivered over 3,000 items by e-mail. Traditional materials continue to play a vital role in information delivery. In 2009 over 500 items which were not available through on-line sources and could only be found in the

Library's collection, were scanned and e-mailed to members. Additionally well over 2,000 books were loaned to members throughout the province and over 2,000 titles were used in the library by legal researchers.

In order to improve efficiency and reduce costs the Law Society Library has collaborated with other Law Libraries across Canada on a number of projects including:

- Resource Sharing Agreements with all provincial and territorial Law Society Libraries in Canada, resulting in the Library being able to borrow dozens of items, free of charge, for our members.
- The Law Society Libraries in Atlantic Canada are examining ways to reduce costs through consortium purchasing and licensing agreements for looseleaf and electronic services.
- A joint project with the Department of Justice Library has resulted in the addition of all looseleaf texts, at the West Coast Law Library (WCLL), to the Law Society web catalogue. Members from the West Coast will now be able to check the Law Society Library catalogue to identify which items are available at the West Coast Law Library.

We would like to welcome Heather Myers MLS, to the Law Society Library. Heather brings over 20 years of Library experience to her job-share position as Law Librarian and is a welcome addition to the Law Library.

Once again the Law Foundation of Newfoundland and Labrador has generously continued its financial support. We greatly appreciate the generous grant, without which we could not provide current and in depth research materials.

PROFESSIONALS' ASSISTANCE COMMITTEE REPORT

The Professionals' Assistance Committee is a joint committee of the Law Society of Newfoundland and Labrador, the Newfoundland and Labrador Medical Association and the Pharmacists' Association of Newfoundland and Labrador. The Committee is responsible for the Professionals' Assistance Program that provides assistance to lawyers, physicians, 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 or family difficulties and inappropriate use of substances. Proactive services to assist members from finding themselves in circumstances in which they might require assistance are also offered.

In addition to services rendered directly to members, Professionals' Assistance Program makes presentations each year at the Bar Admission Course, and also conducts workshops and seminars from time to time aimed at helping members identify and deal with challenges in their professional and personal lives.

The Professionals' Assistance Program employs a clinical coordinator, 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 coordinator, 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 1,022 professionals including 352 members of the Law Society. During the last program year, there were 70 new cases, of which 35 were lawyers.

Ms. Lahey, the Coordinator, can be contacted in confidence by calling 754-3007 or toll free at 1-800-563-9133, or by electronic mail at rmlahey@nl.rogers.com. The Program also maintains a website at www.nlpap.ca.

STUDENT AWARDS COMMITTEE REPORT

The Student Awards Committee deals with Law Society several awards for Articled Students-At-Law. These are the Hunt Award, the Penney Award, the William J. Browne Scholarship, the Maxwell J. Pratt Scholarship and the Provincial Court Judges' Association Award respectively.

The Hunt Award is presented to the Student-at-Law who receives the highest overall average mark in the Law Society of Newfoundland and Labrador's Bar Admission Course. The recipient of the Hunt Award for the 2009 Bar Admission Course is Mr. Andre Clair. Mr. Clair served Articles of Clerkship at the firm Martin Whalen Hennebury & Stamp and his principal was Mr. Geoff Davis-Abraham. Mr. Clair was called to the Newfoundland and Labrador Bar on April 16, 2010, at which time he commenced practice with Martin Whalen Hennebury & Stamp.

Mr. Clair is also the winner of the Penney Award. This award is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course.

The Provincial Court Judges' Association Award is presented to the Student-at-Law achieving the highest mark in the Criminal Law Examination of the Bar Admission Course. The recipient of the Provincial Court Judges' Association Award for the 2009 Bar Admission Course is Mr. Christian

Hurley. Mr. Hurley served Articles of Clerkship at the firm Ottenheimer & Baker and his principal was Mr. Neil Pittman. Mr. Hurley was called to the Newfoundland and Labrador Bar on February 8, 2010.

