

The Law Society of Newfoundland and Labrador

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## 2010 - 2011 Annual Report



The Law Society of Newfoundland and Labrador  
Annual Report 2010 - 2011  
ISBN 978-1-926574-29-5

Law Society Seal:  
Gerald Squires, RCA, LL D

Published by The Law Society of Newfoundland and Labrador

**This Report covers the period  
June 2010 to June 2011**

The Law Society of Newfoundland and Labrador

**Annual Report  
2010 - 2011**





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# BENCHERS

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## Officers:

President: Glen L.C. Noel  
Vice-President: Augustine F. Bruce

## Elective Benchers

### *Eastern District:*

Kenneth L. Baggs, QC  
R. Paul Burgess  
Morgan C. Cooper  
Barry G. Fleming, QC  
Brenda B. Grimes  
Susan M. LeDrew  
Liam P. O'Brien  
Ian C. Wallace  
Donovan F. Molloy  
Amy M. Crosbie

### *Central District:*

Marcus A. Evans  
Kevin T.A. Preston

### *Western District:*

Shawn C. A. Colbourne, QC  
George L. Murphy, QC

### *Labrador District:*

J. John Noseworthy

## Appointed Benchers

Don Downer  
Linda Harnett

Glenda Reid  
Bert Riggs

## 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  
Sheila H. Greene, QC  
The Hon Mr. Justice W. Goodridge  
The Hon Chief Justice J. D. Green  
The Hon Gloria Harding  
Edward M. Hearn, QC  
Thomas R. Kendell, QC  
R. Barry Learmonth, QC  
Dana K. Lenehan, QC

Augustus G. Lilly, QC  
Dennis C. MacKay, QC  
G. David Martin, QC  
Paul M. McDonald  
Irene S. Muzychka  
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

## 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. Lenehan, 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
2010	Glen L.C. Noel

## 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
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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 L.C. Noel
2010	Augustine F. Bruce



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## LAW SOCIETY AND LIBRARY STAFF

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Directors:	Francis P. O'Brien Phyllis E. Weir	
Librarians:	Gail A. Hogan Heather A. Myers	
Accountant:	Richard T. Yabsley	
Administrators:	Janice K. Ringrose Pamela A. Marks	<i>Insurance</i> <i>Professional Responsibility</i>
Administrative Assistants:	Anne P. Cross Regina M. Whitty S. Renee Whalen Lisa E. Kennedy Erin C. Rowe	<i>Professional Responsibility</i> <i>Education</i> <i>Library / Reception</i> <i>Custodianship</i> <i>Administration / Accounting</i>
Maintenance:	Donald Norman	
Technician:	Brenda Blunden	<i>Library Part-time</i>

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# MEMBERSHIP

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Membership Statistics as of May, 2010:

Practising:	511
Practising Uninsured:	202
Non-Practising:	210
Life:	<u>25</u>
TOTAL	<u>948</u>

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

1950 - 66	1966 - 86	1982 - 333	1998 - 706
1951 - 64	1967 - 89	1983 - 351	1999 - 728
1952 - 66	1968 - 106	1984 - 371	2000 - 750
1953 - 69	1969 - 110	1985 - 378	2001 - 767
1954 - 72	1970 - 124	1986 - 394	2002 - 772
1955 - 75	1971 - 129	1987 - 408	2003 - 798
1956 - 73	1972 - 129	1988 - 435	2004 - 808
1957 - 76	1973 - 145	1989 - 445	2005 - 832
1958 - 76	1974 - 153	1990 - 477	2006 - 858
1959 - 77	1975 - 179	1991 - 514	2007 - 870
1960 - 81	1976 - 189	1992 - 560	2008 - 904
1961 - 83	1977 - 203	1993 - 588	2009 - 923
1962 - 86	1978 - 237	1994 - 617	2010 - 931
1963 - 86	1979 - 261	1995 - 635	2011 - 948
1964 - 86	1980 - 281	1996 - 669	
1965 - 86	1981 - 316	1997 - 683	

Eight lawyers were called to Bar of Newfoundland and Labrador on June 18, 2010

Roll #	Roll#
1487 Meaghan Wilson McConnell	1491 Melissa May
1488 Jennifer Elaine Barnes	1492 Philippe Antoine Romain Theriault
1489 Amanda Lynn Barfitt	1493 Amanda Joanne Summers
1490 Rozina Jaffer	1494 Tonya Leigh Pritchett

Two lawyers were called to the Bar of Newfoundland and Labrador on October 15, 2010

Roll#	Roll#
1495 Jeffery Steven MacDonald	1496 Richard Patrick Robin Saul

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Twelve lawyers were called to the Bar of Newfoundland and Labrador on February 18, 2011

Roll#		Roll#	
1497	Stephen Paul Orr	1503	Richard Leonard Deveau
1498	Aimee Nichole Rowe	1504	Karen Elizabeth Rehner
1499	David Gordon Rodgers	1505	Gregory James Neal Jarvis
1500	Christopher James Payne	1506	Avril Margot Furlong Dymond
1501	Andrew Jonathan Collins	1507	Jude William Hall
1502	Kelly Erin Hynes	1508	Nicole Jennifer Templeman

Nine lawyers were called to the Bar of Newfoundland and Labrador on April 18, 2011

Roll#		Roll#	
1509	Kristen Aneita Penney	1514	Cletus Edward Flaherty
1510	Jaclyn Margaret Whelan	1515	Reginald Mark Butt
1511	Meghan Ghleanna Felt	1516	Kevin Henry O'Shea
1512	Terri Charlene Higdon	1517	Susan Dee Coen
1513	Timothy Patrick O'Brien		

Thirteen lawyers were called to the Bar of Newfoundland and Labrador on June 10, 2011

Roll#		Roll#	
1518	Natalie Anna Payne	1525	Michael Gerard Quigley
1519	Barbara Anne Ethel Oley	1526	Robert Thomas Forsyth
1520	Daniel Sean Murphy	1527	Steven Michael Terrence Degen
1521	Koren Ann Thomson	1528	William Aaron Francis Hiscock
1522	Megan Christine Alexander	1529	Pamela Kristeen Earle
1523	Richard Kwai Lung Li	1530	Antoinette Athena Fekete
1524	Jennifer Lynn Madore		

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 June 10, 2011, record that 1530 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 June 2010 to June 2011:

**William Gary Rowe**  
called April 21, 1970, Roll #1021

**Donald A. Mercer**  
called April 8, 1950, Roll #220



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# LAW SOCIETY COMMITTEES

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## EXECUTIVE COMMITTEE:

Glen L.C. Noel, *President*  
Augustine F. Bruce, *Vice-President*  
Irene S. Muzychka, *Past President*  
Morgan C. Cooper  
George L. Murphy, QC  
Francis P. O'Brien, *ex officio*  
Phyllis E. Weir, *ex officio*

