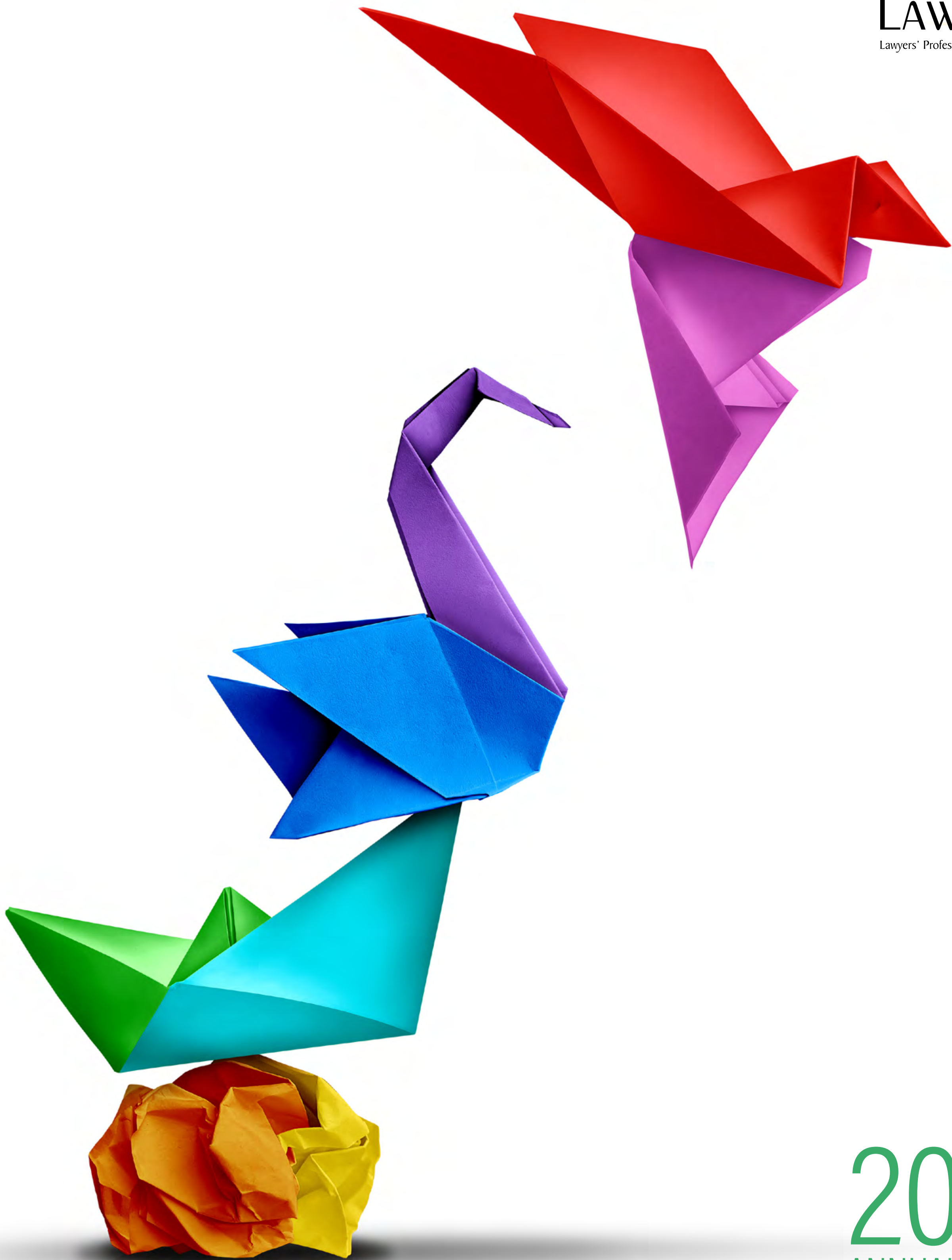
LawPRO®
Lawyers' Professional Indemnity Company



2023 ANNUAL REPORT

TRANSFORMATION

Our mission:

To be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession.

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ABOUT US

Primary insurance coverage program

All lawyers in private practice in Ontario purchase primary professional liability insurance with a $1 million per claim, $2 million annual aggregate coverage from LAWPRO.

Affordability

Price fairness is maintained by allocating premiums and levies based on practice area and apportioning higher costs to riskier activities.

Protecting lawyers and the public

Mandatory insurance coverage for all lawyers from one provider means that every lawyer is guaranteed to be insured with minimum coverages and limits to protect lawyers and the public. In a competitive market environment, insurers would have the right to turn down lawyers resulting in some clients being at risk unfairly and unexpectedly.

Accountable and regulated

Incorporated by the Law Society of Ontario, in response to the insurance crisis of 1994, LAWPRO operates independently with its own management and board of directors in a commercially viable and responsible manner in accordance with the regulations of the Ontario Insurance Act, the Ontario Corporations Act, and other applicable legislation and regulators.

Discounts and special coverages

Lawyers have options to lower their insurance costs including:

- New lawyers: 20 – 50% discount
- Part-Time Practice: 50% discount
- Criminal or Immigration law: 50% discount
- Designated Agencies including Civil Society Organizations: 75% discount
- LAWPRO approved pro bono programs: lawyers can remain on Run-off coverage while providing legal services to the public
- Risk Management Credit: Up to $100 credit applied for completion of approved educational programs

Excess insurance program

LAWPRO's Excess Insurance offers limits up to $9 million above the primary policy. Over 1,700 firms representing more than 4,000 lawyers are currently insured with LAWPRO's Excess program. It is designed to meet the needs of small and mediumsized firms of fewer than 50 lawyers.

TitlePLUS title insurance

Title insurance provides coverage for title-related risks associated with real estate transactions. It is designed to cover issues that a lawyer could have uncovered doing searches (saving homeowners the cost of those searches) as well as the lawyer's own legal services on the transaction and future risks like fraud or encroachments. Title insurance moves the risk associated with title to the title insurer, away from the homebuyer, the lending institution, or the lawyer. This program is built around lawyers being central to real estate transactions and keeping prices and coverages competitive.

practicePRO program

practicePRO is LAWPRO'S risk management program, developed to help lawyers practise successfully and minimize the risk of claims. Free resources include:

- LAWPRO Magazine: articles about the law, insurance and current hot topics in the legal profession
- Tips and insights into practice issues including real-time warnings on active frauds targeting lawyers
- Precedents, checklists, and videos to help lawyers succeed in their day-to-day business
- Claims fact sheets that describe common scenarios that lead to claims and practical steps that can be taken to lessen the risk of a claim

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

Andrew J. Spurgeon
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

Daniel E. Pinnington
President & CEO

TRANSFORMATION

Evolving to meet tomorrow's challenges

The world has gone through many changes in the past few years. From COVID, to inflationary pressures; from remote workplaces, to the rise of generative AI; revolutionary change happens seemingly overnight. In 2023, LAWPRO took steps towards building the tools, systems, and data we will use to meet these revolutionary changes in our world.

Last year, our biggest step involved migrating to a new cloud-based policy administration and claims management platform, along with a refreshed My LAWPRO portal. This a new platform that will allow improved customer support, file management, and data analysis. This changeover was years in the making and its impact cannot be understated. While some elements of the changeover continue, we are pleased that the first stage of this substantial task was successfully completed in 2023—thanks not only to the superlative efforts of LAWPRO staff, but also the patience and understanding of our insureds during this changeover.

But software upgrades were far from the only evolutions we saw in 2023. From new threats of fraud, new trends in claims data, new Financial Reporting Standards (IFRS 17), and new court processes, LAWPRO was at the forefront of change with a view to the future.

Protecting insureds from a growing number of E&O claims

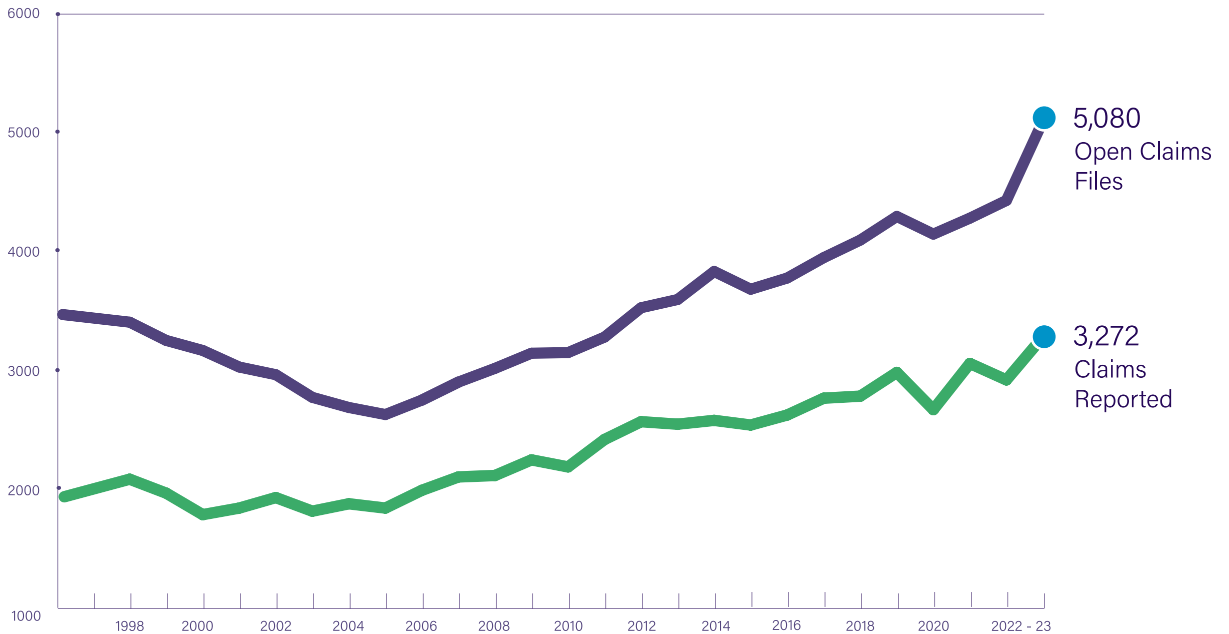
LAWPRO saw 3,272 claims in 2023, a dramatic increase from the 2,910 claims seen in 2022 and a new high, surpassing the 3,048 claims in 2021 and the pre-pandemic high of 2,973 claims we saw in 2019. It appears that the see-saw nature of claims numbers over the past three years has been in response to pandemic-related closures and consequent reopening of both businesses and courts. Regardless, it's clear that any short-term drop in claims last year was transitive, and we must prepare for a growing number of claims in the future.

To go with this increase in claims, the total cost of the 2023 professional liability program increased by approximately 10% in 2023. This was partially due to an increase in the rates paid to outside claims counsel to meet inflationary pressures. However, even accounting for these rate increases, indemnity payments are still on the rise.

Notably, the number of high-value claims (in the $750,001 to $1 million range) was substantially higher last year. There was a 92% increase in the cost of large file settlements in 2023 compared with 2022 ($11.6 million in settlements compared to $6.1 million in 2022), and an 86% increase in the *number* of settlements, with 13 large file settlements in 2023, compared with 7 in 2022.

Number of claims reported and open claims

Total number of open claims at Dec. 31, 2023

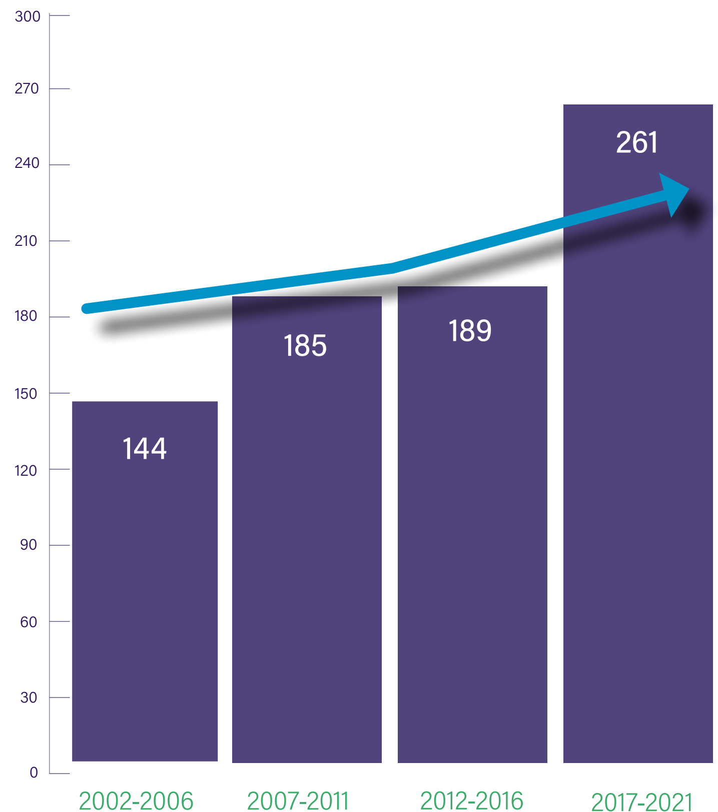


LAWPRO's response to this increase is threefold: First, LAWPRO has hired additional claims counsel to respond to these new claims in a timely and effective manner. Second, LAWPRO is taking steps to reduce the number of incoming claims. LAWPRO does this through coordinated strategies to educate the profession on current claims trends and threats such as fraud. Although fraud is not the highest frequency claim, it is one of the costliest areas of claims. The best defence is always avoiding a potential claim from the beginning.

Third, LAWPRO has updated the primary policy to respond to the increasing risk of fraud by way of social engineering. In general terms, social engineering is a fraud that is perpetrated by deceiving a target into revealing information or taking action for illegitimate reasons. It is often associated with phishing or email impersonation and can lead to incorrectly wiring funds or transferring property.

Average number of claims

with a value greater than $100,000



Beginning in 2024, Ontario lawyers must take steps to protect their firm and their clients from Social Engineering to maintain a $1 million limit for these claims. These steps include establishing instructions for the transfer of funds at the outset of the retainer and confirming any changes to these instructions by telephone call or in-person. For more information, please see our Social Engineering Toolkit.

These policy changes targeting Social Engineering are intended to both inform the profession of the risks they face, as well as encourage behaviour to help avoid these frauds from being perpetuated.

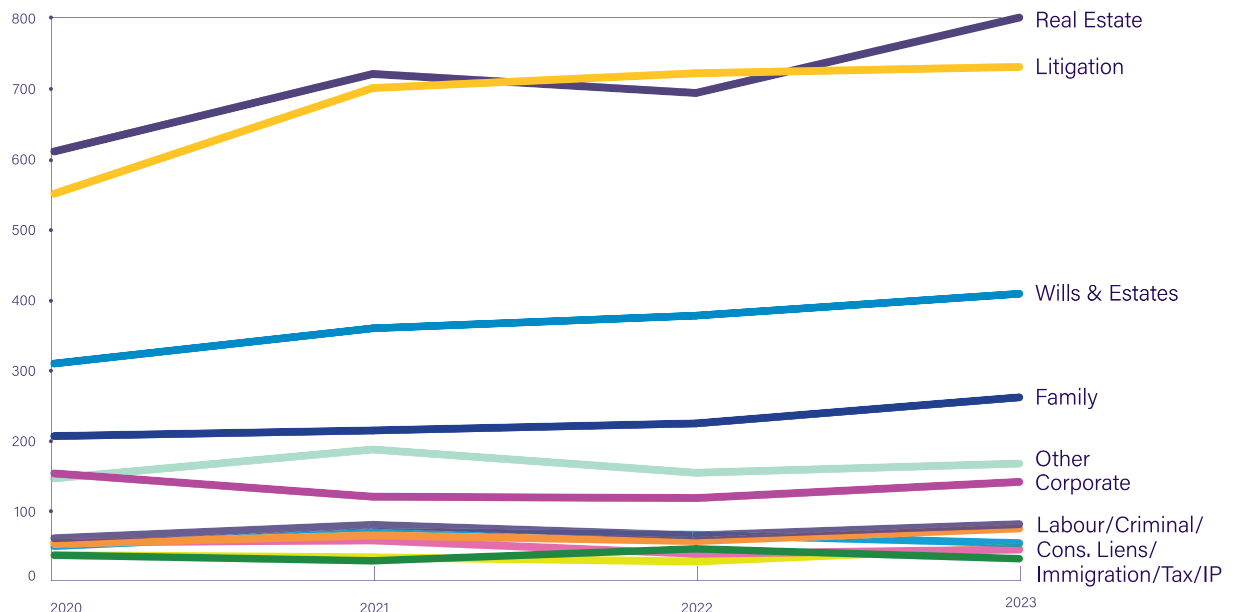
Analyzing data on the causes of claims and where they occur

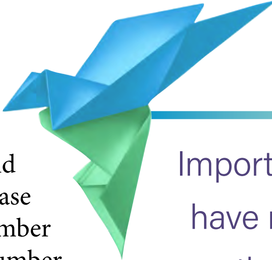
To stay abreast of current trends and to best inform the profession of malpractice threats, LAWPRO is always keeping an eye on claims statistics. By tracking changes over time, LAWPRO can respond to macro-trends and provide relevant claims prevention assistance to the profession.

In 2023, the largest percentage of reported claims continued to be related to real estate (28%) and litigation (26%). With respect to litigation, this reflects a decrease in the proportion of total claims (from 29% in 2022). However, this is due to the total number of litigation claims remaining stable year-over-year (to 729 from 719), while the total number of claims increased.

In contrast, real estate claims notably increased in 2023, to 799 from 693. While this increase in real estate claims was partially due to an increase in fraud—targeting lawyers and their clients—it is primarily a consequence of an increasingly active real estate market.

Distribution of claims by area of law





We also continue to see an increasing number of claims in wills and estates claims. 407 such claims were reported in 2023, an 8% increase from 2022. With an aging population comes an increase in the number of large estates, and as the number of large estates increases, the number of potentially litigious beneficiaries also increases. LAWPRO will continue to keep an eye on this area of law in the years to come.