The William J. Browne Scholarship is presented to a Student-at-Law who has submitted the winning research essay on a legal issue of current public concern. The recipient of the 2010 William J. Browne Scholarship is Ms. Meaghan McConnell who is presently articling with the Department of Justice. Ms. McConnell's research essay is entitled "*Defamation under the Charter: Grant v. Torstar Corp & Freedom of the Press*".

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 co-recipients of the 2010 Maxwell J. Pratt Scholarship are Mr. David Rodgers who is currently articling with the Department of Justice and Mr. Jude Hall who is articling with the Newfoundland and Labrador Legal Aid Commission.

The above-described awards will be formally presented on June 11, 2010 at the Law Society of Newfoundland and Labrador Annual Members' Dinner.

**AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**for the
Fiscal Year Ended December 31, 2009**



Law Society of Newfoundland and Labrador

Financial Statements
December 31, 2009



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

April 27, 2010

Auditors' Report

To the Members of Law Society of Newfoundland and Labrador

We have audited the balance sheet of **Law Society of Newfoundland and Labrador** as at December 31, 2009, the statements of revenue and expenses, 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, 2009 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 PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

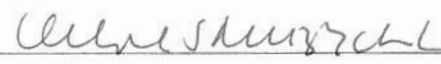
Law Society of Newfoundland and Labrador

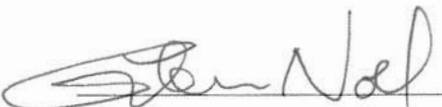
Balance Sheet

As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash (note 3)	956,075	435,894
Short-term investments	804,311	804,311
Accounts receivable		
Members fees	45,171	37,164
Other (note 10)	256,802	342,871
Due from the General Assurance Fund	828,228	864,256
Due from the 1995-2004 Self-Insurance Fund	164,689	164,689
	<u>3,055,276</u>	<u>2,649,185</u>
Capital assets (note 4)	1,473,486	1,560,353
General Assurance Fund (note 9)	<u>989,631</u>	<u>1,030,675</u>
	<u>5,518,393</u>	<u>5,240,213</u>
Liabilities		
Current liabilities		
Accounts payable	75,428	86,713
Due to Lawyer's Insurance Programme	2,206,126	1,674,984
Insurance levy	352,664	352,664
Capital fund levy	241,968	241,968
Current portion of long-term debt	70,061	53,015
	<u>2,946,247</u>	<u>2,409,344</u>
Long-term debt (note 6)	<u>1,217,524</u>	<u>1,287,585</u>
	4,163,771	3,696,929
Members' Equity		
Surplus	<u>364,991</u>	<u>512,609</u>
	4,528,762	4,209,538
General Assurance Fund (note 9)	<u>989,631</u>	<u>1,030,675</u>
	<u>5,518,393</u>	<u>5,240,213</u>

Approved on behalf of the Society

 President

 Vice-President

Law Society of Newfoundland and Labrador

Statement of Surplus

For the year ended December 31, 2009

	2009 \$	2008 \$
Surplus – Beginning of year	512,609	598,658
Excess of expenses over revenue	<u>(147,618)</u>	<u>(86,049)</u>
Surplus – End of year	<u>364,991</u>	<u>512,609</u>