## STATUTORY COMMITTEES:

### Complaints Authorization Committee

Morgan C. Cooper, *Chair*  
J. David B. Eaton, QC, *Vice-Chair*  
Linda Harnett, *Lay Bench*  
Phyllis E. Weir, *ex officio*

#### *Alternate Members*

Kenneth L. Baggs, QC  
Sheila H. Greene, QC

Glenda Reid, *Lay Bench*  
Marina C. Whitten, QC

### Discipline Committee

Irene S. Muzychka, *Chair*  
John M. Green, QC, *Vice-Chair*

#### *Law Society Members:*

David L.G. Andrews, QC  
Donald E. Anthony  
John M. Babb, QC  
Denis G. Barry, QC  
Glen S. Belbin  
Bryan J. Blackmore, QC  
Katrina A. Brannan  
John D. Brooks, QC  
Kimberley D. Burridge  
Janis C. Byrne  
Wayne D. Chamberlain  
Sandra R. Chaytor, QC  
S. Bruce Chislett  
Dennis N. Clarke  
Paul L. Coxworthy  
Michael J. Crosbie, QC  
Jean V. Dawe, QC  
Rosemary Dawson

Paul D. Dicks, QC  
Tamara L. Drover  
Gladys H. Dunne  
V. Randell J. Earle, QC  
Anne M. Fagan  
Gregory A. French  
Donald J. Gallant  
Brian R. Gatien  
Bruce C. Grant, QC  
Stephanie S. Hickman  
George P. Horan, QC  
Deborah L.J. Hutchings  
David W. Jones, QC  
David A. King, QC  
R. Barry Learmonth, QC  
Mary J. Mandville  
Tobias F. McDonald, QC  
John W. McGrath, QC  
Lee Ann L. Montgomery

Lynn M. Moore  
Gregory A.C. Moores  
William G. Morrow, QC  
James C. Oakley  
Mary C. O'Brien  
John V.B. O'Dea  
Tracey Pasley  
Stephen F. Penney  
D. Richard Robbins  
Richard S. Rogers  
Linda M. Rose, QC  
Daniel W. Simmons  
James L. Thistle, QC  
Ellen E.M. Turpin  
James E. Vavasour, QC  
Thomas E. Williams, QC  
Elaine C. Wychreschuk  
Rodney J. Zdebiak

#### *Lay Representatives:*

Harold Barrett  
Bernard Bolger  
Angela Bowes  
Herbert Burry  
Frederick Drover  
Freida Faour  
Mark King  
Ruth Noel  
Thomas Quigley  
Raymond Rose  
Dr. Marina Sexton

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### **Education Committee**

Ian C Wallace, *Chair*

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

D. Bradford Wicks, QC  
Francis P. O'Brien, *ex officio*

## **RULES-BASED COMMITTEES:**

### **Accounts and Finance Committee**

George L. Murphy, QC, *Chair*

Barry G. Fleming, QC  
Glenda Reid  
Francis P. O'Brien, *ex officio*

Phyllis E. Weir, *ex officio*  
Richard T. Yabsley, *ex officio*

### **Bar Admission Committee**

J David B Eaton, QC, *Chair*

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

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

### **Custodianship Committee**

Barry G. Fleming, QC  
Brenda B. Grimes  
Francis P. O'Brien, *ex officio*

### **Library Committee**

Liam P. O'Brien, *Chair*

Rebecca C. Phillipps  
Padraig J. Mohan  
Maeve A. Baird  
Angela M. Whitehead  
Andrew A. Fitzgerald

Benjamin J. Blackmore  
Bert Riggs, *Lay Bench*  
Gail A. Hogan, *Librarian*  
Heather A. Myers, *Librarian*

## **BENCHER APPOINTED STANDING COMMITTEES:**

### **Archives Committee**

Bert Riggs, *Chair, Lay Bench*

Justin S. C. Mellor  
Veva B. Moulton

Rebecca C. Phillipps  
Gail A. Hogan, *Librarian*

### **Claims Review Committee**

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

Janice K. Ringrose, *ex officio*  
Raymond P. Walsh, *ex officio*

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### **Honours and Awards Committee**

Marcus A. Evans, *Chair*

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

Bert Riggs, *Lay Bench*  
Edward J. Shortall, QC

### **Insurance Committee**

R. Paul Burgess, *Chair*

Philip J. Buckingham  
Edward M. Hearn, QC  
Stephen J. May  
Darlene P. Russell

Maureen E. Ryan  
Raymond P. Walsh, *ex officio*  
Janice K. Ringrose, *ex officio*  
Francis P. O'Brien, *ex officio*

### **Law Society Act and Rules Committee**

Kevin T.A. Preston, QC, *Chair*

Donald E. Anthony  
Jane C. Hennebury

Jamie P. Martin  
Karen M. Stone

### **Legislation Committee**

Brian F Furey, *Chair*

John D. Brooks, QC  
Tobias F. McDonald, QC,  
*Court Rules Committee Representative*  
James C. Oakley,  
*Court Rules Committee Representative*

John V. O'Dea,  
*Court Rules Committee Representative*  
Glen L.C. Noel  
Francis P. O'Brien, *ex officio*

### **Practice Rules Compliance Committee**

Kenneth L. Baggs, QC, *Chair*

Shelley L. Bryant  
Annette M. Conway  
Bert Riggs, *Lay Bench*  
Roland C. Snelgrove, QC

Diane Rendell, *ex officio*  
Augustine F. Bruce, *ex officio*  
Phyllis E. Weir, *ex officio*

### **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*

### **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  
John F.E. Drover  
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*

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### **Real Estate Committee**

Shawn C.A. Colbourne, QC, *Chair*

Susan M. LeDrew  
Catherine J. Perry

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

### **Student Awards Committee**

Denis J. Mahoney

Joan F. Myles

Francis P. O'Brien, *ex officio*

### **Unauthorized Practice Committee**

Susan LeDrew, *Chair*

James Thistle, QC

Phyllis E Weir, *ex officio*

## **BENCHER APPOINTED AD HOC COMMITTEES:**

### **Life Membership Committee**

Ian C. Wallace, *Chair*

Barry G. Fleming, QC

Bert Riggs, *Lay Bench*

## **JOINT LIAISON COMMITTEES:**

### **Law Society and Newfoundland and Labrador Medical Association Committee**

Daniel M. Boone, *Chair*

Brenda B. Grimes  
Thomas J. Johnson  
Thomas G. Mills

LeeAnn L. Montgomery  
Edward P. Noonan, QC

### **Professionals' Assistance Committee**

Brian F. Furey, QC  
Amy M. Crosbie

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# PRESIDENT'S ANNUAL REPORT

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## Glen L.C. Noel

It is my pleasure to provide the President's annual report for 2010-2011 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 11 June 2010 to 17 June 2011. 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 five (5) Call to Bar ceremonies between June 2010 and June 2011. 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, 40 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 4 lawyers who transferred from other Canadian jurisdictions pursuant to the National Mobility Agreement. As in prior years, the National Mobility Agreement has been 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 Judge

It has also been a pleasure for the Law Society to welcome a new member to the Bench. This year, there was a ceremony involving the swearing in of Justice Deborah Paquette of the Supreme Court.

