



**ALBERTA LAWYERS
INDEMNITY ASSOCIATION**

2023-2024 ANNUAL REPORT

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ABOUT ALIA

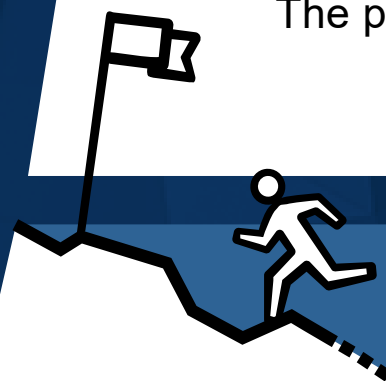
Established in 1988, Alberta Lawyers Indemnity Association (“**ALIA**”) is the member-funded, non-profit corporation that manages Alberta’s indemnity program for participating lawyers (“**Subscribers**”), providing economic and reputational protection to them and compensation to members of the public who have suffered specific financial losses due to the actions of Subscribers.

The program covers professional errors,

lawyer misappropriation, and some elements of [cyber breach response](#).

ALIA operates as a separate financial entity from The Law Society of Alberta (“**Law Society**”), ALIA’s shareholder. The Law Society regulates Alberta lawyers in the public interest and is committed to promoting a high standard of legal services and professional conduct.

ALIA is overseen by a board of directors selected for their skills and experience.



MISSION

A Subscriber-funded organization delivering a trusted indemnity program through integrity, professionalism and high-quality service.

CORE PURPOSE

To provide protection to Subscribers and compensation to members of the public who have experienced losses resulting from the acts or omissions of Subscribers.



CORE VALUES



EXCELLENCE

We deliver services that meet or exceed expectations.



INTEGRITY

We do what we say, ethically, with fairness and respect.



RELIABILITY

We believe dependability and consistency are key to building trust and managing the relationships we develop.



AGILITY

We address needs in a changing environment.

GOALS



QUALITY

Stakeholders are satisfied with and have confidence in ALIA's delivery of a high-quality indemnity program.



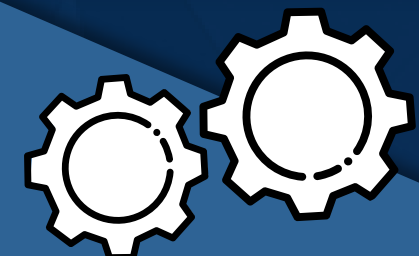
COLLABORATION

ALIA has positive relationships with each of the parties with whom it works to achieve its mission.



SUSTAINABILITY

ALIA's agile, proactive and risk-aware approach contributes to the sustainability of an indemnity program in which Subscribers have access to appropriate coverage at a reasonable price.



EFFICIENCY AND EFFECTIVENESS

ALIA's high-performing, inclusive team and ALIA's practices and processes support increased efficiency in the provision of its services.

MESSAGE FROM THE PRESIDENT AND CEO



Alberta Lawyers Indemnity Association (“ALIA”) achieved numerous operational successes, including those highlighted below, during the 2023–2024 fiscal and policy year (July 1, 2023–June 30, 2024). However, those were overshadowed for ALIA’s management and board of directors (“Board”) by the devastating loss of ALIA’s former Board Chair, Don Cranston, K.C., who will be missed personally and professionally.

A selection of highlights from the 2023–2024 policy year include:

- Throughout the policy year, ALIA continued to strengthen its management team. The creation of a small in-house defence counsel department—established to complement, not replace, the organization’s outstanding external counsel roster—benefited



**David Weyant,
K.C.**

Subscribers financially while maintaining the excellent quality of defence that Subscribers expect and receive. ALIA also continued to improve its Claims Counsel department, ensuring optimal handling of claims made against Subscribers, as well as providing additional outreach and education.

- The Universal Cyber Coverage Program saw its first full year of operation, offering first-party and third-party coverage for all Subscribers and their firms. To ease the introduction of this new coverage, the Board approved a one-time use of

approximately \$1 million from capital to pay every Subscriber’s Universal Cyber Coverage Premium from December 31, 2023 to July 1, 2024.

- Despite unfavourable investment returns—which have since rebounded—the Board approved a reduction of \$765 per Subscriber from the actuarially calculated (“theoretical”) Professional Liability Levy, reducing it from \$3,725 to the “actual” levy of \$2,960. Although ALIA was able to hold the Misappropriation Levy unchanged at its historical low of \$210, the combined (Professional Liability and Misappropriation) levy still increased for the first time since the 2017–2018 policy year. At \$3,170 per Subscriber, it was still lower than it had been for the 10-year period between 2010 and 2020.

- The Civil Litigation Filing Levy (“CLFL”) pilot project continued, as civil litigation remained the area of law with the greatest number of claims and accounted for more than 45 percent of all incurred damages and defence costs over the previous five years. Throughout the year, ALIA investigated ways to identify and address noncompliance by some Subscribers. ALIA continued to work on a data project to identify Subscribers/firms who failed to report and remit the \$75 CLFL for each qualifying filing. In addition, the Law Society of Alberta continued to audit Subscribers’/firms’ accounts to ensure compliance. ALIA views this as a matter of fairness to those Subscribers who do diligently report and remit as mandated by the Benchers.

CONTINUED ON PAGE 5

MESSAGE FROM THE PRESIDENT AND CEO



- ALIA continued to diversify its investments, including new investments in infrastructure and real estate funds, the returns from which—like all of ALIA’s investments—may be applied by the Board to reduce the annual levy.

- ALIA’s Claims Committee hosted a successful Claims Roster and Defence Counsel meeting. The Claims Roster is comprised of individuals from the Claims Committee and external counsel on the ALIA Approved Counsel List (“Approved Counsel”). ALIA holds an annual ALIA Counsel Meeting that includes ALIA Management, staff, and Approved Counsel, at which presentations on topics relevant to the attendees are delivered and discussed. These meetings have proven valuable for knowledge sharing and relationship-building, both of which support the ALIA indemnity program. Topics



Third parties, including ALIA’s broker, actuary, and insurers, continued to recognize ALIA for the accuracy and clarity of its reporting and reserving”

this year included the need for succession planning for members of the Claims Roster; loss prevention strategies; the financial and emotional cost of increasingly aggressive self-represented claimants; new technologies; and the perennial favourite, Rule 4.31 and Rule 4.33 applications.

- As a result of its request for information process, ALIA added six new firms to its Approved Counsel list. ALIA is pleased that excellent law firms continue to give back to the

profession by offering their services to defend Subscribers at ALIA’s standard rates.

- Third parties, including ALIA’s broker, actuary, and insurers, continued to recognize ALIA for the accuracy and clarity of its reporting and reserving.

- ALIA continued to receive exceptionally high satisfaction ratings from Subscribers. ALIA’s average customer satisfaction rating for this policy year, based on closed file surveys, was 99 percent.