Law Society of Newfoundland and Labrador

Statement of Revenue and Expenses

For the year ended December 31, 2009

	2009 \$	2008 \$
Revenue		
Administration fee (LIP) (note 10)	120,000	107,000
Admission fees (note 8)	70,625	78,350
Annual fees - certificates	1,267,641	1,215,077
Audit program	91,100	82,763
Bar admission course	76,000	55,900
Continuing legal education	27,195	33,495
Copy machines	2,328	5,662
Custodianships (LIP) (note 10)	160,338	164,488
Discipline	-	18,551
Interest – membership fees	110,778	118,179
Interest – other	9,311	56,967
Law Foundation of Newfoundland and Labrador grant	158,000	153,000
Process fees (Supreme Court)	12,837	12,507
Project Daisy	9,233	202
	<u>2,115,386</u>	<u>2,102,141</u>
Expenses		
AGM (dinner/dance)	9,538	10,336
Audit program	111,121	100,144
Bar admission course	19,578	15,503
Benchers' convocations	53,528	57,218
Benchers' receptions	6,982	6,996
Committees	16,328	19,845
Continuing legal education	12,596	20,505
Contributions	945	-
Copy machines	26,883	27,972
Courier	10,522	15,015
Custodianships (professional fees/storage/courier)	66,549	71,386
Discipline	41,698	19,077
Federation of Law Societies' fees	34,920	29,067
Interest and bank charges	11,315	10,434
Libraries	272,866	261,662
Offsite storage – Atlantic Place	4,225	5,430
Postage	9,826	16,378
Printing	-	8,256
Professional development	13,979	27,693
Professional fees	57,716	82,926
Property costs - amortization of building, furniture and equipment	92,702	95,853
Property costs - operating building	175,851	179,070
Project Daisy	9,233	202
Salaries and employee benefits	1,091,470	1,024,073
Supplies and equipment	85,385	59,258
Telephone	27,248	23,891
	<u>2,263,004</u>	<u>2,188,190</u>
Excess of expenses over revenue	<u>(147,618)</u>	<u>(86,049)</u>

Law Society of Newfoundland and Labrador

Statement of Cash Flows

For the year ended December 31, 2009

	2009 \$	2008 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue	(147,618)	(86,049)
Item not affecting cash		
Amortization	92,702	95,853
	(54,916)	9,804
Change in non-cash working capital balances		
Decrease (increase) in accounts receivable		
Members fees	(8,007)	31,084
Other	86,069	92,296
Decrease in prepaid expenses	-	40,054
Decrease (increase) in due from General Assurance Fund	36,028	(491,346)
Increase (decrease) in accounts payable	(11,285)	73,254
Increase in due to Lawyer's Insurance Programme	531,142	5,743
	579,031	(239,111)
Financing activity		
Repayment of long-term debt	(53,015)	(89,501)
Investing activity		
Purchase of capital assets	(5,835)	-
Net change in cash during the year	520,181	(328,612)
Cash and cash equivalents – Beginning of year	1,240,205	1,568,817
Cash and cash equivalents – End of year	1,760,386	1,240,205
Cash and cash equivalents is comprised of:		
Cash	956,075	435,894
Short-term investments	804,311	804,311
	1,760,386	1,240,205
Additional information required:		
Interest paid	51,813	62,264

Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2009

1 Basis of presentation

These financial statements reflect the accounts and operations of the Law Society of Newfoundland and Labrador – General Fund and General Assurance Fund. The operations of the General Assurance Fund are not reflected in the statement of revenue, expenses and surplus of the Law Society of Newfoundland and Labrador – General Fund, but are disclosed in Note 9 to these financial statements.

On January 1, 1983, the Law Society of Newfoundland and Labrador established a Self-Insurance Fund for practising Newfoundland and Labrador 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.

2 Accounting policies

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the society and the amount of revenue can be measured reliably. Revenue from annual fees – certificates is recognized over the course of the calendar year. Revenue from various other services provided by the society are recognized over time as the services are provided.

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	4
Furniture and fixtures	Declining balance	25

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

3 Cash

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.

(1)

Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2009

4 Capital assets

	2009		2008	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	73,429	-	73,429	73,429
Building	1,935,376	581,179	1,354,197	1,431,612
Furniture and fixtures	278,513	232,653	45,860	55,312
	2,287,318	813,832	1,473,486	1,560,353

5 Trust Funds

The assets of the Law Society of Newfoundland and Labrador do not include cash received from law firms for funds unclaimed in trust accounts. At the balance sheet date, the amounts received from law firms and held in trust is \$142,047 (2008 - \$116,588).