Causes of loss

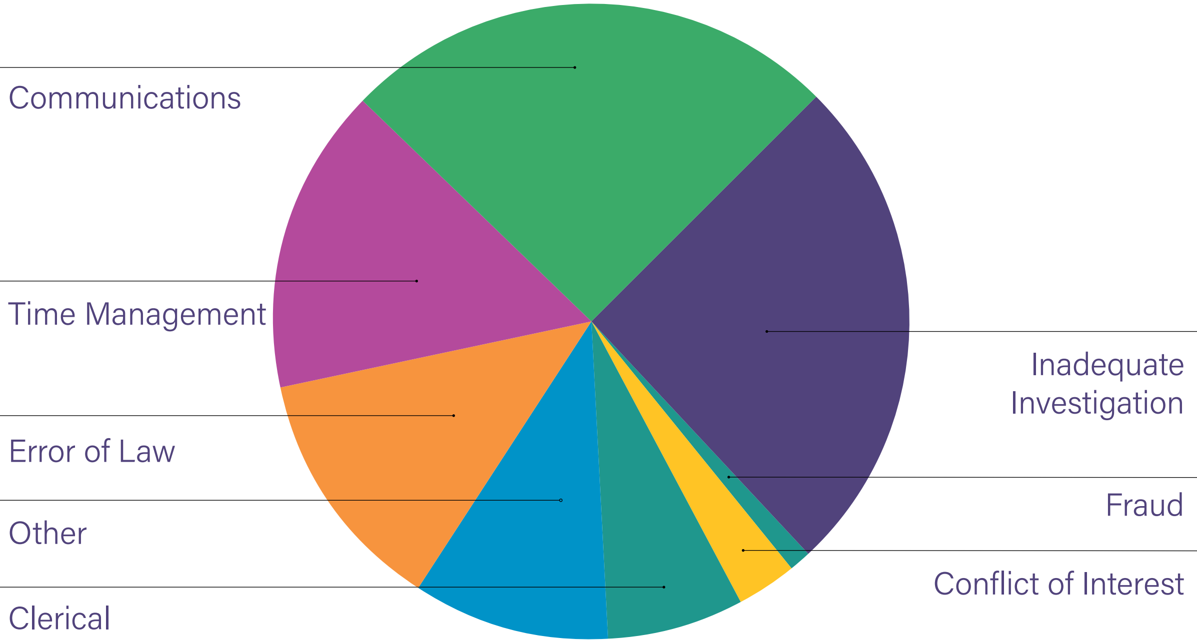
The investigation of claims can take up to a year or more after an initial report. For this reason, LAWPRO is cautious when interpreting short term fluctuations in the cause of loss data.

As in recent years, inadequate investigation, communication errors and time management mistakes caused the most claims. However, four years ago, in 2020, we saw a sharp decrease in the number of claims caused by time management and communication-related errors. This was largely due to changes brought on by the pandemic, such as the tolling of limitation periods reducing the quantity of claims brought on by missed limitation periods. The reduction in communication and time management claims in 2020 and 2021 was such that "inadequate investigation" briefly became the most common cause of claims. Inadequate investigation claims typically relate to lawyers who have not uncovered all the facts or developed a sufficient understanding of a client's matter.

Importantly, the courts have now announced that administrative dismissals will resume in May 2024. As such, we expect time management related claims to increase over the coming months, potentially reverting to pre-pandemic trend levels.

In 2023, time management claims continued to be depressed compared with pre-pandemic levels. One potential explanation for the reduced number of time management claims is the continuing pause on administrative dismissals the courts continued through 2023 (where courts will dismiss cases that haven't been set down for trial 5 years after commencement). Importantly, the courts have now announced that administrative dismissals will resume in May 2024. As such, we expect time management related claims to increase over the coming year, potentially reverting to pre-pandemic trend levels.

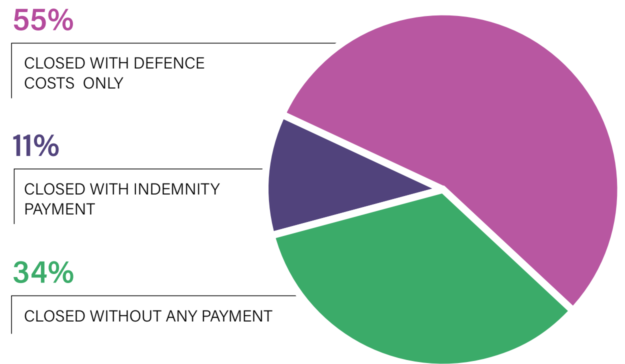
Reported claims count by cause of loss



Closing claims and giving insureds peace of mind

As a policy, LAWPRO does not pursue economic settlements and will defend insureds vigorously from false or frivolous claims. In 2023, 89% of claims files that came in were closed without any indemnity payments, whether by settlement or judgment. In fact, 34% of claims were closed without payment of any kind.

Claims by outcome



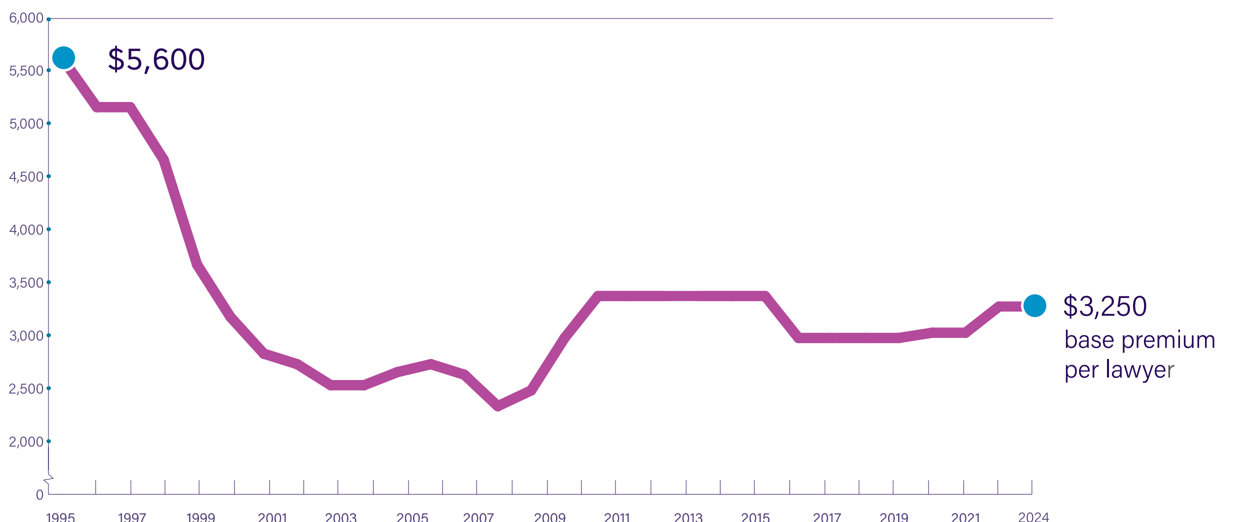
Covering more lawyers than ever before

Under the primary E&O program, LAWPRO insured over 31,000 people in 2023. Every year, the number of Ontario lawyers grows. As the number of lawyers grows, the number of claims grows. As the number of claims grows, LAWPRO must evolve and adjust to meet this challenge.

For the 2023 year, the base premium was increased to $3,250. This premium remains the same for 2024.

This premium level allowed LAWPRO to respond to inflationary pressures. Despite this increase, the annual LAWPRO premium paid by most Ontario lawyers is lower today than it was in the past – something you won't find with just about any other type of insurance. In fact, as recently as 2016, the base LAWPRO premium was $3,350 – $100 more than today.

Base premium since inception



Offering discounts to meet your needs

One of the hallmarks of the LAWPRO E&O program is its flexibility. Lawyers have several options to tailor their insurance coverage to their specific needs – often with the added benefit of reducing the actual premium payable below the base premium level. The number of lawyers availing themselves of these options continues to increase.

For new or retiring lawyers, LAWPRO offers reduced premiums to address their reduced risk profiles. New lawyers see fewer claims than those with more experience, which may be partly due to having less responsibility over various files than their senior colleagues. LAWPRO responds to the reduced risk inherent in new lawyers by providing premium discounts to those with less than four years of practice. This discount ranges from 50% of base premium (for lawyers with less than one full year in practice) to 20% of base premium (for lawyers with between three and four years in practice).

Did You Know?
If the base premium charged when LAWPRO was created were to be adjusted for inflation today, it would be $10,157.40. In other words, today's premium of $3,250 (adjusted for inflation) is approximately 68% less than what it was in 1995.

For lawyers that are retiring or leaving private practice and provide notice of such, LAWPRO offers run-off coverage of $250,000 per claim and in the aggregate, at no charge. Additional coverage options are available for lawyers who need more protection beyond that amount.

Discount	Insureds
New Lawyer Discount 20% to 50% discount for those called in the last 1-4 years	7,000 insureds
Part-Time Practice Discount 50% base premium discount for eligible lawyers	2,400 insureds
Criminal or Immigration Practice 50% base premium discount	1,800 insureds

Risk Management Credit

To encourage participation in CPD programs that include risk management content, LAWPRO offers a $50 premium credit (to a maximum of $100) for each qualifying program taken

6,673 insured and 12,000 credits

Excess insurance

Since it was established in 1997, LAWPRO's optional Excess insurance program has posted consistent annual growth in revenues and numbers of law firms (and lawyers) insured under the program. Over 1,700 firms receive their excess insurance from LAWPRO.

With consistent year-over-year growth, and a retention rate on excess business of over 90%, the program is shown to meet the needs of the small and medium-sized firms that it is designed to serve.

In fact, LAWPRO's Excess program insures almost 20% of lawyers employed in firms of 50 or fewer lawyers. Prudent underwriting and solid claims management have helped ensure that the Excess program is a successful line of business for LAWPRO.

Title insurance

The TitlePLUS product and service was completely reengineered in 2021 with new features, policy wording, pricing structure, and website. Since then, TitlePLUS has continued to adapt to the changing real estate market in Ontario. Policies such as existing home coverage help address the growing risks associated with fraud for home owners.

The new platform was developed based on feedback from legal professionals and was built to address their need for fast, convenient title insurance without sacrificing comprehensive coverage.

TitlePLUS title insurance is the only wholly Canadian-owned title insurance product in Canada. It is underwritten by LAWPRO and protects not only Canadian homeowners and lenders, but also lawyers through included legal services coverage that covers errors and omissions made by the lawyer for the entire transaction, excluding properties in Quebec and Existing Owner policies.

Working for you – Our Customer Service department

For years, the annual volume of correspondence received by the Underwriting & Customer Service department has been in the range of 20,000 to 25,000 pieces. But in the past two years this has increased to almost 30,000.

Consisting of approximately 25 team members, the department is responsible for maintaining accurate records for all insureds, policy drafting, program guides, forms, underwriting optional coverages, processing filings; and answering questions from licensees.

LAWPRO's Underwriting & Customer Service department is the point of contact for licensees seeking to renew, change or inquire about their insurance options. A new account is established soon after a lawyer is called to the Ontario bar, and existing accounts are adjusted as lawyers move their practice or move out of private practice entirely.

Correspondence received by the department is more than just coverage questions. It includes applications such as increased run-off, new applications for primary coverage, Excess applications, increased innocent party limits, exemption forms, notices about lawyers leaving and joining firms, refund requests, and many others.

LAWPRO addressed this increase in volume through the continued refinement of a cloud-based virtual call system and automated queue callbacks to better respond to customer inquiries in effective, convenient, and expedient ways. All of this was done while migrating to a new cloud-based policy administration and claims management platform. As these new tools come into place, our Customer Service department looks forward to providing more timely responses to customer inquiries and needs.

REPAIRS

When LAWPRO is quickly alerted to potential claims, we can often rectify the problem, and prevent loss and further lawsuits from arising. Our counsel know how to best address issues such as withdrawing admissions, rectification of trusts, extending the time to set a matter down for trial, and other repairable matters.

HERE ARE A FEW EXAMPLES OF CASES WHERE LAWPRO SUCCESSFULLY REPAIRED POTENTIAL LOSSES IN 2023.

Withdrawing admissions and amendment of pleadings

When is an admission not an admission? Or rather, when is an alleged withdrawal of an admission merely a clarification of a position? The difference can mean success or failure in a motion to amend pleadings.

In this case, the Plaintiff sought payment of both short term and long term disability payments from the Defendant Insurance Company, pursuant to a group insurance policy.

The Defendant Insurance Company denied liability, alleging, first, that the short term disability payments were solely the responsibility of the Plaintiff's employer, and second, that the Plaintiff was not disabled to the extent required for payment of long term disability payments.

The Defendant Insurance Company further alleged that the Plaintiff had failed to submit an application for benefits and proof of claim within the time period for doing so under the policy. Since that period had expired, the Plaintiff could no longer assert their claim.

A key point at issue was a line in the Plaintiff's pleadings that read "[the Plaintiff] did not submit an application for LTD benefits… pending resolutions of [their] STD benefit with [their] employer."

In February 2022, the Plaintiff moved to amend their Pleadings to clarify that the Defendant Insurance company was put on notice that the Plaintiff was seeking both short term and long term benefits, and this notice was provided within the required time period.

Unfortunately, the motion judge dismissed the Plaintiff's motion on the grounds that the Plaintiff was seeking to withdraw an admission and assert a new cause of action that was statute barred. The Plaintiff appealed this decision.

LAWPRO assisted the Plaintiff in successfully arguing on appeal that the motion judge erred in concluding the amendments sought to withdraw an admission.

The appeal court agreed that the Plaintiff's original pleadings admitted the Defendant Insurance Company's factual allegation that the Plaintiff did not submit an application for long term benefits. However, the original pleadings did not admit the Defendant's position that this fact had fatal consequences to the Plaintiff's claim. The proposed amendments merely confirmed and clarified the Plaintiff's original position that notice was given despite a formal application for benefits.

Therefore, the proposed amendments did not attempt to withdraw an admission, the motion judge should have allowed them to occur, and the appeal was allowed.

Drafting errors and rectification of trust deeds

Despite lawyers' best efforts, drafting errors will inevitably occur. Sometimes, these errors don't just create ambiguity in a contract or trust, but may seem to undermine the entire purpose of the trust.

In this case, the Applicants had formulated a family trust for the purpose of receiving dividends from a family operating company and distributing said proceeds to a Corporate Beneficiary holding company. In order to avoid application of the "Attribution Rule" (s. 75(2) of the Income Tax Act), the trust was drafted with the intention that the Corporate Beneficiary would not be entitled to any income or capital that was derived from itself.

Unfortunately, the trust deed contained a drafting error, whereby the Corporate Beneficiary was, in fact, barred from receiving any income or capital derived from itself as well as the family operating company. This was in direct contravention to the purpose of the trust.

This error was not discovered until many years later, when the CRA reassessed the trust on the basis that the trust deeds prohibited distribution of dividends received from the family operating company to the Corporate Beneficiary.

Although the CRA did not oppose rectification of the trust documents to comply with their original intent, the CRA required a court order to avoid negative tax consequences.

The Applicants therefore sought a rectification order from the courts, correcting the drafting error.

LAWPRO successfully assisted the Applicants in obtaining a court order for rectification. The court agreed that, while rectification will not be granted to implement retroactive tax planning or to avoid unintended negative tax consequences, rectification is appropriate when correcting documents that erroneously fail to accurately record the original agreement.

In this case, the evidence was clear that the parties originally agreed to allow the Corporate Beneficiary to receive dividends from the family operating company. As such, rectification was an appropriate remedy.

A series of unfortunate errors: Avoiding administrative dismissals

Bad things come in threes—including, it seems, inadvertent errors by a lawyer.

In this case, a negligence action regarding the assessment and remediation of property contamination was issued in February 2017, with the statement of defence and a crossclaim delivered in September 2017.

After the delivery of pleadings, Plaintiff's counsel proceeded to retain an environmental consultant to review and discuss materials necessary to proceed with the claim and prepare documents. Plaintiff's counsel also began retaining and preparing experts with respect to the claim in early 2018. Document collection and preparation of experts continued through 2020, when the COVID pandemic delayed preparation for some time.

As the claim was originally filed in 2017 the deadline for setting a trial date, and thereby avoiding an administrative dismissal, was mid-September 2022 (incorporating the tolling of limitation periods in 2020 due to the pandemic). Unfortunately, Plaintiff's counsel inadvertently set their calendar reminder for the 5-year administrative dismissal deadline for September 2023—one year late.

Plaintiff's counsel realized this error on March 7, 2022. At that time, Plaintiff's counsel attempted to email opposing counsel to discuss a timeline to proceed expeditiously, compile affidavits, and finalize expert reports. Unfortunately, Plaintiff's counsel erroneously sent these communications to the wrong email address.

On July 20, Plaintiff's counsel discovered and rectified the erroneous email address and sought Defence counsel's consent to a timetable order. A few weeks later, on August 7, Plaintiff's counsel served the Plaintiff's motion record seeking a timetable order by motion hearing. Shortly after that, on August 12, Defence counsel informed Plaintiff's counsel that the Defence would oppose the Plaintiff's motion for a timetable to continue the action.

Unfortunately, an inadvertent error struck again as Plaintiff's counsel was informed on September 6 that the Plaintiff's motion record was not filed due to a technical issue with the forms. At that time, Plaintiff's counsel reported the matter to LAWPRO, which assumed carriage of the motion.

LAWPRO's counsel then requisitioned a motion date before an associate justice to extend the time to set the action down for trial and set a timetable for completion of the remaining steps.

LAWPRO assisted the Plaintiff's counsel in extending the deadline for setting a trial date. The court agreed that the Plaintiff provided an acceptable explanation for the delay. Steps had been taken throughout the previous five years to advance the claim, and Plaintiff's failure to set a date for trial, or schedule a hearing to extend the time period before the deadline, was due to inadvertent errors on the part of counsel.

Since the Defendant would not suffer any non-compensable prejudice by extending the time, the motion was granted.

The continuing story of the rule in Handley and Aecon

In this case, the Plaintiff construction company was retained to do work on four properties owned by three related Defendants. With one of the Defendants ("Defendant One"), the Plaintiff held a joint venture agreement granting the Plaintiff an interest in one of the properties in exchange for financing.

The Plaintiff later alleged non-payment and breach of trust for work done on the various properties. The Plaintiff then registered liens and had statements of claim issued for three of the properties in 2020.

In late 2021, the Plaintiff was paid the full amounts owing on one of the projects by Defendant One. Shortly thereafter, the Plaintiff agreed to discharge the lien on one of the properties so that Defendant One could sell it to an arm's-length purchaser.

The Remaining Defendants (other than Defendant One) then brought a motion to dismiss the action as an abuse of process. The Remaining Defendants alleged that the Plaintiff and Defendant One had entered into at least six agreements that entirely altered the litigation landscape and were not immediately disclosed. This was alleged to be in breach of the rule in Handley and other similar cases.

The Plaintiff took the position that the alleged "agreements" between the Plaintiff and Defendant One did not "entirely alter the litigation landscape" as contemplated by the rule, and therefore were not grounds for dismissal regardless of any lack of disclosure.

LAWPRO assisted the Plaintiff in successfully opposing the motion for dismissal. Of the "six agreements" that allegedly should have been immediately disclosed, one (the joint venture agreement) pre-dated the litigation and therefore could not be seen as altering the landscape.