- ALIA successfully recruited a new Director and Board Chair, Darlene W. Scott, K.C., ICD.D. As Darlene commenced her Chair duties at the end of the policy year, she does not have a message in this annual report but will have one for ALIA’s 2024–2025 annual report.

We are pleased with this excellent year for our Subscribers and look forward to continuing to deliver on their behalf. As I write this, we are already into our 2024–2025 policy year, which is off to an excellent start. Spoiler alert: both the Professional Liability and Misappropriation levies have been reduced, and the Universal Cyber Coverage Premium remains unchanged but with increased coverage included. ALIA’s insurance consultant stated that this year was, “the most favourable renewal we have had in 15 years.”

David Weyant, K.C.

LEVY SUMMARY FOR 2023-2024 POLICY YEAR



BOARD MITIGATES LEVY INCREASE BY APPROVING \$5.7M CAPITAL SUBSIDY

The Part A levy is an increase over last year's 14-year low. Continuously since the 2016-2017 Policy Year, ALIA has used capital from strong investment returns to subsidize the annual Part A base levy. Regrettably, market conditions have been less favourable and ALIA's investments did not yield sufficient returns to provide the same levy of subsidy as last year.

Last year ALIA was able to provide a subsidy of approximately \$12.3 million (\$1,662 per Subscriber), the highest reduction using surplus capital since 2007-2008, whereas this year that subsidy was approximately \$5.7 million (or \$765 per Subscriber).

The Part B levy remains the same as last year, which was—and is—an historical low. The universal cybercrime coverage is a new levy for the coverage implemented last year, for which there was no levy billed at that time.

\$2,960

PROFESSIONAL LIABILITY (PART A)

Covers negligence resulting from errors in the rendering of professional services.

\$210

MISAPPROPRIATION (PART B)

Covers theft or wrongful conversion of money, securities, or property that was entrusted to or received by an ALIA Subscriber in their capacity as a barrister or solicitor.

CYBER COVERAGE

\$265

Universal Cyber Coverage launched on December 31, 2022, with all ALIA Subscribers and their firms being automatically covered. The cost for Subscribers was \$265 for the first 12 months, billed with the 2023-2024 levy.

CIVIL LITIGATION FILING LEVY ("CLFL")

\$75

per filing

The CLFL was introduced on July 1, 2021, in an effort to offset the consistently high percentage of claims originating from Civil Litigation. The amount of the CLFL remains unchanged at \$75 per qualifying filing.

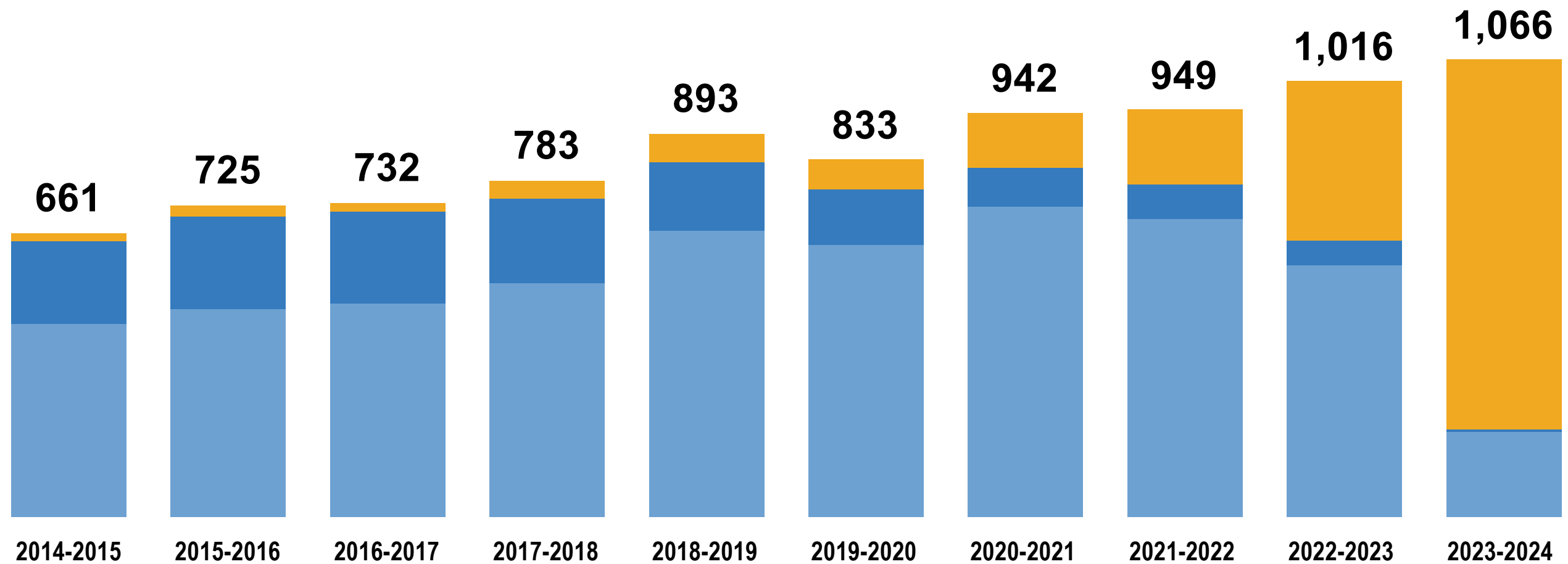
YEARLY TOTAL REPORTED CLAIMS (10 YEARS)

OPEN AND CLOSED

JULY 1, 2014 - JUNE 30, 2024



NUMBER OF REPORTED CLAIMS FOR LAST 10 POLICY YEARS



	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total Claims	661	725	732	783	893	833	942	949	1,016	1,066
Open Claims	19	25	21	41	67	70	129	174	372	863
Closed Claims	642	700	711	742	826	763	813	775	644	203
Number of Claims Closed with Zero Payment	449	484	497	544	666	633	723	694	586	198

Chart contains data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.