6 Long-term debt

	2009 \$	2008 \$
1.87% unsecured advance from the Law Society of Newfoundland and Labrador – 1983 to 1987 Self-Insurance Funds, payable in blended monthly payments of \$7,793	1,287,585	1,340,600
Current portion	70,061	53,015
	1,217,524	1,287,585

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

	\$
Year ending December 31, 2010	70,061
2011	71,000
2012	73,000
2013	74,000
2014	75,000

(2)

Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2009

7 Obligations under operating leases

The following is an analysis of the future minimum lease payments on operating leases, expiring 2010 to 2013:

	\$
Year ending December 31, 2010	23,000
2011	22,000
2012	22,000
2013	10,000

8 Admission fees

Admission fees consist of the following:

	2009 \$	2008 \$
Articled clerks	9,000	9,900
Call-to-bar	26,875	27,600
Other	34,750	40,850
	<hr/> 70,625	<hr/> 78,350

(3)

Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2009

9 General Assurance Fund

During the year, the following transactions occurred in this fund:

	2009 \$	2008 \$
Revenue		
Contributions		
Members	34,028	33,180
Interest	51,758	41,224
	<u>85,786</u>	<u>74,404</u>
Expenses		
Members' insurance deductibles	(2,000)	1,974
Insurance expense	62,883	132,168
Claims	51,968	33,985
Miscellaneous	13,979	7,537
	<u>126,830</u>	<u>175,664</u>
Excess of expenses over revenue	(41,044)	(101,260)
Surplus – Beginning of year	1,030,675	1,131,935
Surplus – End of year	<u>989,631</u>	<u>1,030,675</u>
Comprised of:		
Cash	151,094	149,879
Interest receivable	5,051	5,250
Prepaid insurance	31,008	31,875
Short-term investments	881,799	857,576
Due from the 1988 - 1994 Self-Insurance Funds	175,000	175,000
Due from the 1995 - 2004 Self-Insurance Funds	242,500	242,500
Due from Lawyer's Insurance Programme	331,407	432,851
Due to the General Fund	(828,228)	(864,256)
	<u>989,631</u>	<u>1,030,675</u>

In the prior year, a transfer of \$432,851 was made to the Lawyer's Insurance Programme, for which it was subsequently determined that this transaction was an advance to be subsequently repaid by the Lawyer's Insurance Programme. The comparative figures have been adjusted accordingly.

(4)

Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2009

10 Related party transactions

Included in accounts receivable is \$160,338 (2008 - \$224,488) due from the Lawyer's Insurance Programme.

During the year, the society earned revenues from the Lawyer's Insurance Programme as follows:

	2009 \$	2008 \$
Administration fee	120,000	107,000
Custodianships	160,338	164,488
	<u>280,338</u>	<u>271,488</u>

These transactions are considered to be in the normal course of business and are measured at exchange amounts being the amounts established and agreed to by the related parties.

11 Financial instruments

Fair value

Financial instruments consist of cash, investments, accounts receivable, due from the General Assurance Fund, due from the 1995-2004 Self-Insurance Fund, accounts payable, payables to the Lawyer's Insurance Programme, insurance levy and capital fund levy, and long-term debt. The fair values of cash, investments, accounts receivable, due from the General Assurance Fund, due from the 1995-2004 Self-Insurance Fund, accounts payable, payables to the Lawyer's Insurance Programme, insurance levy and capital fund levy approximate their carrying amounts due to their short-term maturity. The fair value of the long-term debt approximates its carrying amount as the rate of interest is comparable to market rates.

Interest rate risk

The society is exposed to interest rate risk in respect of the long-term debt, which has a fixed rate of interest.

Credit risk

The society is exposed to credit risk in the event of non-performance by counterparties, but does not anticipate such non-performance. The company monitors the credit risk and credit standing of counterparties on a regular basis. The maximum credit risk is the fair value of the accounts receivable.

12 Comparative figures

Certain of the comparative figures have been reclassified to the financial statement presentation adopted for the current fiscal year.