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

### New Queen's Counsel

There were 11 Queen's Counsel Appointments announced on June 2, 2011. The new Queen's Counsel are:

Katrina A. Brannan  
Laura A. Mennie  
Sandra M. Burke  
Glen W. Picco  
Shawn C.A. Colbourne  
Rolf Pritchard  
Anne M. Fagan  
Peter E. Ralph  
Rachel A. Huntsman  
Gary P. Kearney  
Peter J. Kearsey

This is a well-deserved honour and recognition for the members appointed.

### 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 nine 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 many other committees, have key roles in policy development and making decisions in the public interest. Together, they all rely significantly on, and their decisions are frequently 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.

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The Executive Committee appointed Legal Director, Phyllis Weir and Director of Legal Education, Frank O'Brien, as interim Co-Executive Directors, both of whom have performed admirably in taking on additional management responsibilities and 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, since February 2010, ensuring that the Law Society properly discharges its statutory governance responsibilities.

- **Transition in the position of Executive Director**

We are presently in a transition time in relation to the Executive Director's position. At the April 2011 Convocation, Benchers received correspondence from the Law Society's Co-Executive Directors, Ms. Weir and Mr. O'Brien, regarding the position of Executive Director at the Law Society.

In February 2010, the Law Society appointed Ms. Weir and Mr. O'Brien to serve as Co-Executive Directors of the Law Society on an interim basis, pending the appointment of a new Executive Director. This appointment of Co-Executive Directors was in addition to their ongoing duties and responsibilities as Legal Director and Director of Legal Education.

Ms. Weir and Mr. O'Brien have carried out the duties of Co-Executive Directors of the Law Society for the past 17 months, since February 2010, in addition to fulfilling their other respective duties in the discipline and education areas. Many positive results have been achieved in this period since February 2010, which are described in greater detail below.

In April, 2011 Mr. O'Brien and Ms. Weir communicated to Benchers the view that, having

served as interim Co-Executive Directors since February 2010, it would be in the interests of the Law Society to fill the position of Executive Director at this time. They recommended that Benchers recruit and hire a person to permanently fill the position of Executive Director. This will enable Ms. Weir and Mr. O'Brien to continue to serve the Law Society in their current roles of Legal Director and Director of Legal Education respectively.

Benchers accepted this recommendation and directed that a Search Committee be established, and began the search process for a new Executive Director which is presently ongoing. At Benchers' request, Mr. O'Brien and Ms. Weir will continue to serve as Co-Executive Directors for a reasonable period of time, to enable the Law Society to recruit and hire an Executive Director.

On behalf of Benchers, and on my own behalf, I wish to sincerely thank Mr. O'Brien and Ms. Weir for their dedication and commitment shown to the Law Society in the past and especially in this transition period since February 2010. They have provided skillful and reliable leadership and due to their work, and the work of the entire Law Society team, the Law Society is a stronger and a better organization year over year.

Benchers look forward to working with Ms. Weir and Mr. O'Brien in their respective roles of Legal Director and Director of Legal Education, to achieve future results which are in the best interests of the Law Society and to assist in fulfilling the Law Society's statutory mandate of regulating the legal profession in the public interest.

- **Notable Positive Results Achieved this Year**

I am very pleased to report that a number of positive results have been realized at the Law Society over the past year. Benchers are pleased with the good management results achieved in this relatively short timeframe. These results have been achieved with the cooperation and collaboration of the Law Society professional and administrative staff,

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Benchers and the Executive Committee, and are a meaningful reflection of the work product achieved in this timeframe. Some recent examples of positive outcomes achieved in the Law Society include the following:

1. Management Reports - Benchers have been regularly provided with information on key operations and programs, including finances, insurance, custodianships, litigation issues etc. through written Management Reports to Benchers.
2. Concrete proposals made have been approved by Benchers/ Executive Committee, including:
  - Finance and Accounts Committee creation;
  - Custodianship Committee creation;
  - Accounting operations review;
  - Funding of insurance program by Law Society.
3. There has been an overall improvement in financial and accounting administration and operations. Benchers authorized a systems and procedures evaluation and review respecting the Law Society's accounting and financial operations, which evaluated both the computerized accounting systems used by the Law Society as well as Law Society's book-keeping and accounting practices, and recommended changes which have been implemented.
4. Recovery of fees - There was a recovery of approximately \$80,000 in past fees which were owed to the Law Society.
5. There have been certain cost saving measures introduced, including:
  - the use of one external auditor;
  - accounting services provided for trust audit and insurance programs;
  - accounting clerk's leave covered internally;
  - information technology expense sharing;
  - the ongoing review of all operational expenses.

6. There have been numerous improvements and advancements in Law Society Staff administration, resulting in greater internal efficiency and improved service to members.
7. An ongoing review of various operational areas and programs has been commenced and continues.
8. There has been improvement in the general transparency and understanding of Law Society operations by Benchers and members.
9. There has been renewed involvement of Benchers in Law Society governance issues.
10. There has been a renewal process commenced regarding Law Society Committees.

- **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.

**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 is also a member of the Federation of Law Societies of Canada, a national organization of Law Societies throughout the country. Where appropriate and within that national context,

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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.

The Federation of Law Societies of Canada has 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.

Other important initiatives currently in progress include the development of national standards in the areas of discipline and education. I was pleased to attend the Federation of Law Societies' meetings in Saint John in September 2010 and in Banff in March 2011 and to have the opportunity to participate in discussions about these national initiatives. At the March 2011 Federation of Law Societies of Canada meeting, the main theme of the conference dealt with differing models of regulating the legal profession within Canada and internationally, and the impact on independence. The Federation and all Law Societies were greatly informed by the experiences in other nations in this respect.

#### **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. For 2011, the Foundation granted \$76,000 for law libraries in the province. This funding is primarily allocated to the Law Society Law Library in St. John's, with amounts also provided to Corner Brook and Gander. The Governors of the Law Foundation are Jeffrey Benson, QC, Chair, Aubrey Bonnell, QC, Kenneth Baggs, QC, Linda Rose, QC, Beverly Marks, QC,

L. Wade Locke, Adam J. Sparkes and Mr. Lawrence Collins is the Foundation's Executive Director. 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 contribution, 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 Bencher 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 Bencher, 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.

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# VICE-PRESIDENT'S ANNUAL REPORT

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## Augustine F. Bruce

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 an 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 consideration of an allegation, the Complaints Authorization Committee will either dismiss the allegation or, where there are reasonable grounds to believe that a respondent has engaged in conduct deserving of sanction, 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 five Complaints; two of which resulted in letters of counsel; one resulted in a letter of

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caution and two were referred to the Disciplinary Panel. Four Complaints have been heard by Adjudication Tribunals. In two matters the Tribunals determined that the respondents had engaged in conduct deserving of sanction. Both members were reprimanded. Decisions are pending in the other two Complaints. 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. Both parties appealed to the Court of Appeal, the appeal was heard on May 20, 2011 and the Court has reserved its decision.