**TOTAL
REPORTED
CLAIMS:**

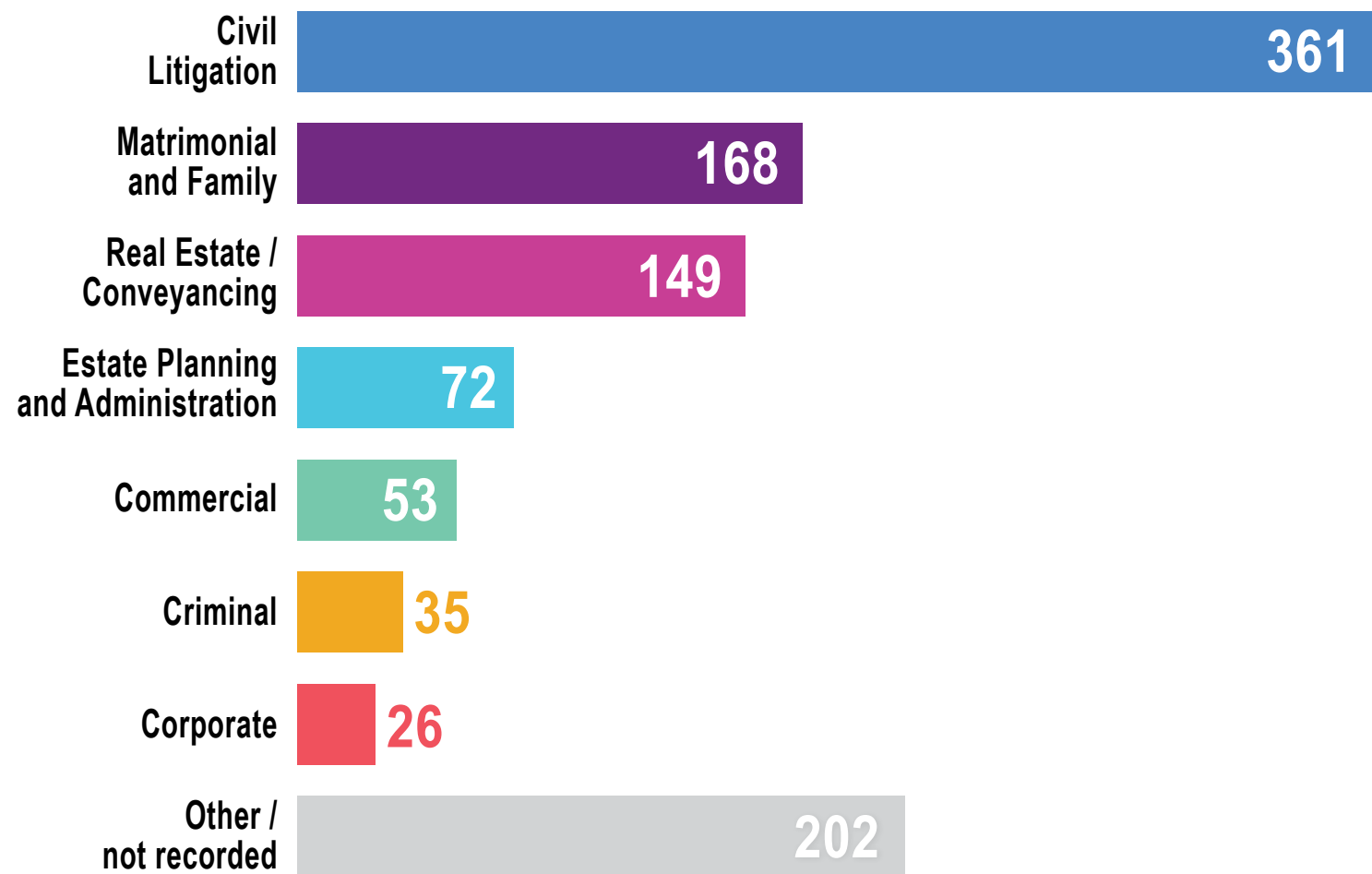
1,066

**BY AREA
OF LAW**

**JULY 1, 2023 -
JUNE 30, 2024**



NUMBER OF CLAIMS



Claims in the “Other / not yet recorded” category are higher immediately after the end of a policy year and will diminish as reported claims mature and are categorized.

PERCENTAGE OF CLAIMS

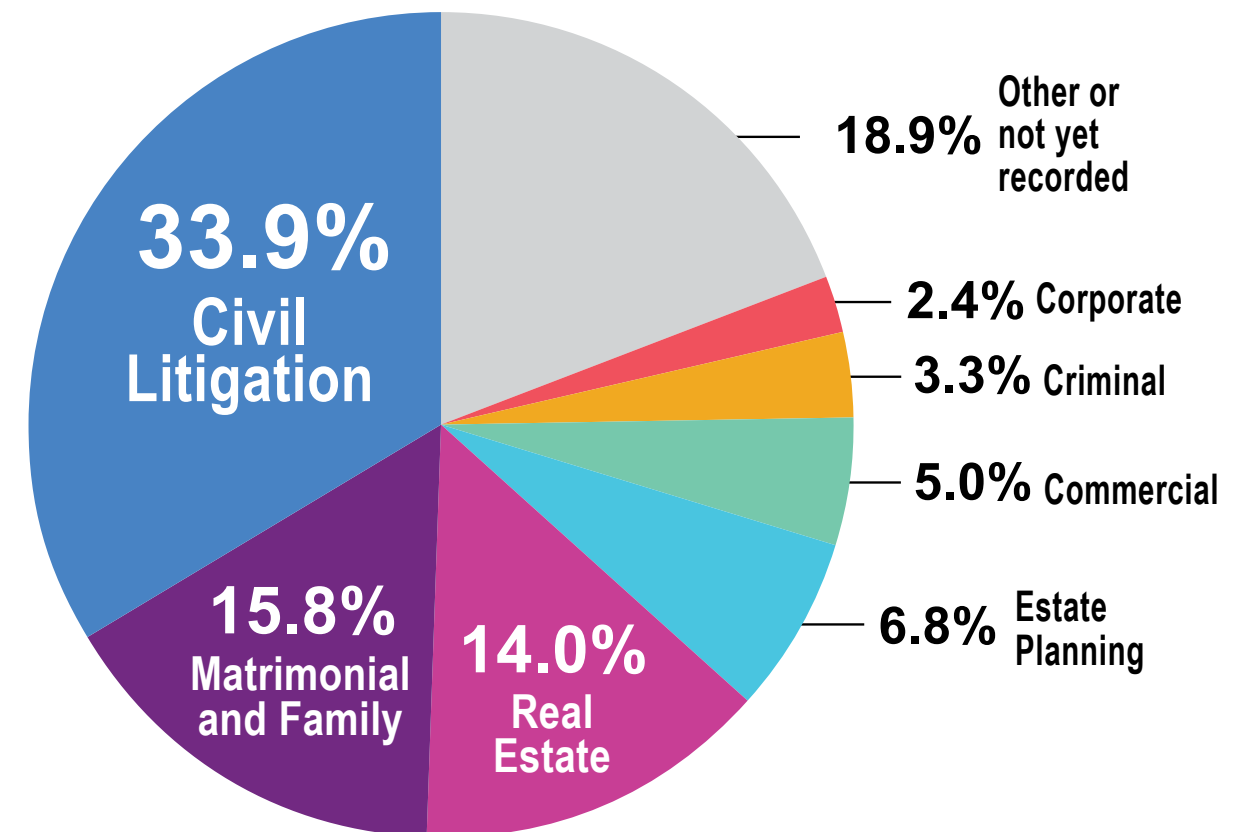


Chart contains data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.