(5)

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

Financial Statements
December 31, 2009



PricewaterhouseCoopers LLP
Chartered Accountants
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April 27, 2010

Auditors' Report

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

We have audited the balance sheet of the **Law Society of Newfoundland and Labrador - 1983 to 1987 Self-Insurance Funds** as at December 31, 2009 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, 2009 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

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.


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


Balance Sheet

As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash (note 2)	174,906	248,297
Due from Law Society of Newfoundland and Labrador General Assurance Fund	876	-
Due from Law Society of Newfoundland and Labrador 1994-2004 Self-Insurance Funds	164,249	-
Current portion of long-term receivable	70,061	53,015
	<u>410,092</u>	<u>301,312</u>
Other receivable		
1.87 % unsecured advance receivable from the Law Society of Newfoundland and Labrador	1,287,585	1,340,600
Less: current portion of long-term receivable	70,061	53,015
	<u>1,217,524</u>	<u>1,287,585</u>
	<u>1,627,616</u>	<u>1,588,897</u>
Liabilities		
Current liabilities		
Accounts payable	2,260	3,170
Surplus	<u>1,625,356</u>	<u>1,585,727</u>
	<u>1,627,616</u>	<u>1,588,897</u>

Approved on behalf of the Society

 President

 Vice-President

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

Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2009

	2009 \$	2008 \$
Revenue		
Interest	41,003	57,669
Expenses		
Interest and bank charges	24	26
Professional fee	1,350	2,260
	1,374	2,286
Excess of revenue over expenses	39,629	55,383
Surplus – Beginning of year	1,585,727	1,530,344
Surplus – End of year	1,625,356	1,585,727

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

Notes to Financial Statements

December 31, 2009

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 and Labrador 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

As at December 31, 2009, there are no claims outstanding for the 1983 to 1987 Self-Insurance Funds.

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.

(1)

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

Financial Statements
December 31, 2009



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April 27, 2010

Auditors' Report

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

We have audited the balance sheet of **Law Society of Newfoundland and Labrador - 1988 to 1994 Self-Insurance Funds** as at December 31, 2009 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, 2009 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 and Labrador - 1988 to 1994 Self-Insurance Funds

Balance Sheet
As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash (note 2)	1,438	4,260
Due from Law Society of Upper Canada	27,965	28,181
	<u>29,403</u>	<u>32,441</u>
Liabilities		
Current liabilities		
Accounts payable	2,825	2,825
Due to Law Society of Newfoundland and Labrador General Assurance Fund	175,000	175,000
	<u>177,825</u>	<u>177,825</u>
Deficit	<u>(148,422)</u>	<u>(145,384)</u>
	<u>29,403</u>	<u>32,441</u>

Approved on behalf of the Society

 President

 Vice-President

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

Statement of Revenue, Expenses and Deficit
For the year ended December 31, 2009

	2009 \$	2008 \$
Revenue		
Interest	-	737
Expenses		
Interest	213	-
Professional and consulting fees	2,825	2,825
	3,038	2,825
Excess of expenses over revenue	(3,038)	(2,088)
Deficit – Beginning of year	(145,384)	(143,296)
Deficit – End of year	(148,422)	(145,384)

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

Notes to Financial Statements

December 31, 2009

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 and Labrador, 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:

- a) Indemnity, legal and adjusting fees paid, and
- b) 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 and Labrador 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.

(1)

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

Notes to Financial Statements

December 31, 2009

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 and Labrador 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 Outstanding claims

As at December 31, 2009, there are no claims outstanding for the 1988 to 1994 Self-Insurance Funds.