Of the remaining agreements, the court accepted that the "landscape of the litigation" was not entirely altered and was instead only minimally altered. A portion of the claim was resolved as between the Plaintiff and Defendant One; however, there was no evidence that Defendant One had otherwise altered its position and was now co-operating with the Plaintiff.

The motion was therefore dismissed.

Where to sign? Obtaining declarations that a will is valid

This matter involved an unopposed application for a declaration and order that a will met the formalities of execution set out in the Succession Law Form Act.

The testator signed their will in May 2020. The testator's lawyer arranged to have the will delivered to the testator along with written instructions on how it should be signed and witnessed.

The will was then signed by the testator in the presence of two neighbours. The neighbours then initialed or signed every page of the will themselves, except the last page. The will was then returned to the testator's lawyer.

After the testator's death, their lawyer realized that the neighbours failed to sign the final page of the will. The estate then sought a declaration that the will was valid, despite this lack of witness signatures on the final page.

LAWPRO assisted the estate in obtaining an order that the will was formally valid. The court agreed that the provisions of the Succession Law Reform Act do not require the witnesses to sign or initial every page and does not specifically require a signature on the final page of the will, so long as the witnesses otherwise "subscribe" the will in the presence of the testator.

The signatures and initials of the witnesses on all but the final page met this requirement, and the order was therefore granted.

Small fixes now prevent big problems later

Immediately notifying LAWPRO of potential errors or omissions means steps can be taken to resolve the situation before it develops into a malpractice claim. If you make an error or believe you could be accused of making an error down the road, don't try to resolve the problem on your own. A call to LAWPRO means we can provide expedient and experienced advice and assistance.

DEFENDING lawyers in court

Despite any attempts to resolve claims without litigation, sometimes court is inevitable. Every year, LAWPRO steps in to defend licensees from unwarranted lawsuits and accusations.

BELOW ARE A FEW EXAMPLES OF DEFENCES SUCCESSFULLY ADVANCED BY LAWPRO IN 2023 ON BEHALF OF INSUREDS.

Sale of business and contract dispute – Alleged failure to flag contractual ambiguity

When selling a business, the negotiation of key terms will often be done with the direct involvement of lawyers on both sides of the transaction. However, some business owners take it upon themselves to not only lead, review, and approve key elements in principle, but propose and negotiate the language used in documents. When those key elements include language that will govern the valuation of the business, the lawyer may be left out of the loop.

In this case, the Plaintiff was a successful business owner that was also qualified as a chartered professional accountant and had substantial experience in the business world. The Plaintiff was selling the business to retire and had found a willing purchaser.

While the Plaintiff's lawyer had been made aware of the plan to sell the business, the Plaintiff had taken it upon themselves to conduct the negotiations themselves. These negotiations took place over many weeks and multiple draft agreements. A key point of contention was the method of valuation of the business.

Only near the end of negotiations did the Plaintiff send draft language to their lawyer for review. The lawyer suggested that the Plaintiff should ensure they understood the definitions used throughout the contract, particularly with respect to the valuation provisions. The lawyer advised the Plaintiff to consult an accountant to ensure there was no misunderstanding.

The Plaintiff did not, in fact, consult an accountant, and did not inform their lawyer that they were not planning to do so. The agreement was signed, and subsequently a dispute arose over the interpretation of the valuation provisions. Specifically, two provisions of the contract appeared to be in conflict.

The parties took the dispute to arbitration, and the arbitrator found in favor of the purchaser's interpretation of the agreement, a conclusion that reduced the purchase price by approximately $1 million. The Plaintiff thereafter sued their lawyer for negligent legal advice with respect to the contract.

LAWRO successfully assisted the Lawyer in rebutting the Plaintiff's allegations of negligent legal advice. The Lawyer had not negotiated the agreement, and when presented with the draft agreement for review, had advised the Plaintiff to consult an accountant regarding the very provisions that were later disputed. The lawyer had reasonably satisfied their duties to their client and the Plaintiff's misunderstanding with respect to the valuation provisions was of their own doing.

Employment law – Alleged failure to advise client about tax implications of termination provisions

Tax advice should be left to the experts. Unfortunately, most complex transactions have even more complex tax implications, requiring the application of such expertise. Generally, if a lawyer is not retained to give tax advice, and the lawyer is not confident in their abilities to give such advice, the client should be advised to speak with a tax lawyer or accountant regarding the tax implications of any course of action. This advice should be properly documented and retained in the lawyer's file.

In this case, the Plaintiff had previously obtained a demand loan from their employer in 2012 in the amount of $125,000. In 2016, the Plaintiff was terminated from their position with the employer. As part of the termination, the employer agreed to forgive the loan in exchange for the Plaintiff's acceptance of a Release and Indemnity Agreement regarding the termination.

The Plaintiff met with their lawyer ("Defendant Lawyer") regarding the termination and Release and Indemnity Agreement. The Defendant Lawyer practiced in multiple areas, including some wrongful dismissals, but did not practice tax law.

Unfortunately, no written retainer was created, and the Defendant Lawyer did not take contemporaneous notes regarding the meeting with the Plaintiff. The Defendant Lawyer recalled that they informed the Plaintiff that the forgiveness of the Demand Loan was a taxable benefit. The Plaintiff acknowledged this and, according to the Defendant Lawyer, was primarily concerned with whether they could be obligated to repay the demand loan in the future.

In 2017, the Plaintiff was assessed by the CRA for approximately $70,000 in unpaid taxes flowing from the debt forgiveness. The Plaintiff then sued the Defendant Lawyer for negligent tax advice, claiming that they would not have accepted the Release and Indemnity Agreement if they had known of the tax consequences.

According to the Plaintiff, they had met with the Defendant Lawyer to seek advice specifically pertaining to the agreement's tax implications, and the Defendant Lawyer had failed to properly explain those implications to the Plaintiff.

LAWPRO successfully assisted the Defendant Lawyer in contesting the Plaintiff's account of their meeting. While documentary evidence is always of benefit when defending malpractice claims, in this case, the Plaintiff's evasive responses to questions and illogical narrative led the court to accept the Defendant Lawyer's version of events. The court consequently found that the Defendant Lawyer met their duties by properly answering the client's questions regarding the enforceability of the debt forgiveness and alerting the client to the potential tax implications.

Real estate law – Alleged improper registration of caution on property

It is well established that lawyers have a duty of care toward their client. Their professional obligations towards third parties, or the opposing side in a dispute, are less obvious. Nevertheless, LAWPRO invariably sees claims brought by non-clients alleging that a lawyer's professional actions wronged them in some way.

In this case, the Plaintiff was the mortgagee of a property. The mortgagee obtained judgment against the owner and took possession of the mortgaged property. The Plaintiff then attempted to sell the property.

Before the Plaintiff's sale could close, the lawyer of another interested part ("Defendant Lawyer") registered a caution on the property on behalf of their client. The Plaintiff's sale of the property then failed to close, which the Plaintiff attributed to the registration of the caution.

The Plaintiff then sued the Defendant Lawyer for losses arising out of the registration of the caution and subsequent failure of the Agreement of Purchase and Sale to close. The Plaintiff alleged that the Defendant Lawyer's actions constituted professional negligence, and, further, that they were liable under section 132 of the *Land Titles Act*, which reads:

"A person who registers a caution without reasonable cause is liable to make to any person who may sustain damage by its registration such compensation as is just, and the compensation shall be deemed to be a debt due from the person who has registered the caution to the person who has sustained damage."

The Plaintiff alleged that the Defendant Lawyer constituted a "person" as described under s. 132, notwithstanding the fact that the sought legal advice from their lawyer ("Defendant Lawyer") was registering a caution on behalf of their client.

LAWPRO successfully assisted the Defendant Lawyer in defending the claim as pleaded. The court found that "person", as used in s. 132, could only refer to the person who asserts for themselves a right or interest in land. Since the Defendant Lawyer was not asserting any right or interest for themselves, but was instead acting on behalf of their client, it was plain and obvious that they could not be held liable under s. 132 of the LTA.

With respect to the claim in negligence, the court agreed with the Defendant Lawyer that the claim as drafted disclosed no cause of action, as the Defendant Lawyer was not acting as the Plaintiff's lawyer at any time. The court granted leave to amend the pleadings to clarify the claim in tort, but otherwise dismissed the claim as disclosing no cause of action.

Criminal law – allegations of ineffective assistance of counsel

In this case, the Criminal Defendant pleaded guilty to possession of a controlled substance and the proceeds of crime. They were sentenced to two years in custody in addition to the 228 days they had already spent in pre-trial custody.

After serving two months of their sentence, the Criminal Defendant obtained new counsel and appealed the conviction on the grounds that their guilty plea was involuntary, and they received ineffective assistance from their Trial Lawyer.

Specifically, the Criminal Defendant asserted that they were under the erroneous understanding that their guilty plea was dependent on a sentencing agreement with the Crown that provided for a sentence of two years including the time already spent in pre-trial custody. The Criminal Defendant's sentence, in fact, provided for two years in addition to time spent in pre-trial custody.

The Trial Lawyer informed LAWPRO of the potential malpractice claim flowing from the appeal and assertion of ineffective assistance of counsel.

LAWPRO successfully assisted the Trial Lawyer through the Criminal Defendant's appeal. The Trial Lawyer had maintained records of their interactions with the Criminal Defendant, which noted that the Criminal Defendant had been informed of the Crown's position of two years in addition to time served. Furthermore, the sentencing judge had conducted a plea inquiry, where the Criminal Defendant had confirmed their voluntary guilty plea and their understanding of the consequences of such.

The appeal court therefore dismissed the Criminal Defendant's appeal, and there was no remaining potential claim against the Trial Lawyer.

Civil procedure and contempt of court - Negligence claims dismissed as collateral attacks

When things go wrong, it's often easy to blame the lawyer—even when the client is themselves a lawyer. But asserting malpractice by a lawyer generally cannot be used as a vehicle to attack an underlying judgment or order that didn't go the client's way.

In this case, the Plaintiff Lawyer was representing a client in a separate cause of action, wherein the Plaintiff Lawyer had received a production order for documentary evidence. Specifically, 14 boxes of documentary evidence allegedly relevant to the ongoing dispute. After receiving this court order for production of documents, the Plaintiff Lawyer contacted their client and offered to return the 14 boxes of documents so long as their outstanding fees were immediately paid.

The Plaintiff Lawyer's bill was paid, and the 14 boxes were delivered to the client rather than the opposing side in the underlying dispute. Subsequently, the client delivered only 5 of said 14 boxes pursuant to the production order.

The opposing side asserted that the conduct of the Plaintiff Lawyer and the Plaintiff Lawyer's client amounted to contempt of court and an attempt to hide prejudicial evidence from the opposing party. The Plaintiff Lawyer sought legal advice from their lawyer ("Defendant Lawyer") with respect to the resulting contempt hearing.

Following the contempt hearing, the Plaintiff Lawyer discovered that an Exhibit was missing from the materials provided in their defence. The Defendant Lawyer wrote to the opposing counsel to inform them of this oversight and bring it to the court's attention. However, at the same time, the court rendered its decision against the Plaintiff Lawyer, finding them in contempt.

The Plaintiff Lawyer unsuccessfully attempted to appeal the contempt finding with the Defendant Lawyer continuing to represent the Plaintiff Lawyer on appeal. After said appeals also failed, the Plaintiff Lawyer surrendered to serve a custodial sentence as punishment for the contempt.

After serving this sentence, the Plaintiff Lawyer sued the Defendant Lawyer for negligent legal representation, asserting that the Defendant Lawyer's failure to notice the missing exhibit during the contempt hearing led to the finding of contempt.

LAWPRO successfully assisted the Defendant Lawyer in showing that the Plaintiff Lawyer's claim of negligence was, in fact, a collateral attack on the original finding of contempt. Since the Plaintiff Lawyer had not raised ineffective assistance of counsel as grounds for the appeals of the contempt finding, a subsequent malpractice lawsuit on those grounds constituted an abuse of process. The Plaintiff Lawyer was, in fact, attempting to relitigate the contempt finding with additional evidence. The action was therefore dismissed.

Lawyers for lawyers

A malpractice claim doesn't necessarily mean a lawyer made a mistake, but a defence still needs to be raised. LAWPRO provides effective assistance and prides itself on defending licensees.

Building our community

Corporate Social Responsibility at LAWPRO is informed by a spirit of community and accountability, while acknowledging that we are governed and profoundly shaped by our unique role as the provider of the primary professional liability insurance program for lawyers in Ontario.

Supporting our future legal community

LAWPRO's efforts and activities to support law students included 12 presentations at law schools, LPP programs and colleges.

In its twelfth year, LAWPRO's sponsorship of the annual award of the Caron Wishart Memorial Scholarship went to University of Toronto Faculty of Law student Alexander Jia-Hao Tj Macfarlane. The Caron Wishart Memorial Scholarship was created in memory of Caron Wishart, LAWPRO's first Vice President, Claims who passed away in 2010.

The fully endowed scholarship, managed by the University of Toronto, was funded by donations from LAWPRO, Caron's family members, and members and organizations of the legal profession.

In 2023, LAWPRO held a Women's Networking event and an Early Career Mentorship event to develop relationships and build community with new and established counsel. Both events received great feedback from attendees who enjoyed connecting in person.

Providing a healthy and rewarding workplace

In furtherance of LAWPRO's commitment to advancing mental health awareness, LAWPRO provided approximately one-half of the funding for the Law Society arm's-length Member Assistance Program (MAP).

LAWPRO achieved the Ontario Living Wage Employer Certification. This certification looks at living wage, market competitiveness and total compensation with the goal to ensure a competitive program to attract, retain and reward employees.

LAWPRO continued its Equity, Diversity and Inclusion journey and partnership with the Canadian Centre for Diversity and Inclusion ("CCDI"). Various free CCDI webinars were made available to employees. The EDI Advisory Group regularly posted awareness days/months and provided additional resources.

Giving back to the Canadian community

Over 90% of employees participated in LAWPRO's employee-led charitable giving program and the funds raised were matched by LAWPRO. LAWPRO continued to encourage employees to take a paid day to volunteer at an eligible charity of their choice. Other initiatives included participating in Partners for Life (Canadian Blood Services).

To strengthen our community, LAWPRO staff nominate and elect five charities to support each year through employee payroll deductions and special events. In 2023, $28,710 was raised for the following five charities: Canadian Fanconi Anemia Research Fund, The Toronto Humane Society, Canada-Ukraine Foundation, Daily Bread Food Bank and Minwaashin Lodge - Aboriginal Women's Support Centre. LAWPRO employees are proud to support charities that are doing critical work to build a more just and equitable future.

practicePRO

helping lawyers succeed

"Where claims happen, why claims happen, and the steps that can be taken to avoid them"

The practicePRO program provides risk management, claims prevention and law practice management information to Ontario lawyers. Its resources, precedents and checklists are intended to help Ontario lawyers take proactive steps to avoid legal malpractice claims and grow successful and thriving law practices.

Our best practicePRO resources from 2023 to help your practice grow are available free at practicepro.ca. Here are a few highlights:

Wiring funds checklist: This checklist will help you address the risk presented by the sharp increase in cyber attacks that divert wire payments to fraudsters' accounts. We encourage lawyers to use this checklist for every transaction that involves wiring funds from their trust account.

Protecting your firm against fraud CPD: This program provides information on actual fraud attempts, the types of fraud claims LAWPRO counsel are seeing right now, and how best to avoid these scams. As well, legal and law enforcement experts provide tips and advice. The replay has been viewed nearly 2,000 times on YouTube. It is eligible for LAWPRO Risk Management and LSO professionalism credits.

Virtual identity verification (IDV) provider chart: As of January 1st, 2024, the Law Society of Ontario requires lawyers who only meet with clients virtually to verify their clients' identity online by authenticating their identification documents, or using an alternate, approved verification method. LAWPRO invited companies to provide information about their service including costs, onboarding, turnaround time, process, and privacy. The vendors completed a survey and provided self-asserted information.

Insurance 101 for lawyers: Tips for insuring your practice CPD: This panel offers an understanding on obtaining different types of insurance to protect your firm from risk. Experts explain the how-to of putting the insurance puzzle together—from Errors & Omissions coverage to Executor and Trustee coverage to Commercial General Liability coverage to Cybercrime and Data Loss coverage. The replay on YouTube has nearly 900 views.

Excess insurance booklet: This booklet outlines the LAWPRO optional Excess insurance program. Additional coverage is available to lawyers in private practice or on exemption in case defence and indemnity payments exceed the limits of the primary LAWPRO insurance program.

Top tips for advocates CPD: This program, full of practical advice and tips in all areas of practice features leading advocates and LAWPRO counsel discussing recent developments in limitation periods, ineffective assistance of counsel, and establishing the legal status of clients. The replay on YouTube has been viewed more than 1,800 times.

Building resilience and maintaining mental health in the legal profession CPD: This program provides practical advice from those on the frontlines of improving mental health for lawyers; a clinician at the Member Assistance Program, a Peer-Support Ambassador that works with lawyers experiencing mental health concerns, a LAWPRO Unit Director on managing when things go wrong, and an expert in mindfulness within the legal profession. The replay has been viewed more than 900 time on YouTube.

Client management and effective client relations CPD: Leading advocates give advice on well-drafted retainer agreements, setting fee expectations, what to do when the client does not pay, understanding how diversity and culture can impact communication with clients and managing communication and relationship breakdowns when they occur. The replay has over 800 views on YouTube.

Social engineering toolkit: Social engineering is a fraud that is perpetrated by deceiving a target into revealing information or taking action for illegitimate reasons. It is often associated with phishing or email impersonation and leads to incorrectly wiring funds or transferring property. This toolkit is designed to help lawyers meet LAWPRO's new mandatory requirements to increase social engineering coverage from the minimum $250,000 to the full $1 million per claim. It lists the Policy requirements, provides sample retainer letter wording (and wording for existing clients), and answers frequently asked questions about the new coverage.

Risk management alert: This notice to the profession helps lawyers know what to do as administrative dismissals resume for Small Claims Court, Divisional Court, and family matters. Direction for cases at risk of administrative dismissal that have not previously been set down and struck from the trial list as well as what to do if you cannot file a consent timetable and draft order are outlined.

TitlePLUS was completely reengineered in 2021 with new features, policy wording, pricing structure, and website. Since the launch of the "new" TitlePLUS, it continues to evolve, add integrations, and process improvements while providing unmatched comprehensive coverage that is fast and easy to use.

2023 saw some big developments for TitlePLUS including a new leader who is eager to grow TitlePLUS to its full potential and new technology integrations that improve the TitlePLUS client experience and help our clients meet new requirements with ease.