HISTORICAL CLAIMS OVERVIEW

BY AREA OF LAW

JULY 1, 2014 - JUNE 30, 2024



LAST 10 YEARS OF REPORTED CLAIMS

Policy Year	Civil Litigation	Matrimonial and Family	Real Estate	Estate Planning	Commercial	Criminal	Corporate	Other	Total Claims	Number of ALIA Subscribers	Claims for every 100 Subscribers
2023-2024	361	168	149	72	53	35	26	202	1,066	7,576	14.1
2022-2023	400	183	138	71	66	22	25	111	1,016	7,396	13.7
2021-2022	369	165	147	64	74	31	35	64	949	7,263	13.1
2020-2021	411	150	130	52	80	20	31	68	942	7,068	13.3
2019-2020	300	129	137	54	75	20	36	82	833	6,917	12.0
2018-2019	340	167	121	57	72	16	40	80	893	6,753	13.2
2017-2018	286	146	135	58	64	14	25	55	783	6,664	11.7
2016-2017	269	118	134	55	55	16	25	60	732	6,521	11.2
2015-2016	283	96	143	42	62	12	24	63	725	6,373	11.4
2014-2015	259	88	152	30	38	15	21	58	661	6,281	10.5
10 year average %	38.1%	16.4%	16.1%	6.5%	7.4%	2.3%	3.3%	9.8%	total: 8,600		



Civil Litigation consistently accounts for the most reported claims, accounting for 38.1% of claims in the last 10 policy years.



The overall increase in reported claims throughout the last 10 years appears to correlate with ALIA encouraging Subscribers to report any “potential claims,” and this chart shows that there is a rising trend in claims closed with zero payment.

Chart contains data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.

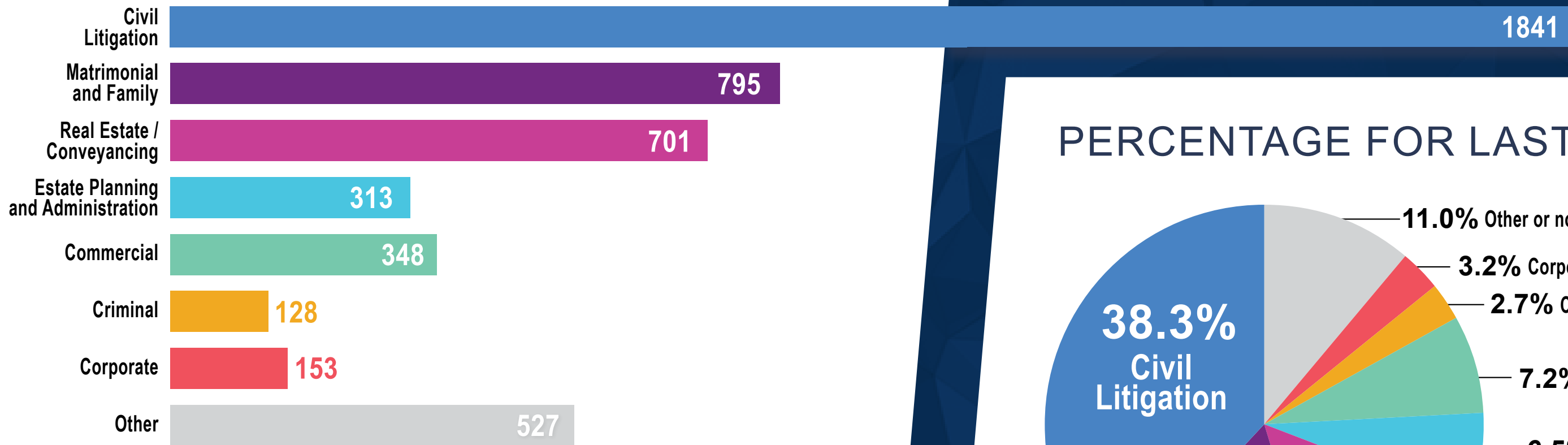
HISTORICAL CLAIMS DISTRIBUTION

BY AREA OF LAW

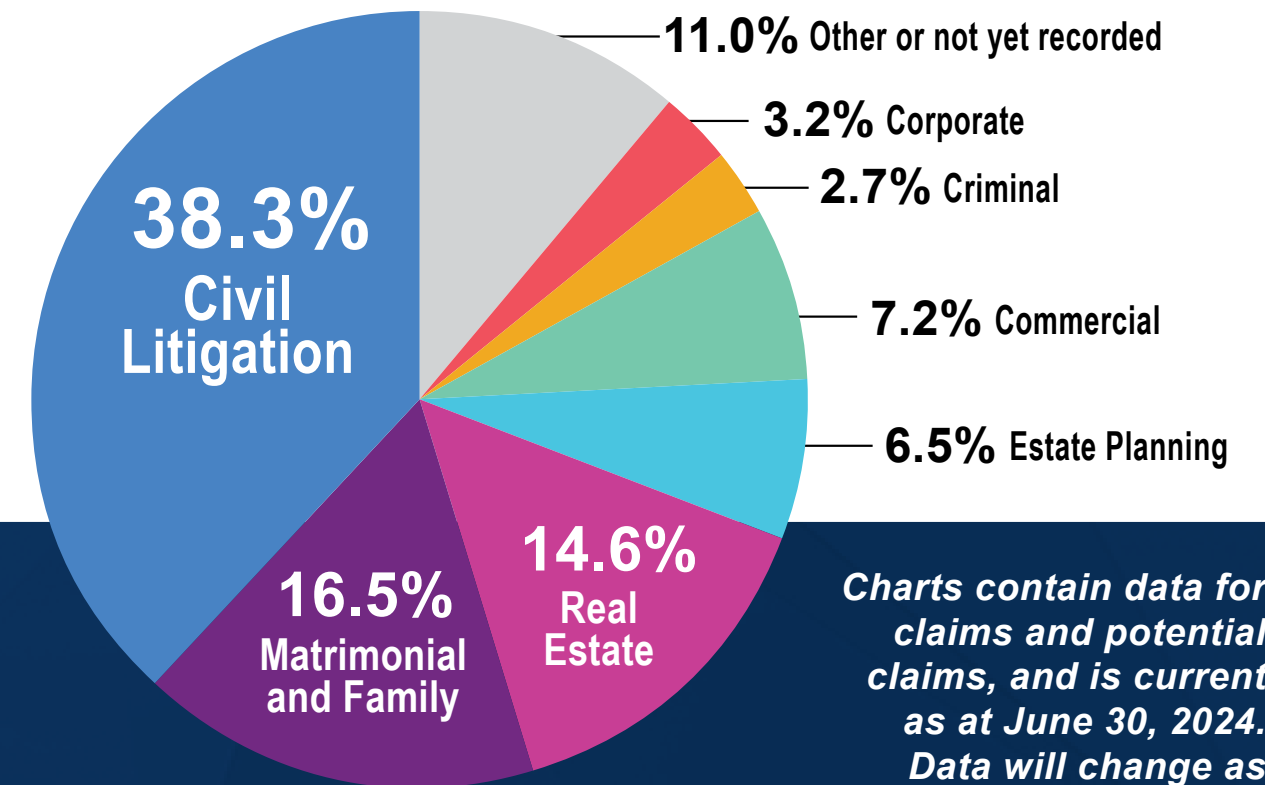
JULY 1, 2019 - JUNE 30, 2024



REPORTED CLAIMS FOR LAST 5 YEARS



PERCENTAGE FOR LAST 5 YEARS



Charts contain data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.