**Law Society of Newfoundland and
Labrador - 1995 to 2004
Self-Insurance Funds**

Financial Statements
December 31, 2009



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April 27, 2010

Auditors' Report

To the Members of Law Society of Newfoundland and Labrador - 1995 to 2004 Self-Insurance Funds

We have audited the balance sheet of **Law Society of Newfoundland and Labrador - 1995 to 2004 Self-Insurance Funds** as at December 31, 2009 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, 2009 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 and Labrador - 1995 to 2004 Self-Insurance Funds

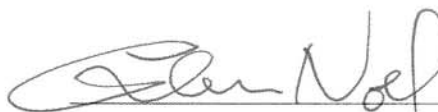
Balance Sheet

As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash (note 2)	19,274	22,617
Due from Lawyer's Insurance Programme of Newfoundland and Labrador	1,387,659	1,387,659
	<u>1,406,933</u>	<u>1,410,276</u>
Liabilities		
Current liabilities		
Accounts payable	3,390	3,390
Due to Law Society of Newfoundland and Labrador General Fund	164,790	164,790
Due to Law Society of Newfoundland and Labrador General Assurance Fund	242,500	242,500
Due to Law Society of Newfoundland and Labrador 1983-1987 Self-Insurance Funds	164,249	-
Provision for 10% risk sharing on 2003 and 2004 claims	155,751	320,000
	<u>730,680</u>	<u>730,680</u>
Surplus	<u>676,253</u>	<u>679,596</u>
	<u>1,406,933</u>	<u>1,410,276</u>

Approved on behalf of the Society

 President

 Vice-President

Law Society of Newfoundland and Labrador - 1995 to 2004 Self-Insurance Funds

Statement of Revenue, Expenses and Surplus

For the year ended December 31, 2009

	2009	2008
	\$	\$
Revenue		
Interest	47	628
Expenses		
Professional and consulting fees	3,390	3,390
	<hr/>	<hr/>
Excess of expenses over revenue	(3,343)	(2,762)
Surplus – Beginning of year	679,596	682,358
	<hr/>	<hr/>
Surplus – End of year	676,253	679,596
	<hr/>	<hr/>

Law Society of Newfoundland and Labrador - 1995 to 2004 Self-Insurance Funds

Notes to Financial Statements
December 31, 2009

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 and Labrador, provided the original claim or suit for damages is brought during the policy period.

1995 to 2004 Insurance Program

The 1995 to 2004 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 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 and Labrador 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.
- The 2003 and 2004 Insurance Program is responsible for all claims and legal and adjusting expenses above the members deductible and has arranged for 80% quota share reinsurance above the members' deductible, retaining the other 20% for its own account. The Law Society of Newfoundland and Labrador has agreed to share equally in this 20% retention.

The determination of the provisions for unpaid claims and adjusting expenses requires the use of estimation and is subject to variability, and the variability could be material in the near term. The variability arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time.

Any changes in subsequent periods relating to these provisions and any cost for which no provision has been previously recorded 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.

(1)

**LAWYERS' INSURANCE PROGRAMME
OF NEWFOUNDLAND AND LABRADOR**

Financial Statements

Year Ended June 30, 2009

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR
Index to Financial Statements
Year Ended June 30, 2009

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Statement of Earnings	3
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Statement of Cash Flow	5
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AUDITORS' REPORT

To the Members of The Law Society of Newfoundland and Labrador

We have audited the balance sheet of Lawyers' Insurance Programme of Newfoundland and Labrador as at June 30, 2009 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Programme's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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.

The Programme derives revenue from transaction levies, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Programme and we were not able to determine whether any adjustments might be necessary to transaction levies, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the transaction levies referred to in the preceding paragraph, these financial statements present fairly, in all material respects the financial position of the Programme as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants
St. John's, NL
March 12, 2010

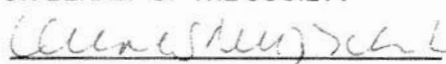
LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR


Balance Sheet


June 30, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 4,342,046	\$ 3,516,603
Transaction levy receivable	346,200	423,117
Accounts receivable	54,264	24,886
Accrued interest receivable	52,322	50,080
Prepaid insurance premiums	366,960	-
Due from The Law Society of Newfoundland and Labrador (Note 4)	2,210,386	1,194,869
	\$ 7,372,178	\$ 5,209,555
LIABILITIES		
CURRENT		
Accounts payable	\$ 17,587	\$ 24,990
Harmonized sales tax payable	-	54,405
Provision for unpaid claims costs (Note 5)	231,885	220,146
Due to the Assurance Fund of the Law Society of Newfoundland and Labrador (Note 4)	432,851	-
Due to The Law Society of Newfoundland and Labrador 1995 to 2004 Self-Insurance Funds (Note 4)	1,387,659	1,387,659
	2,069,982	1,687,200
RETAINED EARNINGS	5,302,196	3,522,355
	\$ 7,372,178	\$ 5,209,555

ON BEHALF OF THE SOCIETY


President


Vice-President


Chair of the Insurance Committee

See notes to financial statements

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR
Statement of Earnings
Year Ended June 30, 2009

	2009	2008
REVENUE		
Transaction levies	\$ 1,571,509	\$ 1,653,663
Member assessments	2,127,206	2,271,211
Voluntary excess insurance premiums	152,773	207,053
	3,851,488	4,131,927
INSURANCE PREMIUMS		
CLIA premiums	1,325,493	1,629,909
CLIA equity fund contributions	-	162,991
Voluntary excess insurance premiums	152,773	207,053
	1,478,266	1,999,953
NET REVENUE	2,373,222	2,131,974
CLAIMS COSTS AND CUSTODIANSHIP EXPENSES		
Claims costs (Note 5)	315,983	278,844
Custodianship expenses	170,756	164,008
	486,739	442,852
ADMINISTRATION		
Actuarial fees	29,414	9,625
Administrative charges	120,000	94,000
Bank charges	40	102
Computer software	8,575	-
Miscellaneous	1,347	3,989
Office	1,540	200
Professional fees	33,608	40,633
Training	2,680	8,444
Travel and conferences	23,752	18,110
	220,956	175,103
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	1,665,527	1,514,019
OTHER INCOME		
Interest income	114,314	106,345
EXCESS OF REVENUE OVER EXPENSES	\$ 1,779,841	\$ 1,620,364

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR
Statement of Retained Earnings
Year Ended June 30, 2009

	2009	2008
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 3,522,355	\$ 1,901,991
NET EARNINGS FOR THE YEAR	1,779,841	1,620,364
RETAINED EARNINGS - END OF YEAR	\$ 5,302,196	\$ 3,522,355

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR
Statement of Cash Flow
Year Ended June 30, 2009

	2009	2008
OPERATING ACTIVITIES		
Cash receipts from member assessments and levies	\$ 3,899,027	\$ 4,083,002
Cash paid to suppliers and for premiums	(2,548,546)	(1,612,047)
Interest received	112,073	64,968
Bank charges paid	(40)	(102)
Harmonized sales tax	(54,405)	(94,196)
Cash flow from operating activities	1,408,109	2,441,625
INVESTING ACTIVITY		
Due from The Law Society of Newfoundland and Labrador	(1,015,517)	324,475
Cash flow from (used by) investing activity	(1,015,517)	324,475
FINANCING ACTIVITY		
Due to the Assurance Fund of the Law Society of Newfoundland and Labrador	432,851	-
Cash flow from financing activity	432,851	-
INCREASE IN CASH	825,443	2,766,100
Cash - beginning of year	3,516,603	750,503
CASH - END OF YEAR	\$ 4,342,046	\$ 3,516,603

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended June 30, 2009

1. DESCRIPTION OF OPERATIONS

The Lawyers' Insurance Programme of Newfoundland & Labrador (the "Programme") is an unincorporated entity affiliated with the Law Society of Newfoundland & Labrador (the "Law Society"). The Programme commenced on January 1, 2005 and has been a member of the Canadian Lawyers' Insurance Association (CLIA), a reciprocal insurance exchange, since the 2005 policy year. The Programme's purpose is to administer a professional liability program for members of the Law Society whereby professional liability insurance is provided to the members of the Law Society by CLIA.