New Leadership

In August, LAWPRO welcomed Mark Huttram as the new Vice President of TitlePLUS. Mark joined TitlePLUS with a wealth of knowledge and experience in the legal, banking, real estate, and insurance fields.

"I see a lot of opportunity for growth within the TitlePLUS product," said Mark. "The recent redesign of the online ordering platform, coupled with Legal Counsel Fees and clearer policy wording has set it up at the starting line of success. When combined with its unique affiliation with the E&O insurer for Ontario lawyers, TitlePLUS offers a package of coverages that I think has been underestimated in the market."

Technology Integration

TitlePLUS continued to transform and adapt to lawyers' needs, the changing real estate market, and technological advances. One focus has been on technology integration. In addition to integrations with RealtiWeb and Unity, we are integrated with Treefort IDV. These integrations made the goal of providing a simple one-stop process to obtaining a TitlePLUS title insurance policy a reality for busy legal professionals.

visit titleplus.ca to learn more

Moving forward with TitlePLUS

A smooth claims experience – for the lawyer and the client

FOR LAWYERS: TitlePLUS Legal Service Coverage is automatically included in most policies – no missed coverage, no extra input, and no extra charge.

There is no need for the lawyer to remember to purchase, register for coverage, add to each policy, or decide on which legal service coverage you may need. It has no limitations on payouts other than the policy amount, and the industry standard inflation protection limit on the original policy amount.

With a TitlePLUS policy, a client simply submits a claim directly to TitlePLUS. This means, the lawyer's primary E&O policy will not be engaged and will not trigger a deductible or claims history levy surcharge in respect of the claim.

FOR CLIENTS: A few examples of real life stories of TitlePLUS claims:

Power play

Homeowners lived next door to a vacant lot for years. Eventually, the neighbouring lot was sold to develop the land. The developers informed the homeowners that the hydro line serving their property ran across the vacant lot and would have to be moved.

The homeowners were not aware of the encroachment and it was not shown on any survey available at the time of purchase.

Luckily, the homeowner's lawyer had recommended a TitlePLUS policy so the hydro pole was moved and TitlePLUS covered the cost.

Effluent overflow

A homeowner's septic system was unable to "accept and filter effluent effectively" because it wasn't big enough to handle the size of the house.

The septic system had been built for a three-bedroom house, but when the house was sold it had five bedrooms and four bathrooms!

Luckily the homeowner's lawyer had recommended a TitlePLUS policy with a rural property endorsement that covered the issue and paid for a new septic system.

Unchecked deck

Homeowners discovered the wraparound decks on the main and second floors were in poor repair. Upon investigation, the city confirmed that the decks were built without a permit.

TitlePLUS covered the cost to remove the decks and paid the diminution in value to the property caused by the loss of the decks. When the decks were removed the contractor discovered there was water damage inside the siding of the house caused by the fact that the siding was never intended to have decks attached.

Fortunately, the homeowners had a TitlePLUS policy that covered not just the removal of the decks but also the exterior repairs caused by the unpermitted deck.

FINANCIAL STATEMENTS

LAWYERS' PROFESSIONAL INDEMNITY COMPANY

Years ended December 31, 2023 and 2022

Management Discussion and Analysis

The following Management Discussion and Analysis provides a review of the activities, results of operations and financial condition of Lawyers' Professional Indemnity Company ("LAWPRO" or the "Company") for the year ended December 31, 2023, in comparison with the year ended December 31, 2022. These comments should be read in conjunction with the corresponding audited financial statements, including the accompanying notes, which are under the new accounting standards IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments).

Financial highlights

Statement of profit or loss

During 2023 the Company had an Insurance Service Result of $9.1 million, an increase of $9.6 million over 2022. The Company generated Investment Income, including unrealized gains and losses, of $53.0 million compared to a loss of $39.2 million in 2022.

The Company generated a profit after tax of $21.4 million, an increase of $40.3 million over 2022, and experienced a comprehensive income of $21.0 million, an increase of $38.4 million from 2022.

Insurance Revenue

Insurance revenue decreased by $1.2 million to $122.2 million, mainly due to reduced transaction levies that were greater than the increase in base premium.

Gross written premiums (non-GAAP measure) from the mandatory Ontario errors and omissions ("E&O") insurance program were 0.8% lower than 2022 results. The optional excess E&O insurance program grew by 1.3% in the year, while TitlePLUS premiums decreased by 14.6% from 2022 results.

Insurance Service Expenses

Insurance service expenses increased by $3.8 million to $107.6 million in 2023. The most significant expenses for the Company are claims costs and employee salaries and benefits. Claims costs excluding the loss component decreased by $4.0 million to $81.0 million in 2023, all of which falls under Insurance service expense. Total employee salaries and benefits increased by 2.7% in 2023, which is split between insurance service expense (~80%) and other expenses (~20%) according to IFRS 17 methodology.

Net Expenses from Reinsurance Contracts Held

Net expenses from reinsurance contracts held decreased by $14.7 million to $5.5 million mainly due to the ninety percent quota share reinsurance on optional Excess E&O. There was a change in reserving methodology for optional Excess E&O in 2022, from the expected loss ratio method to the Bornheutter-Ferguson ("BF") method, resulting in a $13.5M undiscounted ($14.6 million discounted) favourable development in 2022. There was no reserving method change in 2023.

Similar to recent years, the Company purchased two layers of excess-of-loss clash reinsurance coverage, which limits its exposure to one or more large aggregations of multiple claims arising from the same proximate cause. Furthermore, the Company maintained its 10% retention in the optional excess E&O program which prior to 2011 was fully reinsured. The high level of reinsurance significantly mitigates exposure to the Company from claims in this program.

Investment income

Investments generated $53.0 million income in 2023 compared to a $39.2 million in losses in 2022. As all unrealized gains and losses are now in the Company's Statement of Profit or Loss under IFRS 9, there will be greater volatility in investment income.

Investment income from interest and dividend receipts increased by $4.3 million to $21.5 million, primarily due to the 75 basis points rise in the Bank of Canada key rate during 2023.

The company experienced net realized losses of $1.1 million in 2023 compared to $6.1 million in 2022. There were unrealized gains of $34.0 million in 2023 compared to unrealized losses of $48.9 million in 2022, representing a swing of $82.9 million.

Insurance Finance Income or Expense

In 2023, there was insurance finance expense of $26.0 million compared to income of $23.8 million in 2022. Under IFRS 17, the impact of discounting contract liabilities is reported under Insurance Finance Income or Expense, separate from Insurance Service Expense. The increase in the yield environment was much smaller this year, thus the favourable change in discounting assumptions was much smaller compared to the unwinding of the discount. The unwinding of the discount was much higher during 2023 as it is based on year-end 2022 where there was a high yield environment, so the combined impacts of the discount unwind and change in discounting during 2023 led to the $26.0 million insurance finance expense.

Reinsurance Finance Income or Expense

In 2023, there was reinsurance finance income of $1.4 million compared to expense of $2.1 million in 2022. The $3.5 million improvement was mainly due to the effect of changes in financial risk.

Other Expenses

Other expenses increased by 0.5% to $8.0 million in 2023. The ~20% of salaries and benefits that is allocated to other expenses under IFRS 17 (see insurance service expense above) represents the majority of other expenses. The other main components of this expense amount include directors' remuneration (all allocated to other expenses), information systems, professional fees, other finance costs (all allocated to other expenses), and occupancy expenses. The remaining expenses in this category are advertising and communications, travel, meals and entertainment, telecommunications, and printing and stationery.

Statement of financial position

The Company ended 2023 with shareholder's equity of $300.5 million, up $21.0 million from last year. The increase represents $21.4 million in profit after tax reduced by $0.4 million other comprehensive loss for the remeasurement of the defined benefit plan net of income tax expense.

Investments

As of December 31, 2023, the market value of the Company's investment portfolio was more than its cost base by $20.7 million, compared to 2022 where the market value was $13.3 million less than cost base. Investment assets, inclusive of cash and cash equivalents and investment income due and accrued, increased by $35.3 million to $719.7 million as of December 31, 2023. This reflects the overall improved performance of both the fixed income products and equity pooled funds.

The investment portfolio is managed in accordance with the investment policy approved by the Company's Board of Directors in diversified, high-quality assets. A portion of the investment portfolio, which is composed of primarily fixed income securities, is invested in a manner that is expected to substantially match in maturity to the payment of claims liabilities in future years. The portion of the Company's investment portfolio which is considered surplus to the requirements of settling claims liabilities is managed separately and includes fixed income securities and equity investments in publicly traded companies, the values of which are more subject to market volatility.

Insurance Contract Liabilities

The insurance contract liabilities represent the amount required to satisfy all the Company's obligations to claimants prior to reinsurance recoveries. This balance increased by $5.1 million in 2023 predominantly due to the $8.0 million increase in the present value of future cash flows in the liability for incurred claims ("LIC"), partially offset by the $3.0 million decrease in the liability for remaining coverage ("LRC"), excluding loss component, at the end of 2023 versus December 2022.

Report on LAWPRO operations

LAWPRO is an insurance company with three product lines: a mandatory E&O insurance program, as required by the Law Society for all lawyers in private practice in Ontario; an optional excess E&O insurance program that enables Ontario law firms to increase their insurance coverage limit to a maximum of $9 million per claim/$9 million in the aggregate above the $1 million per claim/$2 million aggregate levels provided by the mandatory E&O program; and an optional TitlePLUS title insurance product that real estate practitioners across Canada can make available to their clients. Through its practicePRO initiative, LAWPRO educates lawyers on where and why malpractice claims occur and provides tools and resources to reduce their claims exposure.

Management Statement on Responsibility for Financial Information

The preparation of the annual financial statements, Management's Discussion and Analysis and all other information in the Company's Annual Report is the responsibility of the Company's management, and the annual financial statements have been approved by the Board of Directors.

The financial statements have been prepared in accordance with International Financial Reporting Standards. Financial statements, by their very nature, include amounts and disclosures based on estimates and judgements. Where alternative methods or interpretations exist, management has chosen those it deems most appropriate in the circumstances, including appropriate consideration to relevance and materiality. Actual results in the future may differ materially from management's current assessment given the inherent variability of future events and circumstances. Financial information appearing elsewhere in the Company's Annual Report is consistent with the financial statements.

Management maintains the necessary system of internal controls over financial reporting to meet its responsibility for the reliability of the financial statements. These controls are designed to provide management with reasonable assurance that the financial records are reliable for preparing financial statements and other financial information, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors is responsible to ensure that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out its responsibility primarily through its audit committee, which is independent of management. The audit committee reviews the financial statements and recommends them to the Board for approval. The audit committee also reviews and monitors the Company's system of internal controls over financial reporting in the context of reports made by management or the external auditor.

Role of the Auditor

The external auditor, PricewaterhouseCoopers LLP, has been appointed by the shareholder. Its responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and to report thereon to the Company's shareholder. In carrying out its audit, the auditor considers the work of the appointed actuary and his report on the policy liabilities of the Company. The external auditor has full and unrestricted access to the audit committee and the Board of Directors to discuss audit, financial reporting and related findings. The auditor's report outlines the scope of its audit and its opinion.

Role of the Appointed Actuary

The actuary is appointed by the Board of Directors of the Company. With respect to the preparation of these financial statements, the appointed actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Company's shareholder. The valuation is carried out in accordance with accepted actuarial practice and regulatory requirements. The scope of the valuation encompasses the policy liabilities as well as any other matter specified in any direction that may be made by the regulators. The policy liabilities consist of a provision for unpaid claims and adjustment expenses on the expired portion of policies, a provision for future obligations on the unexpired portion of policies, and other policy liabilities that may be applicable to the specific circumstances of the Company.

In performing the valuation of the policy liabilities, which are by their very nature inherently variable, the appointed actuary makes assumptions as to the future rates of claims severity, inflation, reinsurance recoveries, expenses and other matters, taking into consideration the circumstances of the Company and the nature of the insurance coverage being offered. The valuation is necessarily based on estimates; consequently, the final values may vary significantly from those estimates. The appointed actuary also makes use of management information provided by the Company, and uses the work of the auditor with respect to the verification of the underlying data used in the valuation.

Toronto, Ontario
February 23, 2024

Dan Pinnington	*Krista Franklin*
Daniel E. Pinnington	Krista Franklin
President & CEO	Chief Financial Officer

Independent Auditor's Report

To the Shareholder of Lawyers' Professional Indemnity Company

Independent auditor's report

To the Shareholder of Lawyers' Professional Indemnity Company

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lawyers' Professional Indemnity Company (the Company) as at December 31, 2023 and 2022 and January 1, 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022 and January 1, 2022;
- the statements of profit or loss for the years ended December 31, 2023 and 2022;
- the statements of other comprehensive income for the years ended December 31, 2023 and 2022;
- the statements of changes in equity for the years ended December 31, 2023 and 2022;
- the statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1416 863 1133, F: +1416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP. an Ontario limited liability partnership.

Independent Auditor's Report

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
February 24, 2024

Appointed Actuary's Report

ECKLER

I have valued the policy liabilities of the Lawyers' Professional Indemnity Company for its financial statements prepared in accordance with International Financial Reporting Standards for the year end 31 December 2023.

In my opinion, the amount of the policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

Louis-Christian Dupuis, FCAS, FCIA

Eckler Ltd.
1801 McGill College Avenue, Suite 1460
Montréal, Québec, H3A 2N4

20 February 2024

Statement of Financial Position

Amounts stated in thousands of Canadian dollars

AS AT		DECEMBER 31 2023	DECEMBER 31 2022 (RESTATED)*	JANUARY 1 2022 (RESTATED)*
Assets				
Cash and cash equivalents	$	41,522	35,741	24,473
Investment income due and accrued		3,801	3,583	2,924
Current income tax asset		1,621	6,754	415
Investments (note 5)		674,419	645,130	710,522
Reinsurance contract assets (note 11)		30,249	29,714	45,918
Fixed, intangible & Right of Use assets (note 7, 8)		12,440	12,479	12,543
Deferred income tax asset (note 14)		-	4,688	1,423
Other assets		9,181	14,625	6,000
Total assets	**$**	**773,233**	**752,714**	**804,218**
Liabilities				
Expenses due and accrued		3,419	9,026	3,268
Insurance contract liabilities (note 10)		459,473	454,381	493,699
Lease liabilities (note 9)		8,987	9,437	9,859
Deferred income tax liability (note 14)		865	-	-
Other taxes due and accrued		-	421	586
Total liabilites	**$**	**472,744**	**473,265**	**507,412**
Equity				
Capital stock issued and paid (note 16)		5,000	5,000	5,000
Contributed surplus (note 16)		30,645	30,645	30,645
Retained earnings		264,844	243,804	261,161
Total equity	**$**	**300,489**	**279,449**	**296,806**
Total liabilities and equity	**$**	**773,233**	**752,714**	**804,218**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Accompanying notes are an integral part of the financial statements.

On behalf of the Board

Andrew J. Spurgeon
Director

Daniel E. Pinnington
Director

Statement of Profit or Loss

Amounts stated in thousands of Canadian dollars

FOR THE YEARS ENDED DECEMBER 31		2023	2022 (RESTATED)*
Insurance Revenue (note 10)	$	122,162	123,399
Insurance Service Expenses (note 10, 15)		(107,608)	(103,778)
Net Expenses from Reinsurance contracts held (note 11)		(5,489)	(20,176)
Insurance service result		**9,065**	**(555)**
Investment income (note 5, 6)	**$**	**53,026**	**(39,164)**
Insurance Finance Income/(Expense) (note 10)		(26,013)	23,769
Reinsurance Finance Income/(Expense) (note 11)		1,364	(2,112)
Net insurance and investment result		**37,442**	**(18,062)**
Other Expenses (note 15)		(8,025)	(7,986)
Profit (loss) before tax		**29,417**	**(26,048)**
Income Tax (Expense) (note 14)		(8,047)	7,134
Profit (loss) after tax	**$**	**21,370**	**(18,914)**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
  Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

Amounts stated in thousands of Canadian dollars

FOR THE YEARS ENDED DECEMBER 31		2023	2022 (RESTATED)*
Profit (loss) after tax	$	21,370	(18,914)
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan, net of income tax expense (recovery) of ($119) [2022: $562]		(330)	1,557
Other comprehensive income		**(330)**	**1,557**
Comprehensive income	**$**	**21,040**	**(17,357)**

Statement of Changes in Equity

Amounts stated in thousands of Canadian dollars

		Capital stock	Contributed surplus	Retained earnings	AOCI**	Equity
Balance at December 31, 2021	**$**	**5,000**	**30,645**	**227,465**	**22,671**	**285,781**
Impact of the initial application of IFRS 17				11,025		11,025
Impact of the initial application of IFRS 9				22,671	(22,671)	-
Balance at January 1, 2022 (Restated)*		**5,000**	**30,645**	**261,161**	**-**	**296,806**
Total comprehensive income for the year (Restated)*				(18,914)	1,557	(17,357)
Transfer of defined benefit remeasurements from OCI to retained earnings				1,557	(1,557)	-
Balance at December 31, 2022 (Restated)*	**$**	**5,000**	**30,645**	**243,804**	**-**	**279,449**
Total comprehensive income for the year		-	-	21,370	(330)	21,040
Transfer of defined benefit remeasurements from OCI to retained earnings				(330)	330	-
Balance at December 31, 2023	**$**	**5,000**	**30,645**	**264,844**	**-**	**300,489**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*. Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

** Accumulated other comprehensive income

Accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Amounts stated in thousands of Canadian dollars

FOR THE YEARS ENDED DECEMBER 31	2023	2022 (RESTATED)*
Operating Activities		
Profit (loss)	$ 21,370	$ (18,914)
Items not affecting cash:		
Deferred income taxes	5,670	(3,826)
Amortization of fixed and right of use assets	188	196
Amortization of intangible assets	146	93
Realized (gains) losses on disposition or impairment	2,108	6,148
Amortization of premiums and discounts on bonds	(882)	1,514
Changes in unrealized (gains) losses	(34,002)	48,940
	(5,402)	**34,151**
Changes in non-cash working capital balances:		
Investment income due and accrued	(218)	(659)
Reinsurance contract assets	(548)	16,204
Other assets	4,992	(6,506)
Current income tax asset	5,133	(6,339)
Insurance contract liabilities	6,845	(37,810)
Expenses due and accrued	(5,607)	5,758
Other taxes due and accrued	(421)	(165)
Total cash inflow (outflow) from operating activities	**$ 4,774**	**4,634**
Investing Activities		
Purchases of capital assets	(1,226)	(482)
Purchases of intangible assets	(802)	(1,251)
Purchases of investments	(216,262)	(365,632)
Proceeds from sales and maturities of investments	219,748	374,420
Total cash inflow (outflow) from investing activities	**$ 1,458**	**7,055**
Financing Activities		
Payment of lease liabilities	(451)	(421)
Total cash inflow (outflow) from financing activities	**(451)**	**(421)**
Net change in cash and cash equivalents during the year	5,781	11,268
Cash and cash equivalents, beginning of year	35,741	24,473
Cash and cash equivalents, end of year	**$ 41,522**	**$ 35,741**
Cash and cash equivalents at end of year consists of:		
Cash	3,531	2,895
Cash equivalents	37,991	32,846
	$ 41,522	**$ 35,741**
Supplemental disclosure of cash flow information:		
Income taxes paid (received) (operating activity)	$ (2,757)	$ 3,031
Interest received (investing activity)	18,278	16,041
Interest paid (financing activity)	365	382
Dividends received (investing activity)	2,223	2,056

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

For the year ended December 31, 2023 (Amounts stated in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

Lawyers' Professional Indemnity Company (the "Company") is an insurance company, incorporated on March 14, 1990 under the Corporations Act (Ontario) and licensed to provide lawyers professional liability insurance in Ontario and title insurance in all provinces and territories in Canada. The Company is a wholly owned subsidiary of the Law Society of Ontario (the "Law Society"), which is the governing body for lawyers and paralegals in Ontario. The Company's registered office is located at 250 Yonge Street, Toronto, Ontario, Canada.