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.



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# BAR ADMISSION COURSE COMMITTEE REPORT

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The Bar Admission Course for Newfoundland and Labrador began on October 5, 2010 and continued until November 19, 2010. This year 33 students took the Course. The Bar Course is a seven (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 & 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 pre-

sentation 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 dire*s, 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.

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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](mailto:francis.obrien@lawsociety.nf.ca).



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# CONTINUING LEGAL EDUCATION REPORT

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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:

- *Real Estate Update, 2010*
- *New Criminal Law Rules and Forms for Supreme Court Practice*
- *Gain The Edge! Negotiation Strategies for Lawyers*
- *Understanding & Managing High Conflict Personalities in Legal Disputes*
- *Opening Statements, Exhibits and Closing Statements*
- *Probate, Administration and Guardianship e-Filing in the Supreme Court*
- *Trade-mark Law Update*

- *Patent Law Update*
- *Copyright Law Update*
- *One Day MBA for Lawyers*
- *Writing to Persuade*
- *Amendments to the Rules of the Supreme Court, 1986: a New Scale of Costs and Other Rule Changes*
- *Getting the Most from the Law Society Library*

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](mailto:francis.obrien@lawsociety.nf.ca).

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## EDUCATION COMMITTEE REPORT

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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 2010-April 2011, the Education Committee:

- (i) admitted thirty-six (36) new applicants as Students-at-Law;
- (ii) recommended to Benchers that twenty-eight (28) students, having met the requirements of a Student-at-Law, be called to the Bar in Newfoundland and Labrador;
- (iii) approved the application of three (3) transfer candidates who were called to the Bar of Newfoundland and Labrador under the National Mobility Agreement; and
- (iv) approved a change from non-practicing to practicing status for eighteen (18) Law Society members.

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# INSURANCE COMMITTEE REPORT

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Over the past year the Insurance Committee has implemented several changes to the structure of the Lawyers' Insurance Programme (the "Programme"), as well as made several recommendations to Benchers which will likely be addressed by Benchers at the June Convocation. This report will summarize those changes and recommendations, and if members have any questions or require further details, please contact the chair or the Insurance Administrator, Ms. Janice Ringrose.

At the outset, I wish to extend thanks and appreciation to the outgoing Chair of the Programme, Mr. John Roil, QC. For the last number of years Mr. Roil, QC, has worked tirelessly as the Chair and led the Insurance Committee through a very difficult time. He was integrally involved with the introduction and implementation of the Transaction Levy (the "Levy"), and I am sure I speak on behalf of all members of the Law Society when I thank him for his contribution.

## **Financial Overview**

It was not that long ago that the Programme was faced with numerous challenges and its financial stability was in jeopardy. Primarily as a result of the introduction of the Levy, as can be seen from a review of the financial statements for the Programme it is now stable and appropriately funded to secure members protection and the public interest in client protection, based on current activities.

## **Recommended Surplus**

In the past, based on the advice of the Programme's independent actuaries, NCA Partenaires Inc. of Montreal, it was thought that a capital pool of up to \$12M was required. This was recently reviewed by the Programme's actuaries and, based on their advice, the Insurance Committee has recently recommended to Benchers the appropriate long term target surplus to be retained by the Programme for insurance is \$6M, and that further information should be received from the Programme's actuaries with respect to an appropriate target surplus to

be retained for assurance. While the present surplus held by the Programme is in excess of the recommended surplus, careful thought and analysis should be conducted with respect to the use of the excess surplus.

## **Changes Implemented or Recommended**

The Insurance Committee also recommended and agreed with Benchers that the Law Society's accountant will assist with the accounting for the Programme rather than retain external accountants as has been done in the past, as well as retain the same auditors as retained by the Law Society. Additionally, it was agreed to change the Programme's financial year end from July 1 to June 30 to January 1 to December 31 to mirror the Law Society's financial year end, such change to be effective January 1, 2011.

After considerable discussion and analysis, the Insurance Committee has recently recommended to Benchers that CLIA, the Law Society's insurers, be requested to increase the group deductible presently paid from \$100,000.00 to \$200,000.00. While this is an assumption of a greater risk, the savings realized as a result of lower premiums we would pay to CLIA would ultimately reduce costs for members. CLIA encourages responsible and stable insurance Programmes to accept even higher risk retentions. This recommendation was also made on the advice and strong recommendation of the Programme's actuaries. We anticipate this will also be dealt with by Benchers at the June Convocation.

The Insurance Committee has established two separate sub-committees, one to review the structure of the Programme, the other to create an investment policy in collaboration with the Finance and Accounts Committee of the Law Society. Given the high surplus retained by the Programme, an appropriate investment policy will see significant revenues received.

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### Administration

The Programme continues to be effectively administered by Ms. Janice Ringrose, CIP, CRM, Insurance Administrator. The claims continue to be administered through the Claims Review Committee, consisting of Ms. Ringrose, Mr. Francis O'Dea, QC, Mr. Lewis Andrews, QC, and Mr. Raymond Walsh, FIIC.

The Programme continues to maintain premium costs to its members that are stable and are actually lower than the national average premium charged by other Law Societies across Canada. Additionally, the insurance premiums to be charged to members in Newfoundland and Labrador for 2011-2012 are less than that which was charged in 2010-2011.

It is hoped that by implementing various changes to the Programme, we can see further savings and, ultimately, the further reduction of premiums for members in the future. This is only possible if members act diligently to insure claims costs are reduced. To that end, missed limitations accounts for a significant portion of the claims and is an entirely preventable expense to the Programme. While the Law Society continues to discuss with the Government of Newfoundland and Labrador possible amendments to the *Limitations Act* that could permit a limitation period to be reopened upon application to the Supreme Court, the ultimate responsibility for such costs rests with the members.

### Excess Coverage

Part of the Programme's mandate is to provide excess cover insurance through CLIA. One of the benefits of excess cover through CLIA is the consistent policy wording above the basic \$1M provided by members' Law Society insurance and, as well, unified administration of claims.

Excess coverage can be purchased through CLIA from the Law Society in amounts from \$1M to \$9M. The premium rate structure per lawyer is lower than last year and will be as follows:

\$1,000,000.00 per occurrence/and aggregate =	\$343
\$2,000,000.00 per occurrence/and aggregate =	\$504
\$3,000,000.00 per occurrence/and aggregate =	\$589
\$4,000,000.00 per occurrence/and aggregate =	\$624
\$9,000,000.00 per occurrence/and aggregate =	\$873

### Summary

The Insurance Committee is pleased with the significant changes it has implemented this year and will continue to strive to improve the Programme necessary to both serve members and protect the public. Finally, I wish to take this opportunity to thank the members of the Insurance Committee as well as the members of the Claims Review Committee, all of whom are responsible for the success of the Programme.

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## LIBRARY COMMITTEE REPORT

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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.