Because a large number of claims from the most recent policy year remain open, analyzing 5 or 10 years of reported claims can offer a more accurate representation of trends. As more claims mature, ALIA is likely to see 2023-2024 numbers for Civil Litigation rise closer to the 38.3% seen in the 5-year average.

INCURRED DAMAGES AND DEFENCE COSTS (5 YEARS): **\$81,833,266**

BY AREA OF LAW

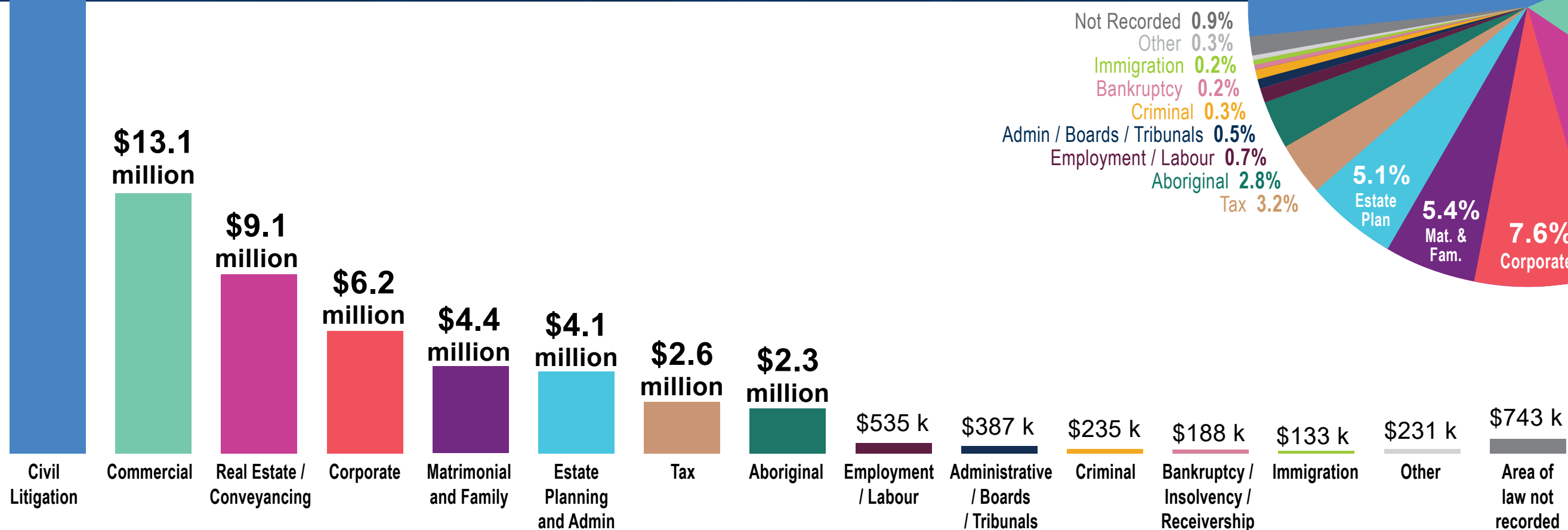
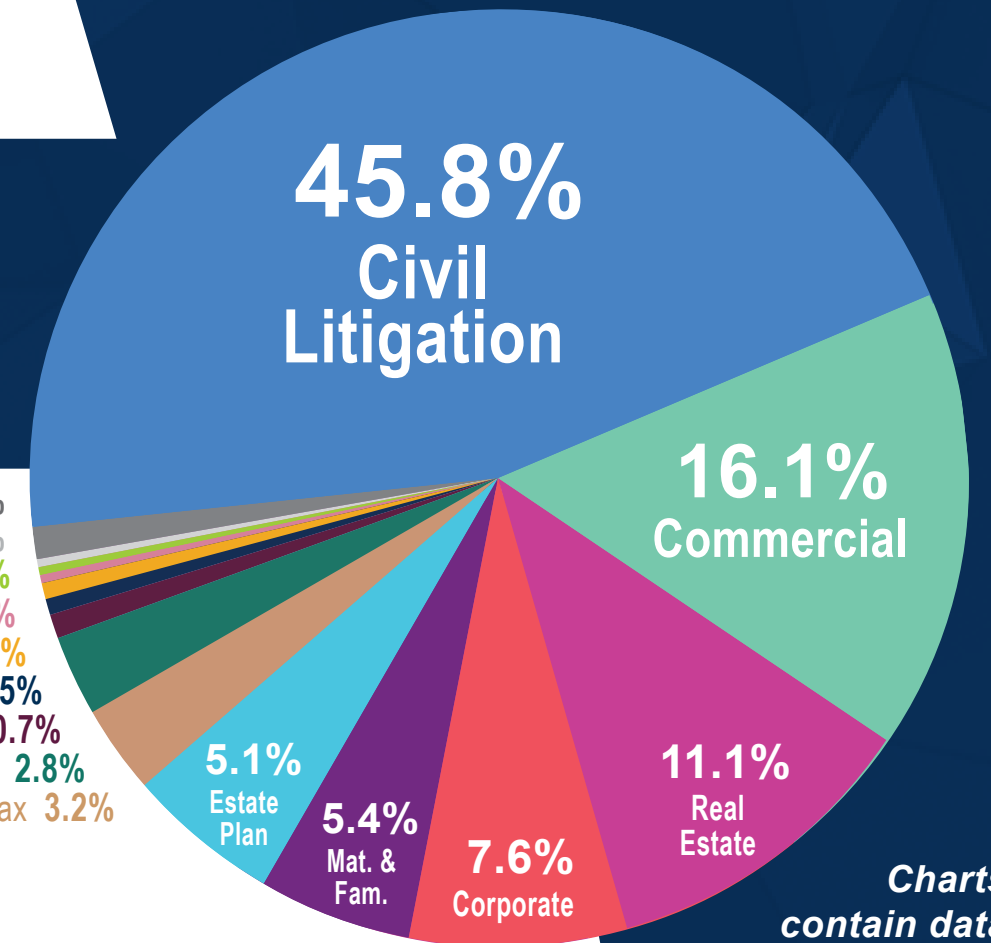
JULY 1, 2019 - JUNE 30, 2024