2. APPLICATION OF NEW AND REVISED IFRSs RELEVANT TO THE COMPANY

In the current year, the Company has applied the following revised IFRS Accounting Standards as issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after January 1, 2023.

a) Amendments to Conceptual Framework for Financial Reporting

Amended to (i) replace references to the 2001 Conceptual Framework for Financial Reporting to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or liability in a business combination, (ii) add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than the 2018 Conceptual Framework, and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date.

The adoption of the above amendments did not have an impact on the Company's financial statements.

b) Amendment to Proceeds before Intended Use

Amended to (i) prohibit an entity from deducting from the cost of an item of fixed assets and right of use assets any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures.

The adoption of the above amendments did not have an impact on the Company's financial statements.

c) IFRS 9 "*Financial Instruments*"

In July 2014, the IASB issued IFRS 9 which clarifies a narrow range of application issues, increases comparability internationally, and considers the interaction with the new Insurance Contracts project (IFRS 17). IFRS 9 changes the accounting guidance on classification and measurement of financial instruments and will change the model for recognition and measurement of impairment losses on financial instruments not measured at Fair Value Through Profit and Loss ("FVTPL") from an incurred loss model to an expected credit loss model. IFRS 9 was effective for annual and interim periods beginning January 1, 2018. However, insurance entities have the option to defer the adoption of IFRS 9 until adoption of IFRS 17 which is effective January 1, 2023.

Pursuant to IFRS 9, all recognized financial assets are required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income ("FVOCI"). All other debt securities, as well as equity securities, are measured at FVTPL. At initial recognition, an entity may make an irrevocable election to

present in OCI subsequent changes in the fair value of an investment in an equity instrument that is within the scope of IFRS 9, and that is not held for trading. Amounts presented in OCI are never recycled to profit or loss. In addition, under the fair value option, entities may elect for amortized cost or FVOCI debt securities to be classified as FVTPL if certain criteria are met.

With regards to debt securities measured at amortized cost or FVOCI, IFRS 9 requires an expected credit loss model for determining impairment, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before impairment losses are recognized. Under IFRS 9, impairment is not considered for equity securities.

The Company has concluded that its activities are predominantly connected with insurance, as the amount of its insurance liabilities are significant compared with its total amount of liabilities and the percentage of its liabilities connected with insurance relative to its total amount of liabilities is greater than 90 per cent.

The Company has chosen to apply the temporary exemption to defer the application of IFRS 9 until the effective date of IFRS 17. The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognised in retained earnings as of January 1, 2022. The Company has applied the classification overlay to all financial assets derecognized in the comparative period.

Based on the company's overall investment objective of preserving capital and maximizing the return, the company's entire investment portfolio is classified as FVTPL. On transition, this resulted in all unrealized gains and losses in Accumulated Other Comprehensive Income, recognized through Retained Earnings.

		IMPACT OF IFRS 9		
Condensed equity	**December 31 2022**	Before tax	After tax	January 1 2023
Retained earnings	$ 221,794	5,431	3,992	225,786
Accumulated other comprehensive income	3,992	(5,431)	(3,992)	-

		IMPACT OF IFRS 9		
Condensed equity	**December 31 2021**	Before tax	After tax	January 1 2022
Retained earnings	$ 227,465	30,845	22,671	250,136
Accumulated other comprehensive income	22,671	(30,845)	(22,671)	-

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of January 1, 2023 and January 1, 2022, is as follows:

AS AT	JANUARY 1 2023 (RESTATED)*				
	IAS 39 MEASUREMENT			IFRS 9	
	Category	Amount	Reclassification	Amount	Category
Cash and cash equivalents	Loans & receivables	$ 35,741	-	35,741	FVTPL
Investement due and accrued (FVTPL)		3,583		3,583	
Investments - classified as FVTPL		367,794	-	367,794	
From: Investments - available for sale			277,336	277,336	
	FVTPL	371,377	277,336	648,713	FVTPL
		-	-	-	
Investments - available for sale		277,336	-	277,336	
To: Investments - classified as FVTPL			(277,336)	(277,336)	
	Available for sale	277,336	(277,336)	-	FVTPL
Total		**$ 684,454**	-	**684,454**	

AS AT	JANUARY 1 2022 (RESTATED)*				
	IAS 39 MEASUREMENT			IFRS 9	
	Category	Amount	Reclassification	Amount	Category
Cash and cash equivalents	Loans & receivables	$ 24,473	-	24,473	FVTPL
Investement due and accrued (FVTPL)		2,924		2,924	
Investments - classified as FVTPL		397,632	-	397,632	
From: Investments - available for sale			312,890	312,890	
	FVTPL	400,556	312,890	713,446	FVTPL
		-	-	-	
Investments - available for sale		312,890	-	312,890	
To: Investments - classified as FVTPL			(312,890)	(312,890)	
	Available for sale	312,890	(312,890)	-	FVTPL
Total		**$ 737,919**	-	**737,919**	

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

d) IFRS 17 "Insurance Contracts"

IFRS 17 replaces IFRS 4 Insurance Contracts effective January 1, 2023. The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

IFRS 17 provides a General Measurement Model ("GMM") for the recognition of long-duration contracts, as well as a simplified model which is the Premium Allocation Approach ("PAA") for short-duration contracts. The standard requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires a company to recognize profits as it delivers insurance services.

The main features of IFRS17 applicable to the company are as follows:

The concept of portfolio and groups of contracts. A portfolio includes contracts covering similar risks and managed together as a single pool. A group of contracts within a portfolio, will define the unit of account for measurement purposes.

For presentation in the statement of financial position, the Company aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented within Net expenses from reinsurance contracts held.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses in the Statement of Profit or Loss.

Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The line-item descriptions in the Statement of Profit or Loss have been changed when compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Premiums ceded to reinsurers
- Net written premiums
- (Increase) decrease in unearned premiums
- Net premiums earned
- Gross claims incurred
- Reinsurers' share of gross claims incurred
- Net claims incurred

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contracts held
- Insurance finance income/(expense)
- Reinsurance finance income/(expense)

The standard applies to annual periods beginning on or after January 1, 2023. IFRS 17 is applied retrospectively as of January 1, 2022, to each group of Insurance contracts. As a result, comparative information was restated, however, wherever the full retrospective application is impracticable, then the entity chooses either modified retrospective approach or the fair value approach. The Company adopted the new standard on the required effective date together with IFRS 9. On transition, for title insurance the Company applied a fair value approach for years 2021 and prior because full retrospective approach was considered impracticable as the information required had not been collected with sufficient granularity and was unavailable because of system migrations or data retention requirements. For all other lines, which are measured under the PAA approach, the company transitioned applying the full retrospective approach.

The Company identified, recognised, and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

The effects of adopting IFRS 17 on the financial statements as at January 1, 2022 are presented in the statement of changes in equity.

The impact of initial application of IFRS 17 on the balance sheet as of January 1, 2022, is presented in below table:

		IMPACT OF IFRS 17		
Condensed balance sheet	**December 31 2021**	Presentation	Measurement	January 1 2022
Total assets	$ 819,329	(8,252)	(6,859)	804,218
Total liabilities	533,548	(8,252)	(17,884)	507,412
Total equity	285,781	-	11,025	296,806

Changes in accounting policies:

Scope and separating components

Under IFRS 17, the Company is required to determine if contracts are in scope of the insurance contract standard and separate its components if required.

The Company issues insurance contracts (direct business) and holds reinsurance contracts (ceded business). The Company assesses its insurance and reinsurance contracts to determine whether they contain non-insurance components that require accounting treatment in a different IFRS standard. The Company's insurance policies do not include any components that require separation.

Level of aggregation of insurance contracts

Under IFRS 17, insurance and reinsurance contracts are aggregated into portfolios and groups for measurement purposes. Portfolios comprise contracts with similar risks which are managed together. Portfolios are further divided into groups based on expected profitability at inception. This requires an entity to divide portfolios of insurance contracts into a) a group of contracts that are onerous at initial recognition, if any; b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and c) a group of the remaining contracts in the portfolio, if any. The IFRS 17 portfolios align to the Company's insurance coverage types, and reinsurance coverage types. Aside from transitional elections, IFRS 17 also requires that no group may contain contracts issued more than one year apart (i.e., a cohort). The Company will measure the insurance contract liability using annual cohorts.

Portfolios of insurance contract liabilities and portfolios of reinsurance contract assets are presented separately in the statement of financial position.

Recognition and derecognition

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous

For PAA insurance contracts, if a group of insurance contracts (e.g., "fund year") is onerous, the Loss Component ("LC") is recognized in advance of the coverage period effective January 1st (i.e., the fourth quarter of the year preceding the fund year coverage period). For GMM insurance contracts, if a group of insurance contracts is onerous, the LC would be recognized when the contract is issued. The Company recognizes a group of reinsurance contracts held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company derecognizes its reinsurance contracts when the underlying insurance contract is extinguished, or the entity is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract.

Contract boundary

Under IFRS 17, a contract boundary is used to determine which cash flows should be considered in the measurement of an insurance contract. Cash flows that are not in the boundary of an insurance contract relate to future insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period in which the policyholder is obliged to pay premiums, or the entity has a substantive obligation to provide the policyholder with insurance coverage or other services.

If an entity has the practical ability to reassess the risk presented by a policyholder (or a portfolio of insurance contracts) and has the right to reprice without any constraints the risks, or terminate the contract, then the cash flows after the reassessment date will be outside of the contract boundary.

The Company has following contract boundaries for its group of contracts:

- Mandatory professional liability insurance ("Mandatory E&O") – 12 months
- Excess professional liability insurance ("Excess E&O") – 12 months
- Title insurance ("TitlePLUS") – 20 years
- Quota share reinsurance for Excess E&O – 12 months
- Clash reinsurance for Mandatory E&O and TitlePLUS – 12 months

Fulfilment cash flow

Fulfilment cash flows ("FCF") comprise unbiased and probability-weighted estimates of future cash flows. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. The estimates of future cash flows are also adjusted by risk adjustments to account for non-financial risks.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows reflect the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level and then allocates such estimates to groups of contracts.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Onerous contracts and loss component

If there is a net outflow of FCF within a group of contracts at initial recognition, then the corresponding group is considered to be onerous.

For any group that is determined to be onerous, the Company has established a LC within the Liability for Remaining Coverage ("LRC"). A LC represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). For contracts measured under the PAA, the LC is released in insurance service expense as the underlying contract is recognized. For contracts measured under the GMM, the LC is released based on a systematic allocation of the subsequent changes relating to future service in the FCF. The LC is also updated for subsequent changes relating to future service in estimates of the FCF and the Risk Adjustment ("RA"). The systematic allocation of subsequent changes to the LC results in the total amounts allocated to the LC being equal to zero by the end of the coverage period of a group of contracts.

Loss Recovery component

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company recognizes income and establishes a loss recovery component within the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Discount rate

The Company has chosen a bottom-up approach to estimate the discount rate curve at the valuation date, whereby the Government of Canada risk-free yield curve plus a liquidity premium is used. The liquidity premium reflects the characteristics of the Company's insurance contract liabilities (i.e., LRC and Liability for Incurred Claims ("LIC")).

For the Company's Contractual Service Margin ("CSM"), the locked-in discount rate curve is selected based on the date of initial recognition of the group of insurance contracts and is applied at the group level. Note that under the PAA, a locked-in discount rate curve is only used if a group of insurance contracts is onerous. Otherwise, under the PAA, the LRC are undiscounted.

Under GMM, all expected FCF are discounted whereas under PAA only the LC within LRC and LIC are discounted.

Risk adjustment

IFRS 17 requires a RA in the measurement of insurance liabilities to reflect the non-financial risks associated with the uncertainty about the amount and timing of the cash flows. The RA includes the benefit of diversification and excludes the impact of financial risks.

The Company has chosen RA factors based on confidence levels for the group of contracts measured under PAA method and is using the margin method for the group of contracts measured under GMM. These RA factors will be applied to the present value of future loss cashflows.

The Company has elected to disaggregate the impacts related to RA within the Statement of Profit and Loss between the Insurance Service Expenses and Insurance Finance Expenses lines.

Initial recognition

The GMM measures a group of insurance contracts at initial recognition as the total of the FCF and CSM. The CSM represents the unearned profit the Company will recognize as it provides insurance services.

When estimating FCF, the Company includes all cash flows that are within the contract boundary and includes insurance acquisition cash flows which are allocated pro-rata to premium to profit or loss over the period of the contract in a systemic and rational way.

The PAA measures a group of insurance contracts at initial recognition as the total of premiums received (if any).

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues to which the reinsurance covers.

The Company's expectations of fulfilment cashflows are based on providing sufficient working capital for operations. The cash flow forecasts consider the probability of the Company experiencing a period of sustained surplus beyond working capital requirements. When such surplus may benefit insured members, a liability for FCF attributable to current or future insured members will be recognized and measured within insurance contract liabilities.

Subsequent recognition

For contracts measured using the GMM, the CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized because it relates to future service to be provided. The CSM at the end of the reporting period represents the carrying amount at the beginning of the period adjusted, as follows:

- Effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM during the period;
- Changes in FCF related to future service, except to the extent that:
  - Such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss, or
  - Such decreases in the FCF are allocated to the LC of the LRC;
- The amount recognized as insurance revenue based on services provided in the period.

For contracts measured using the PAA, the LRC at the end of each reporting period is the LRC at the beginning of the period, adjusted for:

- Premiums received in the period;
- Minus the amount of insurance revenue for service provided .

The estimates of the expected future cash flows are required for the initial and subsequent measurement of the LIC. The LIC is recorded when claims are incurred and comprises discounted estimates of cash flows plus a risk adjustment for non-financial risks; it has no CSM. The subsequent measurement of the expected cash flows of the LIC are updated at each reporting period.

Insurance revenue

Insurance revenue reflects the consideration to which the insurer is entitled in exchange for the services provided on an earned basis. Insurance revenue excludes any investment components.

Insurance revenue under the PAA is the amount of premiums received allocated to the period. The allocation of premiums received to each period of coverage is based on the passage of time as this does not differ significantly from the timing of expected incurred losses during the coverage period.

Under the GMM, insurance revenue comprises amounts relating to changes in the LRC as follows:

- Expected Insurance service expenses incurred during the period;
- Change in RA for non-financial risk for service provided in the period;
- CSM recognized in profit or loss because of the transfer of services in the period; and
- An allocation of acquisition cash flows.

Insurance policies written under the Mandatory E&O and Excess E&O insurance programs are effective on a calendar year basis. Revenue recognition for the Mandatory E&O and Excess E&O insurance programs are earned over the term of coverage of the underlying insurance policies, which is generally one year. Revenue recognition for title insurance premiums will be spread over the contract boundary period of 20 years.

Insurance service expenses

Insurance service expenses represent the costs an insurer incurs to fulfil the obligations of its insurance contracts. These, at a minimum, comprise the following:

- Incurred claims and other incurred insurance service expenses that are directly attributable to a group of contracts;
- Amortization of insurance acquisition cash flows directly attributable to a portfolio of contracts, for GMM;
- Expensing as incurred the insurance acquisition cash flows directly attributable to a portfolio of contracts, for PAA;
- Changes that relate to past service (i.e., relating to LIC);
- Losses on onerous contracts and reversals.

Insurance service expenses related to group of contracts exclude any investment components. Similar to the requirement for revenue, these amounts get identified and are excluded from the related claims expense.

The Company recognizes the Deferred Acquisition Costs ("DAE") for TitlePLUS as a component of both revenue and expense over the contract boundary period of 20 years or less, and expenses the insurance acquisition costs as incurred for Mandatory E&O and Excess E&O.

For contracts measured under the GMM, amortization of insurance acquisition cash flows is based on the undiscounted coverage units used to recognize insurance revenue. For contracts measured under the PAA, insurance acquisition cash flows are expensed as incurred.

Insurance finance income and expense

Insurance finance income or expense represent the effects of, and changes in, the carrying amount of a group of insurance contracts relating to the time value of money and financial risks. This includes:

- The effect of discounting and changes to discount rates; and
- The effect of financial risk and changes in financial risk.

The Company has elected to present all impacts related to the discount rate and financial risk within the Statement of Profit and Loss.

Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held is comprised of the amounts that are expected to be recovered from reinsurers, as well as an allocation of the reinsurance premiums ceded, based on passage of time, in conjunction with the expiry of the respective insurance policy to which the reinsurance contract relates to.

The Company treats reinsurance cash flows that are contingent on claims of the underlying contracts as part of the amounts recoverable from reinsurers and includes ceded commissions not contingent on claims as a reduction of the premiums ceded to reinsurers.

e) Amendments to IAS 1 "Presentation of financial statements" – Classification of liabilities as current or non-current

On January 23, 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment changes the guidance for the classification of liabilities as current or non-current. It could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments apply retrospectively to annual periods beginning on or after January 1, 2023.

The adoption of the above amendments did not have an impact on the Company's financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements have been prepared under the Insurance Act (Ontario) and related regulations which require that, except as otherwise specified by the Company's primary insurance regulator, the Financial Services Regulatory Authority of Ontario ("FSRA"), the financial statements of the Company are to be prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These financial statements have been prepared in accordance with accounting standards issued and effective on or before December 31, 2023. None of the accounting requirements of FSRA represent exceptions to IFRS. These financial statements were authorized for issuance by the Company's Board of Directors on February 26, 2024.