The Programme derives its revenue from annual insurance premiums charged to members of the Law Society. In addition, effective October 1, 2005, the Programme commenced the collection of transaction levies. The levies are collected from members of the Law Society on certain legal transactions and are then reported and remitted to the Programme on a quarterly basis.

The Programme is a not-for-profit entity and, as such, is exempt from the payment of income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenues are recorded in the accounts of the Programme on an accrual basis. Member assessments revenue is recognized over the term of the related policy year. Transaction levies are recorded on a quarterly basis as reported by and collected from the individual lawyers and firms.

Claim payments

Claims paid out of the Lawyers' Insurance Programme of Newfoundland & Labrador are subject to specific maximum limits set out in the insurance policy with CLIA. CLIA's liability is limited to \$1,000,000 per occurrence, and \$2,000,000 in aggregate per policy year. A deductible of \$5,000 is recoverable from the insured member at the time of claim pay-out.

The Programme does not retain any responsibility for the indemnification of claims.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for unpaid claims costs. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Programme's financial instruments consist of cash, transaction levy receivable, accounts receivable, accrued interest receivable, due from related parties, accounts payable, due to related parties and provision for unpaid claims costs. Unless otherwise noted, it is management's opinion that the Programme is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR
Notes to Financial Statements
Year Ended June 30, 2009

4. RELATED PARTIES

The Programme is subject to oversight by the Insurance Committee of The Law Society of Newfoundland and Labrador and is therefore related to The Law Society of Newfoundland and Labrador as well as the Assurance and Self-Insurance Funds of the Society.

	2009	2008
<u>Related party transactions</u>		
Law Society of Newfoundland & Labrador		
<i>An affiliated entity</i>		
Administration charges	\$ 120,000	\$ 94,000
Custodianship expenses	170,756	164,008

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to the above transactions, the Law Society collects assessments from its members on behalf of the Programme.

Due from and to related parties

Amounts due from and to related parties are non-interest bearing and have no set repayment terms.

5. PROVISION FOR UNPAID CLAIMS COSTS

The estimated administration costs to settle a claim is subject to uncertainty and a provision is recorded based on management's best estimate of the costs to administer each claim existing at the balance sheet date. These estimates are revised as additional information is obtained. All changes in estimated claims costs are recorded in the period in which the change in estimate is determined.

	2009	2008
Provision for unpaid claims costs - beginning of period	\$ 220,146	\$ 203,718
Current period expense	315,983	278,844
Subtotal	536,129	482,562
Claims costs paid during the year	(304,244)	(262,416)
Provision for unpaid claims costs - end of period	\$ 231,885	\$ 220,146

6. EXCESS INSURANCE PROGRAM

The insurance premiums represent only basic insurance policy fees paid to the Canadian Lawyers' Insurance Association ("CLIA"). CLIA also offers optional excess insurance coverage to members of the Law Society, the provision of which is facilitated by the Programme. These excess insurance levies are collected from members and remitted directly to CLIA in their entirety.

LAWYERS' INSURANCE PROGRAMME OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended June 30, 2009

7. EQUITY IN CANADIAN LAWYERS' INSURANCE PROGRAM

The Programme is a subscriber to the Canadian Lawyers' Insurance Association (CLIA), a reciprocal insurance exchange through which the law societies of ten provinces and territories (or their associated liability insurance entities) enter into agreements of mutual indemnification. CLIA maintains separate reserves for each participating entity with regards to risks assumed, and the Programme has an interest in the surpluses of these reserves. CLIA prepares annual Subscriber Accounts as of December 31, which represents the end of their fiscal year, which are reviewed and approved by CLIA's Advisory Board. These accounts include a reserve for claims liabilities on a discounted basis. The Subscribers Accounts of CLIA as of December 31, 2008 show the Programme's subscriber's equity to be \$3,391,555 (December 31, 2007 - \$2,811,636). This balance is not reflected in these financial statements.