\$37.5 million

INCURRED COSTS BY AREA OF LAW

5 Year Average	Civil Litigation	Matrimonial and Family	Real Estate	Estate Planning	Commercial	Corporate	Criminal
% of total reported claims	38.3%	16.5%	14.6%	6.5%	7.2%	3.2%	2.7%
% of incurred damages and costs	45.8%	5.4%	11.1%	5.1%	16.1%	7.6%	0.3%

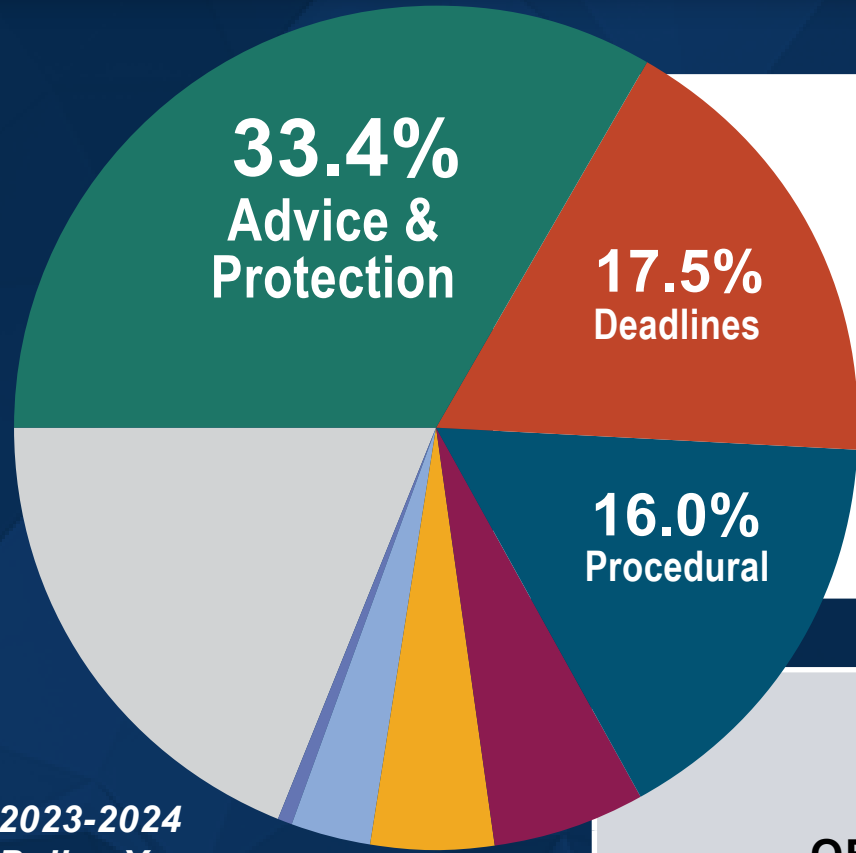


Charts contain data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.

REPORTED CLAIMS ERRORS COMPARED TO HISTORICAL TRENDS

BY TYPE OF ERROR

5 YEARS
JULY 1, 2019 - JUNE 30, 2024



2023-2024 Policy Year, as at June 30, 2024.

Table data is current as at June 30, 2024, and will change as more claims are resolved. A column highlighting costs for the 2023-2024 policy year was not included because a large number of claims from this year are still in progress and the data will likely change significantly over the next policy year.

TYPE OF ERROR

While deadline errors represent about 22% of claims over the last five years, the cost of those claims has been significantly higher—about 32% of damages and defence costs.

Since 2017, ALIA has noticed an increase in claims triggered by dismissal for delay under Rule 4.31 and Rule 4.33. To help Subscribers avoid these errors, [ALIA shared information and resources](#) to help track deadlines.



TYPE OF ERROR	THIS POLICY YEAR (July 1, 2023 – June 30, 2024)		LAST 5 YEARS (July 1, 2019 – June 30, 2024)			
	Claims count by error: 1,066	Percentage of reported claims	Claims count by error: 4,806	Percentage of reported claims	Damages and defence costs: \$81,933,265.89	Percent of damages and defence costs
Advice & Protection	356	33.4%	1,915	39.8%	\$39,938,449.74	48.7%
Deadlines	187	17.5%	1,043	21.7%	\$26,445,716.74	32.3%
Procedural	171	16.0%	886	18.4%	\$9,173,413.99	11.2%
No Fault of the Lawyer	62	5.8%	288	6.0%	\$711,513.06	0.9%
Real Estate Only	53	5.0%	230	4.8%	\$1,841,675.20	2.2%
Trust Conditions or Undertaking	32	3.0%	135	2.8%	\$2,035,540.84	2.5%
Defamation	5	0.5%	27	0.6%	\$149,868.70	0.2%
Other error or not on file	200	18.8%	282	5.9%	\$1,637,087.62	2.0%