3.2 Preparation and presentation of financial statements

The material accounting policies used in the preparation of these financial statements are summarized below. Due to the adoption of IFRS 17 – Insurance Contracts ("IFRS 17") and IFRS 9 – Financial Instruments ("IFRS 9") certain comparative information was restated. These accounting policies conform, in all material respects, to IFRS.

Basis of measurement

The financial statements have been prepared under the historical cost basis that are measured at the end of each reporting period, except for certain financial instruments and the insurance contract liabilities and reinsurance contract assets, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability that market participants would likely take into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation process includes utilizing market driven fair value measurements from active markets where available, considering other observable and unobservable inputs and employing valuation techniques which make use of current market data. Considerable judgement may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that would be realized in a current market exchange.

The Company utilizes a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value, which prioritizes these inputs into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. The three levels of the fair value hierarchy are:

Level 1 - Quoted market prices in active markets

Inputs to Level 1, the highest level of the hierarchy, reflect fair values that are quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is considered to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include debt and equity securities, quoted unit trusts and derivative contracts that are traded in an active exchange market, as well as certain government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Modelled with significant observable market inputs

Inputs to Level 2 fair values are inputs, other than quoted prices within Level 1 prices that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 inputs include: quoted prices for similar (i.e. not identical) assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment spreads, loss severities, credit risks, and default rates); and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market corroborated inputs). Valuations incorporate credit risk by adjusting the spread above the yield curve for government treasury securities for the appropriate amount of credit risk for each issuer, based on observed market transactions. To the extent observed market spreads are either not used in valuing a security, or do not fully reflect liquidity risk, the valuation methodology reflects a illiquidity premium. Examples of these are securities measured using discounted cash flow models based on market observable swap yields, and listed debt or equity securities in a market that is inactive. This category generally includes government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 – Modelled with significant unobservable market inputs

Inputs to Level 3 are unobservable, supported by little or no market activity, and are significant to the fair value of the assets or liabilities. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the business unit considers that market participants would use in pricing the asset or liability. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. Level 3 assets and liabilities generally include certain private equity investments, certain asset-backed securities, highly structured, complex or long-dated derivative contracts, and certain collateralized debt obligations where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Use of estimates and judgments made by management

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Key estimates are discussed in the following accounting policies and applicable notes.

Key areas where management has made difficult, complex, or subjective judgments in the process of applying the Company's accounting policies, often as a result of matters that are inherently uncertain, include:

Insurance contract liabilities	Note 10
Reinsurance contract assets	Note 11

Financial instruments – Classification and measurement

a) Classification

Based on the company's overall investment objective of preserving capital and maximizing returns, the company's entire investment portfolio is classified under FVTPL model.

Cash and cash equivalents are also classified as FVTPL. Cash and cash equivalents consist of cash on deposit and short-term investments that mature in three months or less from the date of acquisition. The net gain or loss recognized incorporates any interest earned on the financial asset.

b) Measurement

The Company's financial assets and liabilities are measured on the statement of financial position at fair value on initial recognition and are subsequently measured at fair value or amortized cost depending on their classification.

Transaction costs for FVTPL investments are expensed in the current period, and for all other categories of investments are capitalized and, when applicable, amortized over the expected life of the investment.

The effective interest method is used to calculate amortization/accretion of premiums or discounts on fixed income securities over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the fixed income security, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company accounts for the purchase and sale of securities using trade date accounting. Realized gains or losses on disposition are determined on an average cost basis.

Investment income includes:

- Realized gains and losses and net changes in unrealized gains and losses;
- Dividend income on common and preferred shares (as of the ex-dividend date);
- Net interest income, including amortization of premiums and the accretion of discounts; and
- Changes in fair value resulting from changes to foreign exchange rates.

Leases

The Company is a lessee under various operating leases relating to premises and equipment. For all leases, except for leases which are short term or of low value, a right-of-use asset and a lease liability are recognized on the statement of financial position. Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liability. Right-of-use assets are subsequently measured at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term. Lease liabilities are measured at the present value of future payments, using the Company's incremental borrowing rates. An interest charge is applied based on the discount rate used in the calculation of the initial lease liability and increases the value of the lease liability. Amounts paid under the terms of the lease are deducted from the value of the lease liability, representing the reduction in the Company's payment obligations. The resulting depreciation is recognized through profit and loss with interest costs directly recognized through finance income.

Fixed assets and Right of Use Assets

Fixed Assets and Right of Use Assets are recorded in the statement of financial position on a net basis (cost less accumulated amortization). Amortization is charged to profit and loss on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Computer software	1 to 3 years
Leasehold improvements	Term of lease
Right of use assets	Term of lease

An item of fixed assets and right of use assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of fixed assets and right of use assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized immediately in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately or internally developed are carried at cost, less any applicable accumulated amortization. Once an acquired intangible asset is available for use, amortization is recognized on a straight-line basis over its estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying cost of the asset, are recognized in profit and loss when the asset is derecognized.

Impairment

At the end of each reporting period, the Company reviews the carrying amount of its fixed assets and right of use assets, intangible assets and other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Canadian dollar is the functional and presentation currency of the Company. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange, with all translation differences recognized in investment income in the current period. If a gain or loss on a non-monetary asset and liability is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss.

Insurance contract liabilities

The Insurance contract liabilities includes the fulfilment cashflows of all estimated costs of projected final settlements of insurance claims incurred on or before the date of the statement of financial position.. These estimates include the full amount of all expected expenses, including related investigation, settlement and adjustment expenses, net of any anticipated salvage and subrogation recoveries. The professional liability insurance policy requires insureds to pay deductibles to the maximum extent of $25,000 on each individual claim, subject to an additional $10,000 for certain claims involving an administrative dismissal. Expected deductible recoveries on paid and unpaid claims are recognized net of any required provision for uncollectible accounts at the same time as the related insurance contract liability.

The Insurance contract liabilities are separated into two components, LRC and LIC. It takes into consideration the time value of money using discount rates based on the risk-free yield curve and the illiquidity premium. A RA is then added to the discounted liabilities, to represent the compensation an insurer requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks in order to generate the fulfillment cash flows.

These estimates of insurance contract liabilities are subject to uncertainty and are the unbiased probability weighted expected cashflows of all possible outcomes. All provisions are periodically reviewed and evaluated in light of emerging claims experience and changing circumstances. The resulting changes in estimates of the ultimate liability are reported as changes that relate to past service in the LIC for both PAA and GMM and changes that relate to future service in LRC for GMM in the reporting period in which they are determined.

Insurance contract liabilities are classified as non-current, except for the LRC for contracts measured under the PAA, any claims expected to be settled within the next 12 months and the related attributable portion of RA and/or CSM. See note 19 for a breakdown of the expected settlement of claims.

Reinsurance contract assets

In the normal course of business, the Company enters into reinsurance contracts with other insurers in order to limit its net exposure to significant losses. The Company classifies its reinsurance contracts into two portfolios of reinsurance contracts 1) proportionate reinsurance or quota share for Excess E&O, and 2) excess of loss or clash coverage for Mandatory E&O and TitlePLUS. The initial recognition for both types of reinsurance begins January 1st each year. The contract boundary for both types of reinsurance is for a 12 month period, from January 1 to December 31 each year.

Reinsurance contract assets are measured using the PAA model as each Reinsurance contract has a contract boundary of 12 months or less. In the Statement of Profit or Loss, net expenses from reinsurance are reported as part of the insurance service result. Net finance income/(expense) from reinsurance contracts held is presented as part of the net insurance and investment result.

Income taxes

Income tax expense is recognized in profit or loss. Current tax is based on taxable income which differs from profit or loss as reported in the statement of profit or loss and statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax includes any adjustments in respect of prior years.

Deferred income tax assets are generally recognized for all deductible temporary income tax differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets also include tax losses not deductible in the current year. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The measurement of deferred tax assets and liabilities utilizes the liability method, reflecting the tax consequences that would follow from the way the Company expects to recover or settle the carrying amount of the related assets and liabilities. The carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right to offset current tax assets with current tax liabilities.

Employee benefits

The Company maintains a defined contribution pension plan ("DCPP") for its employees. It also maintains a supplemental designated executive plan ("SDEP"), for certain designated employees, which provides benefits in excess of the benefits provided by the Company's DCPP. For the SDEP, the benefit obligation is determined using the projected unit credit method. Actuarial valuations are carried out at the end of each annual reporting period using management's assumptions on items such as discount rates, expected asset performance, salary growth and retirement ages of employees. The discount rate is determined based on the market yields of high quality, mid-duration corporate fixed income securities.

DCPP expenses are recognized in the reporting period in which services are rendered. Regarding the SDEP, remeasurements comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest cost), is reflected immediately in the statement of profit or loss and other comprehensive income with a charge or credit recognized in OCI in the period in which they occur. Remeasurements recognized in OCI are transferred immediately to retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows: service cost (including current service, past service cost, as well as gains or losses on curtailments and settlements), net interest expense or income, and remeasurements. The Company presents the first two components of defined benefit cost as part of DAE and other income and expense in the statement of profit or loss.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's SDEP. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

4. NEW AND REVISED IFRSs ISSUED BUT NOT YET EFFECTIVE

There are no new and revised IFRSs issued but not yet effective that are relevant to the Company.

5. INVESTMENTS

a) Summary

The tables below provide details of the cost or amortized cost as well as the fair value of the Company's investments, classified by accounting category and investment type:

b) Maturity profile of fixed income securities

The maturity profile of fixed income securities by type of issuer is as follows:

AS AT	DECEMBER 31 2023			DECEMBER 31 2022 (RESTATED)*		
	Fair value	Cost or amortized cost	Net Unrealized Gain (Loss)	Fair value	Cost or amortized cost	Net Unrealized Gain (Loss)
Classified as FVTPL						
Fixed income securities	$ 540,001	553,580	(13,579)	532,101	563,348	(31,247)
Common equities (pooled funds)	134,002	99,525	34,477	112,602	94,467	18,135
Preferred equities	416	615	(199)	427	615	(188)
Total	**$ 674,419**	**653,720**	**20,699**	**645,130**	**658,430**	**(13,300)**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*. Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

The weighted average duration of fixed income securities as at December 31, 2023 is 3.93 years (December 31, 2022: 4.10 years). The effective yield on fixed income securities as at December 31, 2023 is 3.36% (December 31, 2022: 3.24%).

AS AT	DECEMBER 31, 2023			
	Within 1 year	1 to 5 years	Over 5 years	**Total**
Classified as FVTPL				
Issued or guaranteed by:				
Canadian federal government	$ 17,517	12,025	42,803	72,345
Canadian provincial and municipal governments	13,726	77,826	101,805	193,357
Mortgage backed securities	-	4,962	1,289	6,251
Corporate debt	36,284	167,139	64,625	268,048
Fixed income securities	**$ 67,527**	**261,952**	**210,522**	**540,001**
Percent of total	12%	49%	39%	100%

AS AT	DECEMBER 31, 2022 (RESTATED)*			
	Within 1 year	1 to 5 years	Over 5 years	**Total**
Classified as FVTPL				
Issued or guaranteed by:				
Canadian federal government	$ 6,867	31,132	25,395	63,394
Canadian provincial and municipal governments	14,353	55,614	97,455	167,422
Mortgage-backed securities	-	5,501	473	5,974
Corporate debt	32,187	170,412	92,712	295,311
Fixed income securities	**$ 53,407**	**262,659**	**216,035**	**532,101**
Percent of total	10%	49%	41%	100%

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

c) Investment income

Investment income arising from investments classified as FVTPL are recorded in net income for the year ended December 31 is as follows:

d) Analysis of Investment income and insurance finance result

The investment portfolio is invested with the primary objective of matching the invested asset cash flows with the expected future

AS AT		2023	2022 (RESTATED)*
		Classified as FVTPL	Classified as FVTPL
Interest and dividends	$	21,519	17,256
Net realized gains/(losses)		(1,116)	(6,146)
Change in net unrealized gains/(losses)		33,998	(48,933)
		54,401	(37,823)
Less: Investment expenses		(1,375)	(1,341)
Investment income	**$**	**$53,026**	**(39,164)**

payments of the Insurance contract liabilities. The investments are managed to provide liquidity and address cash flow needs as claims are settled and preserve capital while achieving an appropriate return consistent with the objectives of the Company.

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss in the period:

AS AT		2023			2022 (RESTATED)*		
		Property and Casualty	Other	Total	Property and Casualty	Other	Total
Summary of the amounts recognised in profit or loss							
Net investment income - other investments	$	22,706	31,695	54,401	(17,125)	(20,698)	(37,823)
Net investment income (expenses) - other		(324)	(1,051)	(1,375)	(335)	(1,006)	(1,341)
Net insurance finance expenses		(24,649)	-	(24,649)	21,657	-	21,657
		(2,267)	30,644	28,377	4,197	(21,704)	(17,507)
Summary of the amounts recognised							
Insurance service result	$	9,065	-	9,065	(555)	-	(555)
Net investment income		22,382	30,644	53,026	(17,460)	(21,704)	(39,164)
Net insurance finance expenses		(24,649)	-	(24,649)	21,657	-	21,657
Net insurance and investment result	**$**	**6,798**	**30,644**	**37,442**	**3,642**	**(21,704)**	**(18,062)**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

6. FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

The following tables present the Company's financial assets measured at fair value.

AS AT DECEMBER 31, 2023	FAIR VALUE			
	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value				
Cash and cash equivalents	$ 41,522	-	-	41,522
Fixed income securities	259,534	280,467	-	540,001
Common equities (pooled funds)	134,002	-	-	134,002
Preferred equities	-	416	-	416
	$ 435,058	**280,883**	-	**715,941**

AS AT DECEMBER 31 2022	FAIR VALUE			
	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value				
Cash and cash equivalents	$ 35,741	-	-	35,741
Fixed income securities	226,032	306,069	-	532,101
Common equities (pooled funds)	112,602	-	-	112,602
Preferred equities	-	427	-	427
	$ 374,375	**306,496**	-	**680,871**

There were no transfers between any levels during the year ended December 31, 2023 (2022: none).

7. FIXED ASSETS AND RIGHT-OF-USE ASSETS

During the years ending December 31, details of the movement in the carrying values by class of fixed assets and right of use assets are as follows:

	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Right-of-use assets	**Total**
January 1, 2022	$ 200	506	122	480	9,329	10,637
Additions	51	284	147	-	-	482
Amortization	(162)	(291)	(110)	(75)	(579)	(1,217)
December 31, 2022	$ 89	499	159	405	8,750	9,902
Additions	-	476	750	-	-	1,226
Amortization	(44)	(289)	(181)	(74)	(576)	(1,164)
December 31, 2023	**$ 45**	**686**	**728**	**331**	**8,174**	**9,964**

Details of the cost and accumulated amortization of fixed assets and right of use assets are as follows:

AS AT	DECEMBER 31, 2023			DECEMBER 31, 2022		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Furniture and fixtures	$ 2,267	(2,222)	45	2,267	(2,178)	89
Computer equipment	4,375	(3,689)	686	3,899	(3,400)	499
Computer software	2,188	(1,460)	728	1,438	(1,279)	159
Leasehold improvements	4,403	(4,072)	331	4,403	(3,998)	405
Right-of-use assets	11,065	(2,891)	8,174	11,065	(2,315)	8,750
Total	**$ 24,298**	**(14,334)**	**9,964**	**23,072**	**(13,170)**	**9,902**

The Company has a lease agreement for premises at 250 Yonge Street, commencing June 1, 2018 and expiring on May 31, 2028. The Company has an option to extend the lease period for two additional terms of five years each under the current general terms and conditions. The above capitalized amount takes into account 10 years of extension.

8. INTANGIBLE ASSET

The Company's intangible asset consists of an internally developed platform for the TitlePLUS product. The Company started capitalization of development costs related to the platform on January 1, 2019, with amortization beginning on June 1, 2020. During the years ending December 31, details of the movement in the carrying values are as follows:

AS AT	2023	2022
Cost		
Balance, beginning of year	$ 4,607	3,356
Additions from internal developments	802	1,251
Removal of intangible assets no longer in use	(1,242)	-
Balance, end of year	4,167	4,607
Accumulated amortization and impairment		
Balance, beginning of year	(2,030)	(1,450)
Amortization expense	(903)	(580)
Removal of intangible assets no longer in use	1,242	-
Balance, end of year	(1,691)	(2,030)
Carrying amount	**$ 2,476**	**2,577**

9. LEASE LIABILITIES

Lease liabilities are comprised of the following:

AS AT	2023	2022
Expected to be settled in less than one year	$ 472	450
Expected to be settled in more than one year	8,515	8,987
Total	**$ 8,987**	**9,437**

10. INSURANCE CONTRACT LIABILITIES

a) Roll Forward of insurance contract balances

The roll-forward of the liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below:

FOR THE YEAR ENDED DECEMBER 31, 2023	LIABILITY FOR REMAINING COVERAGE		LIABILITY FOR INCURRED CLAIM CONTRACTS UNDER PAA			
	Excluding loss component	Loss component	Contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities, beginning of period	**$ 2,568**	**4,151**	**7,220**	**415,494**	**24,948**	**454,381**
Insurance revenue	**(122,162)**	**-**	-	-	-	**(122,162)**
Incurred claims and other insurance service expense	-	(4,694)	4,374	117,726	5,415	122,821
Amortization of insurance acquisition cash flows	2,283	-	-	-	-	2,283
Losses and reversals on onerous contracts	-	4,145	-	-	-	4,145
Prior-year development	-	-	1,052	(16,384)	(6,309)	(21,641)
Insurance service expense	2,283	(549)	5,426	101,342	(894)	107,608
Insurance service result from insurance contracts	**(119,879)**	**(549)**	**5,426**	**101,342**	**(894)**	**(14,554)**
Insurance finance expense/(income)	1,144	229	208	23,049	1,383	26,013
Total changes in Profit & Loss	**(118,735)**	**(320)**	**5,634**	**124,391**	**489**	**11,459**
Cash flows						
Premium received	122,162	-	-	-	-	122,162
Claims and other insurance service expense paid	-	-	(6,105)	(115,937)	-	(122,042)
Insurance acquisition cash flows	(6,487)	-	-	-	-	(6,487)
Total cash flows	**115,675**	**-**	**(6,105)**	**(115,937)**	**-**	**(6,367)**
Insurance contract liabilities, end of period	**$ (492)**	**3,831**	**6,749**	**423,948**	**25,437**	**459,473**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