Through the generosity of the Law Foundation of Newfoundland and Labrador the Library was able to upgrade its catalogue, providing members with numerous enhancements.

Other initiatives undertaken by the Library include:

- Providing a Continuing Legal Education Seminar entitled "Getting the most from the Law Society Library". This seminar was offered free of charge to West Coast members at the Law Courts building in Corner Brook.
- Partnering with Public Legal Information Association of Newfoundland and Labrador, on two occasions, to train Public Library staff about services available to the public through the Law Society Library.

The Library continues to deliver high quality reference services to members of the legal community, public and libraries throughout the province. During the past year the Library has seen tremendous growth in the number of questions coming from members outside the St. John's region.

We would like to express our gratitude to the Law Foundation of Newfoundland and Labrador for its continued financial support. We greatly appreciate the generous grants, without which we could not provide current and in depth research materials and desk top delivery.

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## PROFESSIONALS' ASSISTANCE COMMITTEE REPORT

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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 Professional 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, the Professional 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 Professional 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 1,090 professionals including 380 members of the Law Society. During the last program year, there were 86 new cases, of which 33 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](mailto:rmlahey@nl.rogers.com). The Program also maintains a website at [www.nlpap.ca](http://www.nlpap.ca).

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# STUDENT AWARDS COMMITTEE REPORT

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The Student Awards Committee deals with several Law Society 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*.

## **The Hunt Award**

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 2010 Bar Admission Course is Ms. Aimee Rowe. Ms. Rowe served Articles of Clerkship at the firm *Curtis Dawe* and her principal was Mr. Peter Browne, QC. Ms. Rowe was called to the Newfoundland and Labrador Bar on February 18, 2011, at which time she commenced practice with *Curtis Dawe*.

## **The Provincial Court Judges' Association Award**

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 2010 Bar Admission Course is Ms. Natalie Payne. Ms. Payne is presently articling with the *NL Legal Aid Commission* and her principal is Ms. Heidi Marshall. Ms. Payne will be eligible for a call to the Newfoundland and Labrador Bar in June 2011.

## **The Penney Award**

The *Penney Award* is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course. This year's winner is Ms. Natalie Payne who also is the winner of the *Provincial Court Judges' Association Award*.

## **The William J. Browne Scholarship**

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 2011 *William J. Browne Scholarship* is Ms. Lindsay Hollett who is presently articling with the firm *Cox & Palmer*. Ms. Hollett's research essay is entitled "*Getting Women on Board(s): Bill S-206 and Corporate Board Gender Diversity in Canada*".

## **The Maxwell J. Pratt Scholarship**

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. This year there are co-recipients of the 2011 *Maxwell J. Pratt Scholarship*. The recipients of this award are Ms. Lily Wroblewski who is currently articling with the firm *Ottenheimer & Baker* and Ms. Lindsay Hollett who is articling with the firm *Cox & Palmer*.

The above-described awards will be formally presented on June 18, 2011 at the Law Society of Newfoundland and Labrador Annual Dinner.

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**AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

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**for the  
Fiscal Year Ended December 31, 2010**



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**Law Society of Newfoundland and  
Labrador**

Financial Statements  
**December 31, 2010**

May 17, 2011

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

**Independent Auditor's Report**

**To the Members of  
Law Society of Newfoundland and Labrador**

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador, which comprise the balance sheet as at December 31, 2010 and the statements of revenue and expenses, surplus, and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Society of Newfoundland and Labrador as at December 31, 2010 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, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

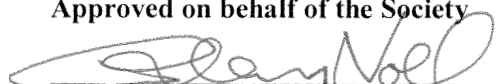
# Law Society of Newfoundland and Labrador

## Balance Sheet

As at December 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 3)	1,134,174	956,075
Short-term investments	804,311	804,311
Accounts receivable		
Members fees	18,663	45,171
Other (note 10)	87,243	256,802
Prepaid expenses	17,723	-
Due from the General Assurance Fund	793,735	828,228
Due from the 1988-1994 Self-Insurance Fund	2,500	-
Due from the 1995-2004 Self-Insurance Fund	167,689	164,689
	3,026,038	3,055,276
<b>Property, plant and equipment</b> (note 4)	1,384,606	1,473,486
<b>General Assurance Fund</b> (note 9)	990,435	989,631
	5,401,079	5,518,393
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	85,805	75,428
Due to Lawyers' Insurance Programme	2,290,932	2,206,126
Due to the 1983-1987 Self-Insurance Fund	22,078	-
Insurance levy	-	352,664
Capital fund levy	-	241,968
Current portion of long-term debt	70,061	70,061
	2,468,876	2,946,247
<b>Long-term debt</b> (note 6)	1,217,524	1,217,524
	3,686,400	4,163,771
<b>Members' Equity</b>		
<b>Surplus</b>	724,244	364,991
	4,410,644	4,528,762
<b>General Assurance Fund</b> (note 9)	990,435	989,631
	5,401,079	5,518,393

Approved on behalf of the Society

 President

 Vice-President

## Law Society of Newfoundland and Labrador

### Statement of Surplus

For the year ended December 31, 2010

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	2010 \$	2009 \$
Surplus – Beginning of year	364,991	512,609
Excess of revenue over expenses (expenses over revenue)	359,253	(147,618)
Surplus – End of year	<u>724,244</u>	<u>364,991</u>

# Law Society of Newfoundland and Labrador

## Statement of Revenue and Expenses

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Administration fee (LIP) (note 10)	120,000	120,000
Admission fees (note 8)	38,755	70,625
Annual fees - certificates	1,286,403	1,267,641
Audit program	46,824	91,100
Bar admission course	74,516	76,000
Capital levy fund recovery	241,968	-
Continuing legal education	29,901	27,195
Copy machines	2,237	2,328
Custodianships (LIP) (note 10)	173,692	160,338
Interest - membership fees	70,641	110,778
Interest - other	9,271	9,311
Litigation recovery	40,339	-
Loss prevention (LIP) (note 10)	250,000	-
Law Foundation of Newfoundland and Labrador grant	76,000	158,000
Process fees (Supreme Court)	12,609	12,837
Project Daisy	675	9,233
Sales tax recovery	61,899	-
	<u>2,535,730</u>	<u>2,115,386</u>
<b>Expenses</b>		
AGM (dinner/dance)	6,822	9,538
Audit program	75,409	111,121
Bar admission course	9,903	19,578
Benchers' convocations	31,987	53,528
Benchers' receptions	9,763	6,982
Committees	12,765	16,328
Continuing legal education	14,413	12,596
Contributions	363	945
Copy machines	39,485	26,883
Courier	10,538	10,522
Custodianships (professional fees/storage/courier)	72,047	66,549
Discipline	35,055	41,698
Federation of Law Societies' fees	34,127	34,920
Interest and bank charges	9,878	11,315
Libraries	264,797	272,866
Offsite storage - Atlantic Place	6,375	4,225
Postage	8,710	9,826
Professional development	22,615	13,979
Professional fees	116,175	57,716
Property costs - amortization of building, furniture and equipment	88,880	92,702
Property costs - operating building	150,492	175,851
Project Daisy	(74)	9,233
Salaries and employee benefits	1,074,950	1,091,470
Supplies and equipment	55,422	85,385
Telephone	25,580	27,248
	<u>2,176,477</u>	<u>2,263,004</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>359,253</u>	<u>(147,618)</u>

