



MESSAGE from the Chair

LAWPRO takes its responsibility to every Ontario lawyer very seriously. It provides both defense to lawyers and pays claims to set clients right when they experience a loss caused by the negligence of their lawyer. Coverage must be available no matter the area of law, the region of the province or the lawyer's level of experience or expertise. It must be affordable and properly funded in compliance with provincial regulations.

Like any other insurance company, LAWPRO sets premiums without knowing exactly what its claims costs will be in the year ahead and beyond. Even after lawyers have left private practice, their coverage continues indefinitely as Run-off coverage.

Financial stability comes from prudent investing, reasonable forecasting of expenses, controlling operating costs, and carefully managing claims. To achieve these ends, LAWPRO relies on the expertise of its staff, its Board of Directors, professional investment managers, and advisors. In recognition of the Company's financial strength, LAWPRO has again earned an "A (Excellent)" rating by A.M. Best Co, a leading rating agency.

Why is this so important? LAWPRO provides confidence, enabling its insureds to work in an increasingly complicated and changing professional legal environment. Without a solid financial foundation to pay claims – especially a cluster of claims – there would be neither comfort nor certainty in the market. LAWPRO provides both.

In the charts on the following pages, you will see that in 2023 the Company saw 3,272 reported claims – the highest in its history. Beyond inflationary pressures, the number of claims valued at over \$100,000 continues to increase yet, at the same time, the base LAWPRO premium is lower than it was 8 years ago. This is a testament to LAWPRO's careful management.

LAWPRO investments did well in 2023, in large part because of the strong investment market and high interest rates. These results prepare the company to withstand market volatility going forward. As can be seen by the Company's year-end Minimum Capital Test (MCT) result of 240%, LAWPRO continued to meet insurance regulator expectations. The MCT is a tool used to ensure an insurance company's assets are sufficient to meet its present and future obligations. An insurance company's MCT ratio is impacted by the insurance risk, market risk, credit risk, and operational risk to which it is exposed.

I am proud to be a part of LAWPRO - its complexity and scope is larger than any other Canadian program - it has more insureds and responds to more claims than any other province. I want to thank the LAWPRO team for their continued hard work and excellent results.

Andrew J. Spurgeon

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Chair



MESSAGE from the CEO

When is it time to take on a corporate transformation? It is never convenient or easy to dismantle and rebuild a system that was carefully constructed to meet the needs of a past era. But, if left too long, processes can become less efficient and fail to meet the needs of changing times. When one can see that technology has become too old to fix, people no longer feel procedures are relevant and effective, and the concerns of the company don't fit the wants and needs of the customer, the time for change has arrived.

In July of 2023, you may have noticed the launch of our new online My LAWPRO portal. This portal is a façade to a huge number of changes behind the scenes – some of which are already in use and others are still being constructed. We have moved our policy administration and claims management systems to a modern cloud-based platform.

Our goal for this technological transformation is to improve the customer experience, increase efficiency for employees, and stay on top of security requirements. 2023 saw the beginning of these changes, and in 2024 we will continue this journey of transformation.

While much of our focus for 2023 was on implementing our new platform, LAWPRO continued to offer the insurance coverage and program we are known for to a growing number of lawyers in private practice in Ontario.

Mandatory insurance coverage for all lawyers from one provider means that every lawyer is guaranteed access to affordable coverage, thereby protecting both lawyers and the public. It's a system where no one is left out and lawyers can depend on a viable insurance program to support them when things go wrong. This is not the case in many other countries. In some instances, lawyers outside Ontario find they aren't eligible for coverage due to strict underwriting requirements, or it is simply too expensive for smaller firms to acquire the insurance they need. In some places, there is no protection for the public because E&O insurance is not required at all.

In the 29 years since LAWPRO's creation by The Law Society in 1995, LAWPRO has:

- Expended funds on claims against over 22,000 different individual lawyers.
- Paid for defense and/or indemnity on 61,992 different claims; and
- Spent approximately \$1.57 billion in defending and indemnifying those claims.

Claims Counsel at LAWPRO are empathetic and, where possible, make every effort to repair an issue before it becomes a claim. This means money saved, lower pressure on premiums, and less stress for the insured lawyer.

The team at LAWPRO is not only helpful after a potential claim arises, but they also work hard to help lawyers avoid and prevent mistakes in the first place. LAWPRO's practicePRO initiative offers free Continuing Professional Development sessions that provide practical skills to help lawyers avoid claims. Many of our virtual sessions have over 1,000 participants and we presented risk management content at events and law firms over 100 times last year. Our tools and checklists are another free resource offered to insureds to help them succeed. There were 114,000 downloads from the practicepro.ca website in 2023 and over 150 calls for help.

These are but a few examples of how LAWPRO provides value to Ontario lawyers – in private practice or not – as part of its mandate of insurance coverage for all.

Daniel E. Pinnington

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President & CEO