FOR THE YEAR ENDED DECEMBER 31, 2022 ("RESTATED")*	LIABILITY FOR REMAINING COVERAGE			LIABILITY FOR INCURRED CLAIM CONTRACTS UNDER PAA		
	Excluding loss component	Loss component	Contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities, beginning of period	**$ 9,588**	**12,067**	**6,455**	**439,186**	**26,403**	**493,699**
Insurance revenue	**(123,399)**	-	-	-	-	**(123,399)**
Incurred claims and other insurance service expense	-	(11,914)	4,071	121,612	5,505	119,274
Amortization of insurance acquisition cash flows	1,615	-	-	-	-	1,615
Losses and reversals on onerous contracts	-	3,841	-	-	-	3,841
Prior-year development	-	-	597	(15,840)	(5,709)	(20,952)
Insurance service expense	1,615	(8,073)	4,668	105,772	(204)	103,778
Insurance service result from insurance contracts	**(121,784)**	**(8,073)**	**4,668**	**105,772**	**(204)**	**(19,621)**
Insurance finance expense/(income)	(1,804)	157	(16)	(20,855)	(1,251)	(23,769)
Total changes in Profit & Loss	**(123,588)**	**(7,916)**	**4,652**	**84,917**	**(1,455)**	**(43,390)**
Cash flows						
Premium received	123,227	-	-	-	-	123,227
Claims and other insurance service expense paid	-	-	(3,887)	(108,609)	-	(112,496)
Insurance acquisition cash flows	(6,659)	-	-	-	-	(6,659)
Total cash flows	**116,568**	-	**(3,887)**	**(108,609)**	-	**4,072**
Insurance contract liabilities, end of period	**$ 2,568**	**4,151**	**7,220**	**415,494**	**24,948**	**$454,381**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

b) Roll-forward of insurance contract balances by each Component

The roll-forward of the liability for insurance contracts issued measured under the GMM showing estimates of the FCF, RA and CSM is disclosed in the table below:

FOR THE YEAR ENDED DECEMBER 31, 2023	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities, beginning of period	**$ 19,532**	**2,311**	**672**	**22,515**
Changes that relate to past services:				
Adjustments to liabilities for incurred claims	2,471	260	-	2,731
Total Changes that relate to past services	**2,471**	**260**	-	**2,731**
Changes that relate to current services:				
Contractual service margin recognised in net income / (loss) for the services provided	-	-	(72)	(72)
Change in risk adjustment for non-financial risk expired	-	(377)	-	(377)
Experience adjustments	(1,472)	(509)	-	(1,981)
Total Changes that relate to current services	**(1,472)**	**(886)**	**(72)**	**(2,430)**
Changes that relate to future services:				
Changes in estimates that adjust the contractual service margin	(72)	(9)	82	1
Contracts initially recognized in the period	2,499	430	-	2,929
Changes in estimates that result in losses and reversal of losses on onerous contracts	(725)	(120)	-	(845)
Total Changes that relate to future services	**1,702**	**301**	**82**	**2,085**
Insurance service result from insurance contracts	**2,701**	**(325)**	**10**	**2,386**
Insurance finance expense/(income)	1,402	171	8	1,581
Exchange rate differences	-	-	-	-
Total changes in Profit & Loss	**4,103**	**(154)**	**18**	**3,967**
Cash flows:				
Premiums received for insurance contracts	7,195	-	-	7,195
Claims, benefits and other expenses paid	(6,104)	-	-	(6,104)
Insurance acquisition cash flows	(6,490)	-	-	(6,490)
Total cash flows	**(5,399)**	-	-	**(5,399)**
Insurance contract liabilities, end of period	**$ 18,236**	**2,157**	**690**	**21,083**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*. Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

FOR THE YEAR ENDED DECEMBER 31, 2022 (RESTATED)*		Present value of future cash flows	Risk adjustment	Contractual service margin	**Total**
Insurance contract liabilities, beginning of period	**$**	**21,466**	**2,566**	**1,233**	**25,265**
Changes that relate to past services:					
Adjustments to liabilities for incurred claims		2,757	290	-	3,047
Total Changes that relate to past services		**2,757**	**290**	-	**3,047**
Changes that relate to current services:					
Contractual service margin recognised in net income / (loss) for the services provided		-	-	(128)	(128)
Change in risk adjustment for non-financial risk expired		-	(455)	-	(455)
Experience adjustments		(3,685)	(451)		(4,136)
Total Changes that relate to current services		**(3,685)**	**(906)**	**(128)**	**(4,719)**
Changes that relate to future services:					
Changes in estimates that adjust the contractual service margin		367	43	(450)	(40)
Contracts initially recognized in the period		3,280	678	-	3,958
Changes in estimates that result in losses and reversal of losses on onerous contracts		(1,351)	(174)	-	(1,525)
Total Changes that relate to future services		**2,296**	**547**	**(450)**	**2,393**
Insurance service result from insurance contracts		**1,368**	**(69)**	**(578)**	**721**
Insurance finance expense/(income)		(1,493)	(186)	17	(1,662)
Exchange rate differences		-	-	-	-
Total changes in Profit & Loss		**(125)**	**(255)**	**(561)**	**(941)**
Cash flows:					
Premiums received for insurance contracts		8,737	-	-	8,737
Claims, benefits and other expenses paid		(3,887)	-	-	(3,887)
Insurance acquisition cash flows		(6,659)	-	-	(6,659)
Total cash flows		**(1,809)**	-	-	**(1,809)**
Insurance contract liabilities, end of period	**$**	**19,532**	**2,311**	**672**	**22,515**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

c) Roll-forward of CSM

The roll-forward to show the impacts on the current period of transition approaches adopted to establishing CSMs is disclosed in the table below.

FOR THE YEAR ENDED DECEMBER 31, 2023		Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual Service Margin, beginning of period	**$**	**-**	**478**	**194**	**672**
Changes that relate to current services:					
Contractual service margin recognized for service provided		-	(53)	(19)	(72)
Total Changes that relate to current services		-	**(53)**	**(19)**	**(72)**
Changes that relate to future services:					
Contracts initially recognized in the period		-	-	-	-
Changes in estimates that adjust the contractual service margin		-	146	(64)	82
Total Changes that relate to future services		-	**146**	**(64)**	**82**
Insurance service result from insurance contracts		-	**93**	**(83)**	**10**
Insurance finance expense/(income)		-	5	3	8
Exchange rate differences		-	-	-	-
Total changes in Profit & Loss		-	**98**	**(80)**	**18**
Contractual Service Margin, end of period	**$**	-	**576**	**114**	**690**

FOR THE YEAR ENDED DECEMBER 31, 2022 (RESTATED)*		Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual Service Margin, beginning of period	$	-	1,233	-	1,233
Changes that relate to current services:					
Contractual service margin recognized for service provided		-	(95)	(33)	(128)
Total Changes that relate to current services		-	**(95)**	**(33)**	**(128)**
Changes that relate to future services:					
Contracts initially recognized in the period		-	-	-	-
Changes in estimates that adjust the contractual service margin		-	(677)	227	(450)
Total Changes that relate to future services		-	**(677)**	**227**	**(450)**
Insurance service result from insurance contracts		-	**(772)**	**194**	**(578)**
Insurance finance expense/(income)		-	17	-	17
Exchange rate differences		-	-	-	-
Total changes in Profit & Loss		-	**(755)**	**194**	**(561)**
Contractual Service Margin, end of period	**$**	-	**478**	**194**	**672**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

The Company expects to recognise the CSM in profit or loss for existing GMM contracts within twenty years, which represents the longest coverage period for the contracts in force issued by the Company.

The expected timeline of when the CSM is expected to be in profit and loss is as follows:

2023

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	**Total**
Insurance contracts issued	$ 133	113	96	82	70	196	690

2022

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	**Total**
Insurance contracts issued	$ 110	94	80	68	58	262	672

d) Analysis of Insurance Revenue recognized

FOR THE YEARS ENDED DECEMBER 31	2023	2022 (RESTATED)*
Insurance Revenue		
CSM recognized for services provided	$ 72	128
Change in risk adjustment for non-financial risk for risk expired	328	442
Expected insurance service expenses incurred:		
Claims	1,840	2,430
Expenses	775	1,105
Total Expected insurance service expenses incurred	**2,615**	**3,535**
Recovery of insurance acquisition cash flows	2,283	1,649
Experience adjustments not related to future service	-	-
Other Changes	-	-
Total Revenue from Contracts Not Measured Under PAA	**5,298**	**5,754**
Contracts Measured the Under PAA		
Expected premium receipts allocation under the PAA	116,864	117,645
Total Revenue from Contracts Measured Under PAA	**116,864**	**117,645**
Total Insurance Revenue	**$ 122,162**	**$123,399**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*. Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

e) Liability for incurred claims

The determination of the LIC is a complex process based on known facts, interpretations, and judgment, and is influenced by a variety of factors. These factors include the Company's own experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of Insurance contract liabilities, product mix and concentration, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Company's claim departments' personnel and independent adjusters retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, liquid risk-free yield curve, illiquidity premium, court decisions and economic conditions. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the settlement of the claim, the more potential for variation in the ultimate settlement amount. Accordingly, short-tailed claims, such as property claims, tend to be more reasonably predictable than long-tailed claims, such as professional liability and title claims.

The process of establishing the provision relies on the judgment and opinions of a number of individuals, on historical precedents and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The provision reflects expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, together with a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

Consequently, the measurement of the ultimate settlement costs of claims to date that underlies the Insurance contract liabilities, and any related recoveries for reinsurance and deductibles, involves estimates and measurement uncertainty. The amounts are based on estimates of future trends in claim severity and other factors which could vary as claims are settled. Variability can be caused by several factors including the emergence of additional information on claims, changes in judicial interpretation, significant changes in severity or frequency of claims from historical trends, and inclusion of exposures not contemplated at the time of policy inception. Ultimate costs incurred could vary from current estimates. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the methods of estimation that have been used will produce reasonable results given the current information.

The best estimates of claims payments and adjustment expenses are determined based on one or more of the following actuarial methods: the chain ladder method, the paid frequency and severity method, the expected loss ratio method, and the Borheutter Ferguson method. Considerations in the choice of methods to estimate ultimate claims include, among other factors, the line of business, the number of years of experience and the relative maturity of the experience, and as such, reflect methods for lines of business with long settlement patterns and which are subject to the occurrence of large claims.

Each method involves tracking claims data either by "accident year", which is the year in which such claims are made for the Company's professional liability policies, or by "policy year", the year in which such policies were written for its title policies. Claims paid and reported, gross and net of reinsurance recoveries and net of salvage and subrogation, are tracked by lines of business, accident/policy years and development periods in a format known as claims development triangles.

A description of each of these methods is as follows:

i. Chain ladder method

The distinguishing characteristic of this form of development method is that ultimate claims for each policy year are projected from recorded values assuming the future claim development is similar to the prior years' development.

ii. Paid Frequency and Severity ("PFS") method

The PFS method assumes that, for each identified homogenous claims type group, claims count reported to date will develop to ultimate in a similar manner to historical patterns and settle at predictable average severity amounts. This method involves applying the developed estimated ultimate claims count to selected estimated ultimate average claim severities.

iii. Expected Loss Ratio (“ELR”) method

Using the expected loss ratio method, ultimate claims projections are based upon a priori measures of the anticipated claims. An expected loss ratio is applied to the measure of exposure to determine estimated ultimate claims for each year. This method is commonly used in lines of business with a limited experience history.

iv. Bornheutter-Ferguson (“BF”) method

The BF method applied to reported loss data relies on the assumption that remaining unreported losses are a function of total expected losses rather than a function of currently reported losses. The BF method is most useful when the actual reported losses do not provide a good indicator of future losses (e.g. for immature and/or unstable accident years).

Claims data includes external claims adjustment expenses (External claims costs), and for a portion of the portfolio includes internal claims adjustment expenses (Internal claims costs). A provision for internal claims costs has been derived by an approach that is based on the number of expected future claims transactions by lines of business.

An evaluation of the adequacy of Insurance contract liabilities is completed at the end of each quarter. This evaluation includes a re-estimation of the Insurance contract liabilities compared to the liability that was originally established. As adjustments to estimated Insurance contract liabilities become necessary, they are reflected in current operations.

Discount rate

The insurance contract liabilities are discounted using a risk-free rate that is derived by the bottom-up approach based on the Government of Canada zero-coupon bond rates as at the valuation date, and an illiquidity premium that is derived by the top-down approach based on a linear regression of the yield to maturity of the reference portfolio that is comprised of corporate and municipal bonds as at the reference portfolio date. The reference portfolio date for December 31, 2023 was very close to the valuation date, as the Illiquidity premium was based at November 30, 2023, while the risk free rate was based at December 27, 2023. For comparison, the reference portfolio date for December 31, 2022 was the same date as the valuation date. The reinsurance contract assets estimates and claims recoverable from other insurers are discounted in a manner consistent with the method used to establish the related liability. The discount rates are defined up to 30 years from the valuation date, more than sufficient for all expected future cash flows projected.

The FCF are initially discounted applying the discount rate determined at initial recognition of a group of contracts. This discount rate is applied in the calculation of the CSM and referred to as the “locked-in” discount rate.

The “locked-in” discount rate also applies for accreting the unwind of the discount on the CSM of a group of contracts when applying the GMM. In addition, changes in FCF related to future service of the insurance contracts (such as arising from premium related experience adjustments, changes in estimates in FCF related to future periods) are recorded using current rates, but the impact on CSM is recorded applying the “locked-in” rate. This creates a mismatch that is included in insurance finance income or expense.

Illiquid Discount Rates are as follows:-

AS AT	DECEMBER 31, 2023						DECEMBER 31 2022 (RESTATED)*					
	1 year	3 years	5 years	10 years	20 years	30 years	1 year	3 years	5 years	10 years	20 years	30 years
Yield %	5.39%	4.44%	4.20%	4.23%	4.24%	4.17%	5.69%	4.71%	4.49%	4.63%	4.66%	4.57%

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Risk Adjustment

The Company has estimated the risk adjustment factors for the Mandatory and excess E&O portfolios and the Reinsurance portfolios based on the Confidence Level Method. In the Confidence Level Method (also referred to as "quantile"), "the compensation that the entity requires for bearing the uncertainty" is reflected in the RA calculations in the form of a target confidence level selected by the entity, resulting in a required additional provision such that the probability that the present value of future cash flows would exceed the total booked amount would be equal to one minus the target confidence level.

Based on the results of the Mandatory E&O reserve variability analysis as at December 31, 2022, distributions for each of LIC and LRC (as well as for LIC and LRC combined), were determined, RA factors were calculated, and the RA factors at the 80% confidence level were selected.

The Company has estimated the risk adjustment factors for the TitlePLUS portfolio based on the Margin Method. The risk adjustment factors were selected by adapting the margins for adverse development (MfADs) that were used in IFRS 4 for use in IFRS 17. The qualitative risk characteristics underlying the selected RA factors reflect the following considerations:

- Current claims development MfAD considerations (i.e., reflecting the current CIA guidance);
- RA factors for TitlePLUS based on the MCT Calibration approach;
- IFRS 17 qualitative principles for consideration when estimating the liability for RA; and
- Judgment to align with the 80% confidence level selected by the Company.

Considering the small size of TitlePLUS business relative to Mandatory E&O, the RA for TitlePLUS would have no material impact on the confidence level of the total RA for the Company. Therefore, the confidence level of the total RA for the Company will be the same as the confidence level of the RA for Mandatory E&O portfolios (i.e., 80% confidence level).

The primary assumption inherent in this approach is that historical claims development can be used to generate the full range of potential outcomes.

The company also incorporates qualitative judgmental factors not included in the historical data.

f) Liability for remaining coverage under the GMM

In determining the estimated future cash flows, the company considers the full range of possible outcomes, each scenario is probability-weighted and discounted using current assumptions.

The Company includes all cash flows that are within the contract boundary and incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing, and uncertainty of those future cash flows.

g) Coverage units

The Company's CSM from the GMM portfolio is released to insurance revenue by the pattern of coverage units released, which quantifies the amount of insurance service provided in any given period. For TitlePLUS business, data is not readily available to directly assess the number of title insurance contracts in force (exposure) at any given point in time. Therefore, the Ontario house sales data and mortgage loans discharge data were used as a surrogate to estimate the contract boundary of the Company's TitlePLUS business and the exposure unit underlying the Company's TitlePLUS insurance contracts over time.

h) Changes in methodologies or basis of selection of assumptions

The methods used to compute the Insurance contract liabilities are largely unchanged from those used in the previous actuarial valuation. Most of the assumptions employed in the actuarial valuation process were determined in a similar manner to those used in the previous valuations, except a few (e.g., directly attributable expenses) to reflect the new accounting standard. All assumptions were selected after giving consideration to the experience that emerged to the end of 2023.