# Law Society of Newfoundland and Labrador

## Statement of Cash Flows

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses (expenses over revenue)	359,253	(147,618)
Item not affecting cash		
Amortization	88,880	92,702
	448,133	(54,916)
Change in non-cash working capital balances		
Decrease (increase) in accounts receivable		
Members fees	26,508	(8,007)
Other	169,559	86,069
Increase in prepaid expenses	(17,723)	-
Decrease in due from General Assurance Fund	34,493	36,028
Increase in due from the 1988-1994 Self-Insurance Fund	(2,500)	-
Increase in due from the 1994-2004 Self-Insurance Fund	(3,000)	-
Increase (decrease) in accounts payable	10,377	(11,285)
Increase in due to Lawyers' Insurance Programme	84,806	531,142
Increase in due to the 1983-1987 Self-Insurance Fund	22,078	-
Decrease in insurance levy	(352,664)	-
Decrease in capital fund levy	(241,968)	-
	178,099	579,031
<b>Financing activity</b>		
Repayment of long-term debt	-	(53,015)
<b>Investing activity</b>		
Purchase of property, plant and equipment	-	(5,835)
<b>Net change in cash during the year</b>	178,099	520,181
<b>Cash and cash equivalents – Beginning of year</b>	1,760,386	1,240,205
<b>Cash and cash equivalents – End of year</b>	1,938,485	1,760,386
<b>Cash and cash equivalents is comprised of:</b>		
Cash	1,134,174	956,075
Short-term investments	804,311	804,311
	1,938,485	1,760,386
<b>Additional information required:</b>		
Interest paid	9,878	51,813



# Law Society of Newfoundland and Labrador

## Notes to Financial Statements

December 31, 2010

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### 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 Significant 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

Property, plant and equipment 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.

# Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

## 4 Property, plant and equipment

	2010		2009	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	73,429	-	73,429	73,429
Building	1,935,376	658,594	1,276,782	1,354,197
Furniture and fixtures	278,513	244,118	34,395	45,860
	2,287,318	902,712	1,384,606	1,473,486

## 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 \$155,986 (2009 - \$142,047).

## 6 Long-term debt

	2010 \$	2009 \$
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	1,287,585
Current portion	70,061	70,061
	1,217,524	1,217,524

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

	\$
Year ending December 31, 2011	70,061
2012	71,000
2013	73,000
2014	74,000
2015	75,000

# Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

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## 7 Obligations under operating leases

The following is an analysis of the future minimum lease payments on operating leases, expiring 2011 to 2013:

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

## 8 Admission fees

Admission fees consist of the following:

	2010 \$	2009 \$
Articled clerks	11,100	9,000
Call-to-bar	18,750	26,875
Other	8,905	34,750
	<hr/>	<hr/>
	38,755	70,625
	<hr/>	<hr/>

# Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

## 9 General Assurance Fund

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

	2010 \$	2009 \$
<b>Revenue</b>		
Contributions		
Members	34,492	34,028
Interest	43,853	51,758
	<u>78,345</u>	<u>85,786</u>
<b>Expenses</b>		
Members' insurance deductibles	-	(2,000)
Insurance expense	62,548	62,883
Claims	-	51,968
Miscellaneous	14,993	13,979
	<u>77,541</u>	<u>126,830</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	804	(41,044)
<b>Surplus – Beginning of year</b>	<u>989,631</u>	<u>1,030,675</u>
<b>Surplus – End of year</b>	<u>990,435</u>	<u>989,631</u>
<b>Comprised of:</b>		
Cash	152,692	151,094
Receivables	3,298	5,051
Prepaid insurance	31,540	31,008
Short-term investments	904,053	881,799
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 Lawyers' Insurance Programme	275,087	331,407
Due to the General Fund	(793,735)	(828,228)
	<u>990,435</u>	<u>989,631</u>

# Law Society of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

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## 10 Related party transactions

Included in accounts receivable is \$nil (2009 - \$160,338) due from the Lawyers' Insurance Programme.

During the year, the society incurred interest expense of \$24,078 (2009 - \$40,498) on its advance from the 1983-1987 Self-Insurance Fund (note 6) and earned revenues from the Lawyers' Insurance Programme as follows:

	2010 \$	2009 \$
Administration fee	120,000	120,000
Custodianships	173,692	160,338
Loss prevention	250,000	-
	<u>543,692</u>	<u>280,338</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, short-term investments, accounts receivable, due from the General Assurance Fund, due from the Self-Insurance Funds, accounts payable, due to the Lawyers' Insurance Programme, due to the Self-Insurance Fund, and long-term debt. The fair values of cash, short-term investments, accounts receivable, due from the General Assurance Fund, due from the Self-Insurance Funds, accounts payable, due to the Lawyer's Insurance Programme, and due to the Self-Insurance Fund 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 not exposed to significant interest rate risk in respect of the long-term debt, because it 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.



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

Financial Statements  
**December 31, 2010**

May 17, 2011

**Independent Auditor's Report**

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

PricewaterhouseCoopers LLP  
Chartered Accountants  
Atlantic Place  
215 Water Street, Suite 802  
Box 75  
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Canada A1C 6C9  
Telephone +1 (709) 722 3883  
Facsimile +1 (709) 722 5874

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador - 1983 to 1987 Self-Insurance Funds, which comprise the balance sheet as at December 31, 2010 and the statement of revenue, expenses, and surplus for the year then ended, and the related notes including a summary of significant accounting policies.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Society of Newfoundland and Labrador - 1983 to 1987 Self-Insurance Funds as at December 31, 2010 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, which is a member firm of PricewaterhouseCoopers International Limited, each member firm 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, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	175,239	174,906
Due from Law Society of Newfoundland and Labrador General Assurance Fund	876	876
Due from Law Society of Newfoundland and Labrador 1994-2004 Self-Insurance Funds	164,249	164,249
Due from the Law Society of Newfoundland and Labrador	22,078	-
Current portion of long-term receivable	70,061	70,061
	<u>432,503</u>	<u>410,092</u>
<b>Other receivable</b>		
1.87 % unsecured advance receivable from the Law Society of Newfoundland and Labrador	1,287,585	1,287,585
Less: current portion of long-term receivable	70,061	70,061
	<u>1,217,524</u>	<u>1,217,524</u>
	<u>1,650,027</u>	<u>1,627,616</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	2,520	2,260
<b>Surplus</b>	<u>1,647,507</u>	<u>1,625,356</u>
	<u>1,650,027</u>	<u>1,627,616</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, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Interest	24,411	41,003
<b>Expenses</b>		
Interest and bank charges	-	24
Professional fee	2,260	1,350
	2,260	1,374
<b>Excess of revenue over expenses</b>	22,151	39,629
<b>Surplus – Beginning of year</b>	1,625,356	1,585,727
<b>Surplus – End of year</b>	1,647,507	1,625,356

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

Notes to Financial Statements

**December 31, 2010**

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## **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, 2010, 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.