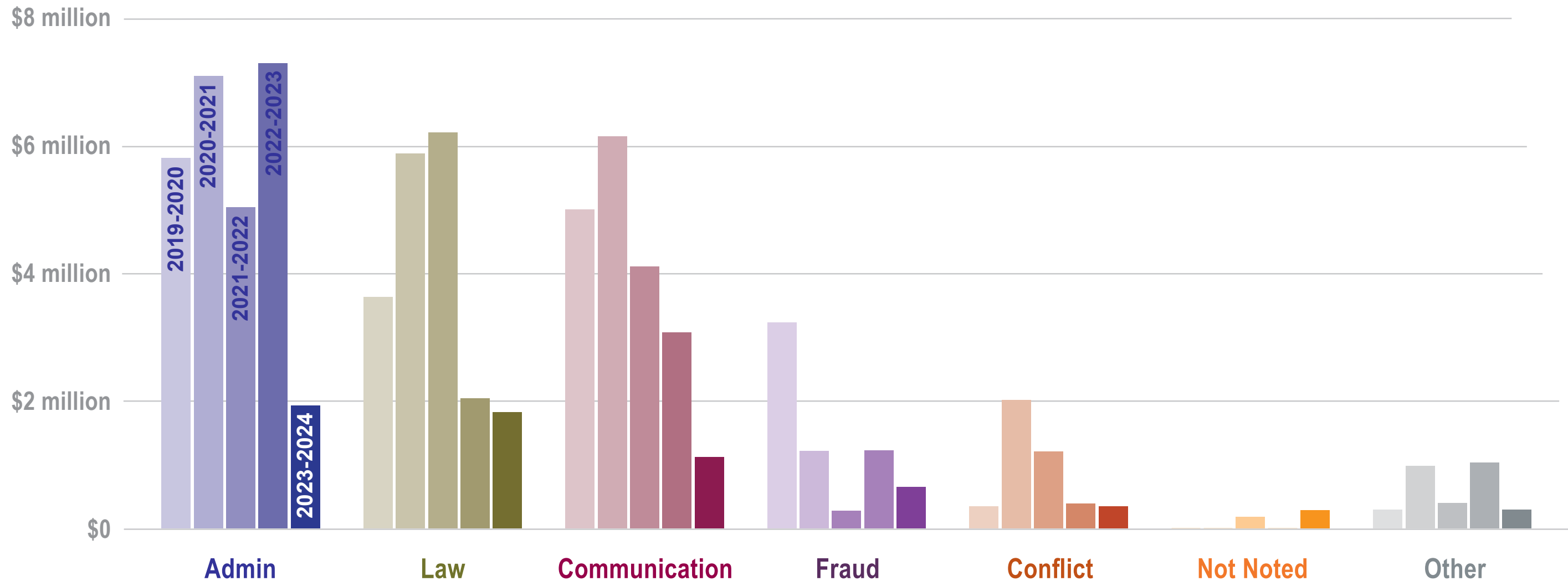
**REPORTED CLAIMS
ERRORS COMPARED TO
HISTORICAL TRENDS**

**BY CAUSE
OF LOSS**

5 YEARS
**JULY 1, 2019 -
JUNE 30, 2024**



CAUSE OF LOSS



MISAPPROPRIATION OVERVIEW

JULY 1, 2023 -
JUNE 30, 2024



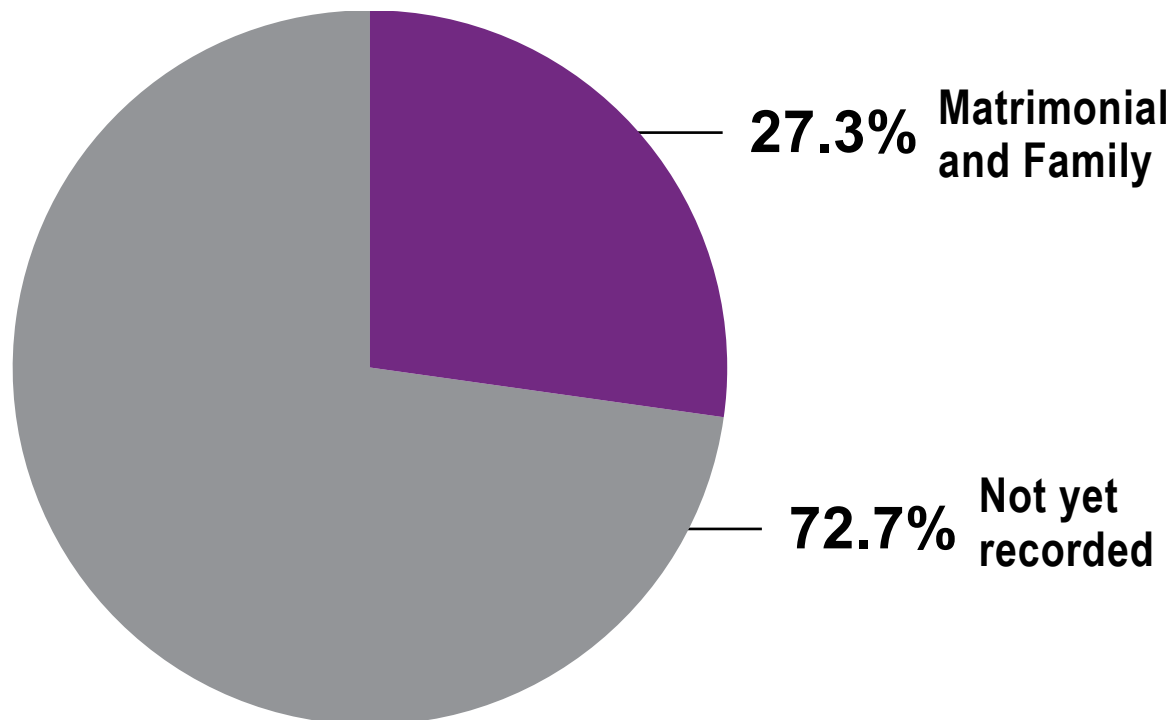
NUMBER OF CLAIMS THIS YEAR

11

NUMBER OF SUBSCRIBERS WITH CLAIMS

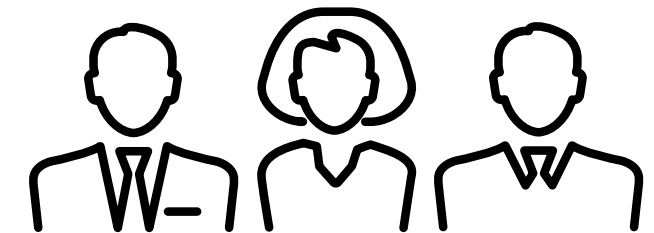
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CLAIMS BY AREA OF LAW



NUMBER OF CLAIMS SINCE INCEPTION IN 2014

323



TOTAL PAID TO VICTIMS SINCE INCEPTION IN 2014



\$3,062,208.95

Chart contains data for claims and potential claims, and is current as at June 30, 2024. Data will change as more claims mature.