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

Financial Statements  
**December 31, 2010**

May 17, 2011

## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador – 1988 to 1994 Self-Insurance Funds, which comprise the balance sheet as at December 31, 2010 and the statement of revenue, expenses, and deficit for the year then ended, and the related notes including a summary of significant accounting policies.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Society of Newfoundland and Labrador – 1988 to 1994 Self-Insurance Funds as at December 31, 2010 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, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.


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

Balance Sheet

As at December 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	1,441	1,438
Due from Law Society of Upper Canada	27,965	27,965
	<u>29,406</u>	<u>29,403</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	3,150	2,825
Due to the Law Society of Newfoundland and Labrador	2,500	-
Due to Law Society of Newfoundland and Labrador General Assurance Fund	175,000	175,000
	<u>180,650</u>	<u>177,825</u>
<b>Deficit</b>	<u>(151,244)</u>	<u>(148,422)</u>
	<u>29,406</u>	<u>29,403</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, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Interest	3	-
<b>Expenses</b>		
Interest	-	213
Professional and consulting fees	2,825	2,825
	2,825	3,038
<b>Excess of expenses over revenue</b>	(2,822)	(3,038)
<b>Deficit – Beginning of year</b>	(148,422)	(145,384)
<b>Deficit – End of year</b>	(151,244)	(148,422)



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

Notes to Financial Statements

December 31, 2010

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## 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.

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

Notes to Financial Statements

**December 31, 2010**

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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, 2010, 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, 2010

May 17, 2011

**Independent Auditor's Report**

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

**PricewaterhouseCoopers LLP  
Chartered Accountants**

Atlantic Place  
215 Water Street, Suite 802  
Box 75  
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Telephone +1 (709) 722 3883  
Facsimile +1 (709) 722 5874

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador – 1995 to 2004 Self-Insurance Funds, which comprise the balance sheet as at December 31, 2010 and the statement of revenue, expenses, and surplus for the year then ended, and the related notes including a summary of significant accounting policies.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Society of Newfoundland and Labrador – 1995 to 2004 Self-Insurance Funds as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

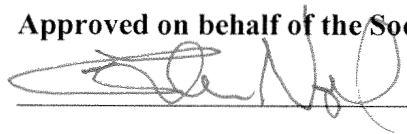
# Law Society of Newfoundland and Labrador - 1995 to 2004 Self-Insurance Funds

Balance Sheet

As at December 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	19,311	19,274
Due from Lawyer's Insurance Programme of Newfoundland and Labrador	1,387,659	1,387,659
	<u>1,406,970</u>	<u>1,406,933</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	3,780	3,390
Due to Law Society of Newfoundland and Labrador General Fund	167,790	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	164,249
Provision for risk sharing on 2003 and 2004 claims	100,000	155,751
	<u>678,319</u>	<u>730,680</u>
<b>Surplus</b>	<u>728,651</u>	<u>676,253</u>
	<u>1,406,970</u>	<u>1,406,933</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, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Interest	37	47
<b>Expenses</b>		
Professional and consulting fees	3,390	3,390
Provision for risk sharing on 2003 and 2004 claims	(55,751)	-
	(52,361)	3,390
<b>Excess of revenue over expenses (expenses over revenue)</b>	52,398	(3,343)
<b>Surplus – Beginning of year</b>	676,253	679,596
<b>Surplus – End of year</b>	728,651	676,253

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

Notes to Financial Statements

December 31, 2010

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## 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.





# **Lawyers' Insurance Programme of Newfoundland and Labrador**

Financial Statements  
**December 31, 2010**

May 17, 2011

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

## **Auditors' Report**

### **To the Members of Lawyers' Insurance Programme of Newfoundland and Labrador**

We have audited the accompanying financial statements of Lawyers' Insurance Programme of Newfoundland and Labrador, which comprise the balance sheet as at December 31, 2010 and the statements of revenue and expenses, surplus, and cash flows for the eighteen-month period then ended, and the related notes including a summary of significant accounting policies.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified opinion.

**Basis for qualified opinion**

The Programme derives revenues from transaction levies, the completeness of which is not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Programme.

**Qualified opinion**

In our opinion, except for the effect of adjustments, if any, for the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lawyers' Insurance Programme of Newfoundland and Labrador as at December 31, 2010 and the results of its operations and its cash flows for the eighteen-month period then ended in accordance with Canadian generally accepted accounting principles.

**Other matter**

The comparative figures have been reported on by another firm of chartered accountants in their audit report dated March 12, 2010.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

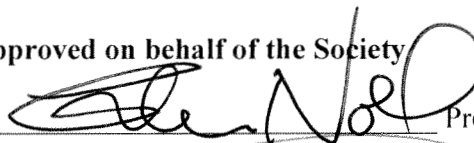
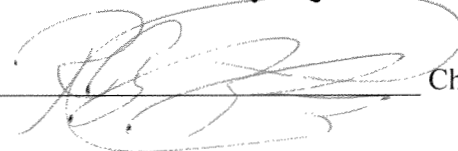
# Lawyers' Insurance Programme of Newfoundland and Labrador

Balance Sheet

As at December 31, 2010


	December 31 2010 \$	June 30 2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,297,644	4,342,046
Transaction levy receivable	375,065	346,200
Accounts receivable	61,229	54,264
Accrued interest receivable	1,304	52,322
Due from CLIA (note 7)	3,390,349	-
Prepaid insurance premiums	379,440	366,960
Due from the Law Society of Newfoundland and Labrador (note 3)	2,290,932	2,210,386
	<u>12,795,963</u>	<u>7,372,178</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	20,474	17,587
Reserve for claims and related costs (note 5)	1,565,726	231,885
Due to the Law Society of Newfoundland and Labrador General Assurance Fund (note 3)	275,087	432,851
Due to the Law Society of Newfoundland and Labrador 1995-2004 Self-Insurance Fund (note 3)	1,387,659	1,387,659
	<u>3,248,946</u>	<u>2,069,982</u>
<b>Surplus</b>	<u>9,547,017</u>	<u>5,302,196</u>
	<u>12,795,963</u>	<u>7,372,178</u>

Approved on behalf of the Society

President

Chair of the Insurance Committee

 Vice-President

# Lawyers' Insurance Programme of Newfoundland and Labrador

## Statement of Surplus

**For the eighteen-month period ended December 31, 2010**

(with comparative figures for the year ended June 30, 2009)

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	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus – Beginning of period</b>	5,302,196	3,522,355
<b>Excess of revenue over expenses</b>	4,244,821	1,779,841
<b>Surplus – End of period</b>	<u>9,547,017</u>	<u>5,302,196</u>

# Lawyers' Insurance Programme of Newfoundland and Labrador

## Statement of Revenue and Expenses

**For the eighteen-month period ended December 31, 2010**

(with comparative figures for the year ended June 30, 2009)

	2010 \$	2009 \$
<b>Revenue</b>		
Transaction levies	2,260,411	1,571,509
Insurance levy	352,664	-
Interest	78,984	114,314
Member assessments	2,185,406	2,127,206
Premium credit (note 7)	3,390,349	-
Voluntary excess insurance premiums	-	152,773
	<u>8,267,814</u>	<u>3,965,802</u>
<b>Insurance premiums</b>		
CLIA premiums	1,110,712	1,325,493
Voluntary excess insurance premiums	1,474	152,773
	<u>1,112,186</u>	<u>1,478,266</u>
<b>Net revenue</b>	<u>7,155,628</u>	<u>2,487,536</u>
<b>Claims and custodianship expenses</b>		
Provision for claims and related costs (note 5)	2,054,802	315,983
Custodianship expenses	253,861	170,756
	<u>2,308,663</u>	<u>486,739</u>
<b>Administration</b>		
Actuarial fees	38,891	29,414
Administrative charges	180,000	120,000
Bank charges	1,037	40
Loss prevention to the Law Society of Newfoundland and Labrador	250,000	-
Miscellaneous	(3,931)	1,347
Office	11,824	10,115
Professional fees	32,504	33,608
Salaries	74,541	-
Training	1,893	2,680
Travel and conferences	15,385	23,752
	<u>602,144</u>	<u>220,956</u>
<b>Excess of revenue over expenses</b>	<u>4,244,821</u>	<u>1,779,841</u>

# Lawyers' Insurance Programme of Newfoundland and Labrador

## Statement of Cash Flows

**For the eighteen-month period ended December 31, 2010**

(with comparative figures for the year ended June 30, 2009)

	2010 \$	2009 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	4,244,821	1,779,841
Change in non-cash working capital balances:		
Decrease (increase) in transaction levy receivable	(28,865)	76,917
Increase in accounts receivable	(6,965)	(29,378)
Decrease (increase) in accrued interest receivable	51,018	(2,242)
Increase in due from CLIA	(3,390,349)	-
Increase in prepaid insurance premiums	(12,480)	(366,960)
Increase in due from the Law Society of Newfoundland and Labrador	(80,546)	(1,015,517)
Increase (decrease) in accounts payable	2,887	(7,403)
Decrease in harmonized sales tax payable	-	(54,405)
Increase in reserve for claims and related costs	1,333,841	11,739
Increase (decrease) in due to the Law Society of Newfoundland and Labrador General Assurance Fund	(157,764)	432,851
<b>Net change in cash and cash equivalents during the period</b>	1,955,598	825,443
<b>Cash and cash equivalents – Beginning of period</b>	4,342,046	3,516,603
<b>Cash and cash equivalents – End of period</b>	6,297,644	4,342,046
<b>Cash and cash equivalents comprised of:</b>		
Cash	1,286,602	4,342,046
Short-term investments	5,011,042	-
	6,297,644	4,342,046

# Lawyers' Insurance Programme of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

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## 1 Description of operations

The Lawyers' Insurance Programme of Newfoundland and Labrador (the "Programme") is an unincorporated entity affiliated with the Law Society of Newfoundland and 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

### Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments comprised of term deposits that mature within 90 days and are readily convertible to known amounts of cash and have an insignificant risk of change in value.

### 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.

### Reserve for claims and related costs

The provision for claims and related costs is based upon the change from year to year in the reserve for claims and related costs. The reserve value is based on the greater of the Programme's estimate of incurred costs of claims during the current year and the actuarial computed discounted costs of possible claims for the current year.



# Lawyers' Insurance Programme of Newfoundland and Labrador

## Notes to Financial Statements

December 31, 2010

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The Programme's actuary is engaged to provide an annual valuation of the reserve for claims and related costs in accordance with the standards of practice adopted by the Canadian Institute of Actuaries. For the purpose of the actuarial valuation, the actuary is making use of certain information contained in the Programme's financial records.

Claims and related costs of the Programme are subject to specific maximum limits set out in the insurance policy with CLIA as follows:

- a) Up to June 30, 2009: 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 is responsible for administrative costs but does not retain any responsibility for the indemnification of claims.
- b) July 1, 2009 to June 30, 2010: 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 is responsible for administrative costs and for the indemnification of claims to specified limits. Limits include \$100,000 per occurrence for damages and defense costs, to an aggregate annual limit of \$900,000.
- c) July 1, 2010 to June 30, 2011: 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 is responsible for administrative costs and for the indemnification of claims to specified limits. Limits include \$100,000 per occurrence for damages and defense costs, to an aggregate annual limit of \$1,000,000.

### Recoveries

Recoveries for claims and related costs from insurers and other parties are recorded when they can be reasonably estimated and collectability is reasonably assured. Otherwise, the recovery is recorded when received.

### 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.

# Lawyers' Insurance Programme of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

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## 3 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.

During the period, the Programme had the following transactions with the Law Society:

	2010 \$	2009 \$
Administration charges	180,000	120,000
Custodianship expenses	253,861	170,756
Loss prevention expenses	250,000	-

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.

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

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

## 4 Financial instruments

### Fair value

Financial instruments consist of cash and cash equivalents, transaction levy receivable, accounts receivable, interest receivable, due from CLIA, due from the Law Society, accounts payable, due to the Law Society General Assurance Fund, and due to the 1995-2004 Self-Insurance Fund. The fair value of these financial instruments approximate their carrying amounts due to their short-term maturity.

### Interest rate risk

The Programme is not exposed to any significant interest rate risk due to the short-term nature of its financial instruments.

### Credit risk

The Programme is exposed to credit risk in the event of non-performance by counterparties, but does not anticipate such non-performance. The Programme 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.

# Lawyers' Insurance Programme of Newfoundland and Labrador

Notes to Financial Statements

December 31, 2010

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## 5 Reserve for claims and related costs

The change in the reserve for claims and related costs is summarized as follows:

	2010 \$	2009 \$
Provision for claims and related costs – Beginning of period	231,885	220,146
Current period expense	2,054,802	315,983
	2,286,687	536,129
Claims paid during the period	(720,961)	(304,244)
Provision for claims and related costs – End of period	1,565,726	231,885

## 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.

## 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, 2010 show the Programme's subscriber's equity to be \$5,156,115 (December 31, 2008 - \$3,391,555) of which \$3,390,349 has been set up as a receivable from CLIA in the current year. This amount receivable reflects a refund due of previous years' mandatory premiums from an accumulation of excess premiums paid over claims and related investment income for a number of years. The remaining equity balance is not reflected in these financial statements.

## 8 Comparative figures

Certain comparative figures have been reclassified to be consistent with the current year's financial statement presentation.