FINANCIAL HIGHLIGHTS

AS AT
JUNE 30, 2024

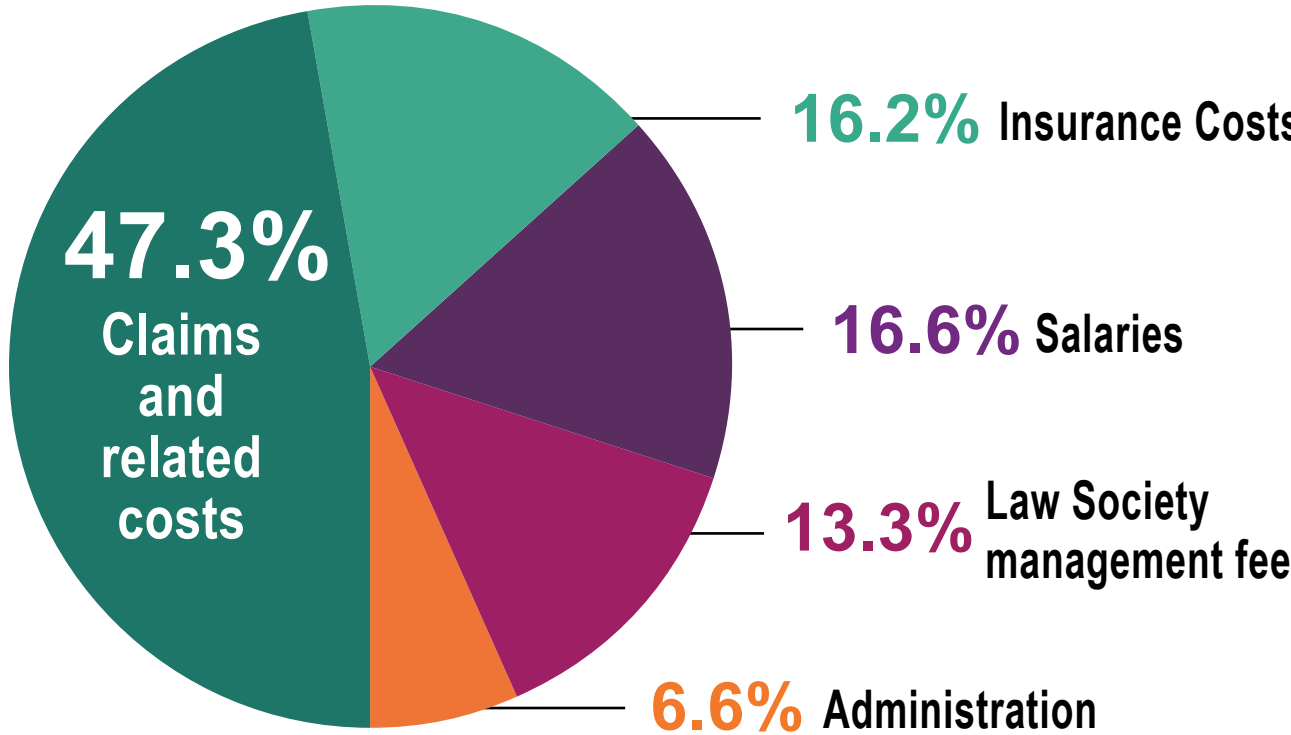


REVENUE

Professional Liability (Part A)	\$23,096,564
Misappropriation Indemnity (Part B)	\$1,600,655
Cyber Coverage	\$1,044,498
Civil Litigation Filing Levy	\$2,206,800
Investment Income	\$6,954,520
Voluntary Excess Insurance Admin Fee	\$71

EXPENSES

As ALIA is non-profit, all revenue collected goes to its capital management, including reducing base levies, or for operations as set out below.



2023-2024 FINANCIAL REPORT

The ALIA financial statements and budgets are approved each year by the ALIA Board. To view the 2023-2024 Financial Report in its entirety, [click here](#).

SATISFACTION RATING FROM SUBSCRIBERS

99%

JULY 1, 2023 - JUNE 30, 2024



POST-CLAIM FEEDBACK

ALIA surveys Subscribers when their claim has been resolved and their file is being closed. Having a claim can be stressful for a Subscriber and ALIA aims to ensure that its claims management practices help make the process as stress-free as possible.

Feedback provided via surveys is used to help ALIA continually improve its claims management procedures. This is a selection of the comments Subscribers wrote about their experience with ALIA Claims Counsel.

“WHAT DID YOU MOST APPRECIATE ABOUT THE SERVICE ALIA PROVIDED TO YOU?”



Counsel was as professional as can be and she was very calming. This was a new experience for me, and she couldn't have been more helpful and reassuring.”



Timely, concise and practical advice. We are very fortunate to have such high quality assistance when dealing with claims against ourselves. Thank you.”



It was prompt, thorough, and successful. The complaints of the clients were unwarranted, but did not look good on paper. Counsel did not judge me or question my work. They handled it perfectly.”



Timeliness of responses and thoroughness of understanding of the issue creating the claim. This was my first experience with ALIA. I felt supported and reassured by my claims counsel, which I am very appreciative for during a stressful period in my career.”



I was advised of progress throughout, I was advised of what we were doing and why. I felt totally “in the loop”. This matter, which was upsetting to me, was handled professionally throughout. I could not have asked for more.”

LOSS PREVENTION INITIATIVE HIGHLIGHTS



RISK MANAGEMENT SERVICES

ALIA delivers various risk management services to prevent losses wherever possible and diminish the frequency and severity of losses that do occur. These services include a combination of targeted and general education support and assistance for Subscribers, trust account audits, mentors, practice advisors, providing resources to “at-risk” Subscribers, and financial disincentives for behaviour that tends to increase the risk of loss.



SAMPLE ALIA OUTREACH INITIATIVES

September 12, 2023: ALIA presented to the Canadian Bar Association’s Wills and Estates South Subsection regarding coverage under the Group Policy and the types of claims we see arising in the area of wills and estates law. The presentation was attended by approximately 40 participants. The organizer commented that the presentation was informative and eye-opening.

October 21, 2023: ALIA presented at the Legal Education Society of Alberta’s Real Estate Conference in Kananaskis, providing an overview of the most common claims / observed risk areas with respect to real estate lawyers, an overview of the Group Policy and what is covered, and what to expect when a claim is reported to ALIA. An estimated 130 participants attended ALIA’s presentation.

March 21, 2024: ALIA presented to a group comprised of members of the Nigerian Lawyers Calgary and the Canadian Association of Black Lawyers, providing an overview of the ALIA program and the coverage offered under the Group Policy.

There were approximately 90 attendees and feedback was very positive, with mention that an annual presentation would be valuable.

April 18, 2024: ALIA held its annual claims counsel meeting at the Glencoe Club. Approximately 90 of ALIA’s external counsel attended the in-person meeting, many of whom were new members that were recently added to the ALIA’s approved list. This meeting provided an opportunity for new external counsel and ALIA’s Claims Counsel to meet in person, fostering relationships that are important to the effective management of claims.

The agenda included presentations on topics such as: developments in the application of Rule 4.31, the impact of a recent Court of appeal decision on the calculation of limitation periods, ALIA’s handling of claims involving multiple Subscribers, and overall claims trends. Counsel were invited to engage in small-group discussions regarding trends and any other topics of relevance. The overall feedback was positive and confirmed that these meetings are valuable to the improvement of the ALIA program.



ALIA BOARD OF DIRECTORS 2023-2024

Don Cranston, K.C., Chair
Larry Ohlhauser, M.D., Vice-Chair
Dale Spackman, K.C., Secretary
Diane Brickner, Director
Charlene Butler, Director
Zoe Harrison, Director
Melanie Litoski, Director
Elizabeth Osler, K.C., Director
Michael Thompson, Director
Salimah Walji-Shivji, K.C., Director

ALIA MANAGEMENT

David Weyant, K.C., President and Chief Executive Officer
Nadine Meade, CPA, CGA, Chief Financial Officer
John Eamon, K.C., General Counsel and Senior Manager, Risk
Anna Lerch, Senior Manager, Operations

PROFESSIONAL ADVISORS

Broker – Aon Reed Stenhouse Inc.
Program Investment Manager – Mawer Investment Management Ltd.
Actuary – Nicholas Beaudoin, Towers Watson Canada Inc.
Auditor – PricewaterhouseCoopers LLP