11. REINSURANCE CONTRACT ASSETS

The Company's reinsurance program consists of a 90% quota share cession on its Excess E&O policies (2021: 90%), and a $10 million in excess of $5 million per occurrence clash reinsurance arrangement which provides protection for single events that bring about multiple claims on Mandatory E&O and/or TitlePLUS with an additional $20 million in excess of $15 million per occurrence. Reinsurance does not relieve the Company of its primary liability as the originating insurer. If a reinsurer is unable to meet obligations assumed under reinsurance agreements, the Company is liable for such amounts. Reinsurance treaties typically renew annually, and the terms and conditions are reviewed by management and reported to the Company's Board of Directors. Reinsurance agreements are negotiated with reinsurance companies that have an independent credit rating of "A-" or better and that the Company considers creditworthy. Based on current information on the financial health of the reinsurers, the company has recognized non-performance risk for reinsurers in the 0.05% to 1.68% range based on the timing of the expected future cashflows. The highest factor of 1.68% for the cashflows that are 15 years and beyond in the future reflects the highest level of uncertainty based on the average credit score of the Company's reinsurers.

a) Roll Forward of reinsurance contract balances

The roll-forward of the asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims is disclosed in the table below:

FOR THE YEAR ENDED DECEMBER 31, 2023	ASSET FOR REMAINING COVERAGE		ASSET FOR INCURRED CLAIMS CONTRACTS UNDER PAA		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets, beginning of period	**$ (723)**	-	**28,770**	**1,667**	**29,714**
Allocation of reinsurance premiums	**(6,069)**	**-**	-	-	**(6,069)**
Amounts recoverable for incurred claims and other expenses	-	-	3,349	184	3,533
Loss recoveries and reversals on onerous contracts	-	-	-	-	-
Prior-year development	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(2,784)	(169)	(2,953)
Amounts recoverable from reinsurers	**-**	**-**	**565**	**15**	**580**
Net expense from reinsurance contracts	**(6,069)**	**-**	**565**	**15**	**(5,489)**
Reinsurance finance income/(expense)	-	-	1,287	77	1,364
Exchange rate differences	-	-	-	-	-
Total changes in Profit & Loss	**(6,069)**	**-**	**1,852**	**92**	**(4,125)**
Cash flows					
Premium paid	6,022	-	-	-	6,022
Amounts received	-		(1,350)	(12)	(1,362)
Total cash flows	**6,022**	**-**	**(1,350)**	**(12)**	**4,660**
Reinsurance contract assets, end of period	**$ (770)**	**-**	**29,272**	**1,747**	**30,249**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

FOR THE YEAR ENDED DECEMBER 31, 2022 (RESTATED*)	ASSET FOR REMAINING COVERAGE		ASSET FOR INCURRED CLAIMS CONTRACTS UNDER PAA		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets, beginning of period	**$ (668)**	-	**43,929**	**2,657**	**45,918**
Allocation of reinsurance premiums	**(4,248)**	-	-	-	**(4,248)**
Amounts recoverable for incurred claims and other expenses	-	-	3,064	180	3,244
Loss recoveries and reversals on onerous contracts	-	-	-	-	-
Prior-year development	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(16,282)	(1,050)	(17,332)
Amounts recoverable from reinsurers	-	-	**(13,218)**	**(870)**	**(14,088)**
Net expense from reinsurance contracts	**(4,248)**	-	**(13,218)**	**(870)**	**(18,336)**
Reinsurance finance income/(expense)	-	-	(1,993)	(120)	(2,113)
Exchange rate differences	-	-	-	-	-
Total changes in Profit & Loss	**(4,248)**	-	**(15,211)**	**(990)**	**(20,449)**
Cash flows					
Premium paid	4,193	-	-	-	4,193
Amounts received	-		52	-	52
Total cash flows	**4,193**	-	**52**	-	**4,245**
Reinsurance contract assets, end of period	**$ (723)**	-	**28,770**	**1,667**	**29,714**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

12. RELATED PARTY TRANSACTIONS

Pursuant to a service agreement effective January 1, 1995, and as amended effective September 30, 2009, the Company administers the Errors and Omissions Insurance Fund (the "Fund") of the Law Society and provides all services directly related to the operations and general administration of the Fund in consideration for the Law Society insuring its Mandatory E&O insurance program with the Company.

The insurance policy under the Mandatory E&O insurance program of the Law Society is written by the Company and is effective on a calendar year basis. The insurance policy is renewed effective January 1 each year subject to the Law Society's acceptance of the terms of renewal submitted by the Company. The annual policy limits for each of the years effective January 1, 1995 to December 31, 2023 are $1 million per claim and $2 million in aggregate per member. Under the insurance policy that was in force between July 1, 1990 and December 31, 1994, the Company was responsible for claims in excess of the Law Society and member deductibles. The Insurance contract liabilities is net of amounts relating to policies for years prior to 1995 that are payable by the Law Society.

For the year ended December 31, 2023, $110.2M of the Insurance Revenue was related to Mandatory E&O insurance coverage provided to the Law Society and its members (2022: $111.1M). Insurance contract liabilities relating to Mandatory E&O coverage was $402.6M as at December 31, 2023 (2022: $398.5M). As at December 31, 2023, the Company had a balance due from the Law Society of $11.3M (December 31, 2022: $11.5M due from Law Society). Out of this due from the Law Society balance, $3.2M (December 31, 2022: $3.3M) relates to non-insurance. The balance due from Law Society is due on demand and bears no interest.

The Law Society offers a wellness program to their members. The Company shares a portion of this cost in order to make the program available to their insureds. The amounts expensed are included in operating expenses under professional fees (see note 16).

The total compensation to Officers and Directors of the Company, being those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, is as follows:

FOR THE YEARS ENDED DECEMBER 31	2023	2022
Short-term compensation and benefits	$ 3,303	3,196
Post employment benefits	321	527
	$ 3,624	**3,723**

13. EMPLOYEE BENEFITS

The Company has a DCPP which is available to all its employees upon meeting the eligibility requirements. Each employee is required to contribute 4.5% of yearly maximum pensionable earnings, and 6% in excess thereof, of an employee's annual base earnings. Under the plan, the Company matches all employee contributions. In 2023, the Company made payments of $854,387 (2022: $837,398) and recorded pension expense of $886,031 (2022: $858,427).

The Company also has an SDEP which provides pension benefits on a final salary or fixed schedule basis, depending on certain criteria. Measurements and funding requirements of this plan are based on valuations prepared by an external actuary. For reporting purposes, the plan is measured using the projected unit credit method, which involves calculating the actuarial present value of the past service liability to members including an allowance for their projected future earnings. Funding requirements for the plan are determined using the solvency method, which utilizes the estimated cost of securing each member's benefits with an insurance company or alternative buy-out provider as at the valuation date. The valuation methods are based on a number of assumptions, which vary according to economic conditions, including prevailing market interest rates, and changes in these assumptions can significantly affect the measurement of the pension obligations.

Funding for the SDEP commenced in 2005, with no contributions made in 2023 (2022: nil) and recorded $25,470 pension income in 2023 (2022: $342,052 pension expense). Funding requirements are reviewed annually with an actuarial valuation for funding purposes effective as at December 31. As the Company's SDEP qualifies as a "retirement compensation arrangement" pursuant to the Income Tax Act, half of any required annual contribution to the plan is remitted to the Canada Revenue Agency, held in a refundable tax account and refunded in prescribed amounts as actual benefit payments are made to the participants. The most recent actuarial valuation for funding purposes was performed effective December 31, 2023. Management's preliminary estimate is that there are no required contributions to the plan during the year ending December 31, 2024.

The assets of both pension plans are held separately from those of the Company in funds under the control of a trustee.

The SDEP exposes the Company to risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk — The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality mid-duration corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity and fixed income securities. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.

Interest rate risk — A decrease in the market interest rate will increase the plan obligation; however, this will be partially offset by an increase in the return of the plan's fixed income securities.

Longevity risk	The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's obligation.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's obligation.

The following represents the assets and liabilities associated with pension benefits measured using values as at December 31:

SDEP obligation		2023	2022
Accrued benefit obligation			
Balance, as at January 1	$	7,629	10,058
Current service cost		224	424
Interest cost		374	307
Remeasurement (gains) losses:			
Acturarial (gains) losses - demographic assumptions		-	96
Actuarial (gains) losses - financial assumptions		352	(2,084)
Actuarial (gains) losses - experience adjustments		95	(717)
Benefits paid		(437)	(455)
Balance, as at December 31	**$**	**8,237**	**7,629**

SDEP assets AS AT		2023	2022
Plan assets			
Fair value, as at January 1	$	12,563	13,215
Interest income on plan assets		623	389
Remeasurement gains (losses):			
Return on plan assets greater (less) than interest		(2)	(586)
Benefits paid		(437)	(455)
Employer contribution		-	-
Balance, as at December 31	**$**	**12,747**	**12,563**

The SDEP assets arise primarily from employer contributions that are originally allocated between fixed income securities, investments in the units of a balanced equity pooled fund, and a real estate pooled fund. The fair values of the above equity and fixed income securities are derived based on quoted market prices in active markets. The plan assets contain the following financial instrument allocation:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Equity securities	33.7%	26.4%
Fixed income securities	10.6%	13.2%
Real Estate	10.6%	13.2%
Cash and cash equivalents	0.6%	0.4%
Refundable-tax account	44.5%	46.8%
Balance, as at December 31	**100.0%**	**100.0%**

Reconciliation of funded status surplus of the benefit plans to the amounts recorded in other assets in the financial statements is as follows:

		DECEMBER 31, 2023	DECEMBER 31, 2022
Fair value of plan assets	$	12,747	12,563
Accrued benefit obligation		(8,237)	(7,629)
Balance, as at December 31	**$**	**4,510**	**4,934**

The accrued benefit asset is included in other assets in the statement of financial position.

SDEP Expense		2023	2022
Service cost:			
Current service cost	$	224	424
Net interest (income) expense		(249)	(82)
Components of defined benefit costs recognized in profit or loss	**$**	**(25)**	**342**
Remeasurement on the net defined benefit liability:			
Actuarial (gain) loss due to liability experience		95	(718)
Actuarial (gain) loss due to liability assumption changes		352	(1,987)
Actuarial (gain) loss arising during year		447	(2,705)
Return on plan assets (greater) less than discount rate		2	586
Components of defined benefit costs recognized in OCI	**$**	**449**	**(2,119)**

The significant assumptions used by the Company for year-end measurement purposes are as follows:

	2023	2022
Discount rate	4.65%	5.05%
Rate of compensation increase	3.50%	3.50% starting in 2023
Mortality	CPM 2014 Priv mortality table generational mortality improvements following Scale MI-2017; pension size adjustment factors of 0.83 for males and 0.88 for females	CPM 2014 Priv mortality table generational mortality improvements following Scale MI-2017; pension size adjustment factors of 0.83 for males and 0.88 for females

The sensitivity of the key assumption, namely discount rate, assuming all other assumptions remain constant, is as follows: as at December 31, 2023, if the discount rate was 1.0% higher/(lower) the defined benefit obligation would increase by $1,000,153 (decrease by $836,570). Note that the sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one or other changes as some of the assumptions may be correlated.

The expected maturity profile of the SDEP obligation as at December 31, 2023 is as follows:

MATURITY PROFILE ON DEFINED BENEFIT OBLIGATION		2024	2025	2026	2027	2028	Thereafter
Expected benefit payments	$	437	435	434	432	538	3,165

The SDEP obligation as at December 31, 2023 by participant category is as follows:

Active participants	2,133
Pensioners	6,104
	8,237

14. INCOME TAXES

a) Income tax expense recognized in comprehensive income

The total income tax expense recognized in comprehensive income is comprised as follows:

FOR THE YEARS ENDED DECEMBER 31		2023	2022 (RESTATED)*
Current income tax			
Expensed (recovered) during the year	$	1,674	(2,975)
Prior year adjustments		703	**(333)**
Total current income tax expense (recovery)		2,377	(3,308)
Deferred income tax			
Origination and reversal of temporary differences		6,982	(6,398)
IFRS 17 adoption and impact of the IFRS 17 transitional adjustment		(1,312)	2,572
Total deferred income tax expense (recovery)		5,670	**(3,826)**
Total income tax	**$**	**8,047**	**(7,134)**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Deferred income tax expense/(recovery) recognized in comprehensive income represents movements on the following items:

FOR THE YEARS ENDED DECEMBER 31		2023	2022 (RESTATED)*
Unused tax losses	$	6,916	(6,916)
IFRS 17 adoption and impact of the IFRS 17 transitional adjustment		(1,312)	2,572
Pensions		21	(124)
Investments		(40)	(39)
Insurance contract liabilites		(117)	122
Fixed, intangible, and other assests		202	559
Total deferred income tax expense (recovery)	**$**	**5,670**	**(3,826)**

b) Income tax reconciliation

The following is a reconciliation of income taxes, calculated at the statutory income tax rate, to the income tax provision included in comprehensive income.

FOR THE YEARS ENDED DECEMBER 31		2023	2022 (RESTATED)*
Profit or loss before income taxes	$	29,416	(26,050)
Statutory income tax rate		26.50%	26.50%
Provision for (recovery of) income taxes at statutory rates		7,795	(6,903)
Increase (decrease) resulting from:			
Investments		(264)	(264)
Other non-deductible items		489	22
Non-deductible meals and entertainment		27	11
Provision for (recovery of) income taxes	**$**	**8,047**	**(7,134)**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

The statutory rate applicable to the Company at December 31, 2023, is the same as at December 31, 2022.

During the year, the Company made income tax payments of $208,253 (2022: $3,493,360) and received income tax refunds of $2,965,565 (2022: $462,211) from the various taxing authorities.

c) Net deferred income tax asset

The Company's net deferred income tax asset is the result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The sources of these temporary differences and the tax effects are as follows:

AS AT		DECEMBER 31 2023	DECEMBER 31 2022 (RESTATED)*
Deferred tax assets			
Unused tax losses	$	-	6,916
Insurance contract liabilities		6,208	(466)
Fixed & intangible assets & other		468	308
		6,676	6,758
Deferred income tax liabilities			
IFRS 17 transitional adjustment		(5,247)	-
Investments		(80)	(119)
Fixed & intangible assets & pension		(2,214)	(1,951)
		(7,541)	(2,070)
Total net deferred tax assets (liabilities)	**$**	**(865)**	**4,688**
Deferred tax assests			
Within one year		1,216	1,357
Greater than one year		5,460	5,402
		6,676	6,759
Deferred income tax liabilities			
Within one year		(1,354)	(40)
Greater than one year		(6,187)	(2,031)
		(7,541)	(2,071)
Total net deferred tax assets (liabilities)	**$**	**(865)**	**4,688**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

The Company believes that, based on available information, it is probable that the deferred income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

15. OPERATING EXPENSES

The following table summarizes the Company's operating expenses by nature:

AS AT		DECEMBER 31 2023	DECEMBER 31 2022 (RESTATED)*
Claims	$	81,008	85,056
Salaries and employee benefits		23,960	23,322
Defined benefit pension plan expense		(25)	342
Directors remuneration		1,040	950
Professional Fees		3,981	4,833
Legal fees		96	193
Losses on onerous insurance contracts		(549)	(8,140)
Amortization of fixed and right of use assets		1,164	1,217
Amortization of intangible assets		903	580
Occupancy expenses		1,211	1,078
Information systems		3,383	3,799
Allowance for doubtfull accounts expense		18	52
Other finance costs		363	380
Other general expenses		3,062	2,850
Subtotal		**119,615**	**116,512**
Amounts attributed to insurance acquistion cash flows		(6,265)	(6,397)
Amortization of insurance acquistion cash flows		2,283	1,649
Total	**$**	**115,633**	**111,764**
Represented by:			
Insurance Service Expenses	$	107,608	103,778
Other General Expenses		8,025	7,986
Total Expenses	**$**	**115,633**	**111,764**

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

Included in salaries and benefits are amounts for future employee benefits under a DCPP of $854,387 (2022: $837,398) and a SDEP of $(25,470) (2022: $342,052).

16. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Capital stock of the Company represents:

- 30,000 Common Shares of par value of $100 each – authorized, issued and paid.
- 20,000 6% non-cumulative, redeemable, non-voting Preferred Shares of par value of $100 each – authorized, issued and paid.
- The Preferred Shares meet the definition of equity in accordance with the criteria outlined in IAS 32 "*Financial Instruments: Presentation*".
- Contributed surplus represents additional capitalization funding provided by the Law Society.

17. STATUTORY INSURANCE INFORMATION

The Company does not hold any security for the assets for incurred claims from possible unregistered reinsurers (2022: nil).

18. CAPITAL MANAGEMENT

Capital is comprised of the Company's equity. As at December 31, 2023 the Company's equity was $300,489 (December 31, 2022: $279,449). The Company's objectives when managing capital are to maintain financial strength and protect its claims paying abilities, to maintain creditworthiness. In conjunction with the Company's Board of Directors and its Audit Committee, management develops the capital strategy and oversees the capital management processes of the Company. Capital is managed using both regulatory capital measures and internal metrics.

FSRA, the Company's primary insurance regulator, along with other provincial insurance regulators, regulate the capital required in the Company using two key measures. These metrics are the Minimum Capital Test ("MCT") and the Financial Condition Testing ("FCT"). FSRA mandates the MCT guideline which sets out 100% as the minimum and 150% as the supervisory target for property and casualty insurance companies. To ensure that it attains its objectives, the Company has established an internal target of 170% (2022: 170%) in excess of which, under normal circumstances, the Company will maintain its capital. The Company has set a preferred operating range of 210% to 240% (2022: 210% to 240%). During the year ended December 31, 2023, the Company complied with the various provincial regulators' guidelines and as at December 31, 2023, the Company has a MCT ratio of 240.8% (December 31, 2022: 228.8%). Annually, the Company's Appointed Actuary prepares a FCT on the MCT to ensure that the Company has adequate capital to withstand significant adverse event scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. The Appointed Actuary must present both an annual report and the FCT report to management and the Audit Committee. The FCT report prepared during the year indicated that the Company's capital position is satisfactory. In addition, the target, actual and forecasted capital position of the Company is subject to ongoing monitoring by management using stress and scenario analysis to ensure its adequacy.

Effective January 1, 2023, FSRA adopted Office of the Superintendent of Financial Institutions ("OSFI's") new capital guidelines based on insurance contracts measured under IFRS 17. The transition to the new regulatory capital requirements did not have a significant impact on the Company's regulatory capital position and did not change the Company's overall capital framework and management of capital.

19. RISK MANAGEMENT

The adoption of IFRS 17 and IFRS 9 has not changed the company's approach to risk management. The most significant identified risks to the Company which arise from holding financial instruments and insurance contract liabilities include insurance risk, credit risk, liquidity risk, and market risk. The market risk exposure of the Company is primarily related to changes in interest rates and adverse movement in equity prices.

The Company employs an enterprise-wide risk management framework which establishes practices for risk management and includes policies and processes to identify, assess, manage and monitor risks and risk tolerance limits. It provides governance and supervision of risk management activities across the Company's business units, promoting the discipline and consistency applied to the practice of risk management.

The Company's risk framework is designed to minimize risks that could materially adversely affect the value or stature of the Company, to contribute to stable and sustainable returns, to identify risks that the Company can manage in order to increase earnings, and to provide transparency of the Company's risks through internal and external reporting. The Company's risk philosophy involves undertaking risks for appropriate return and accepting those risks that meet its objectives. The Company's risk management program is aligned with its long-term vision and its culture supports an effective risk management program. The key components of the risk culture include acting with fairness, appreciating the impact of risk on all major stakeholders, embedding risk management into day-to-day business activities, fostering full and transparent communications, cooperation, and aligning of objectives and incentives. The Company's risk management activities are monitored by its Risk Committee and Board of Directors.

The risk exposure measures expressed below primarily include the sensitivity of the Company's profit or loss to the movement of various economic factors. These risk exposures include the sensitivity due to specific changes in market prices and interest rate levels projected using internal models as at a specific date and are measured relative to a starting level reflecting the Company's assets and liabilities at that date and the actuarial factors, investment returns and investment activity the Company assumes in the future. The risk exposures measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ materially from these estimates for a variety of reasons including the interaction among these factors when more than one changes, changes in actuarial and investment return and future investment activity assumptions, actual experience differing from the assumptions, changes in business mix, effective tax rates, and other market factors and general limitations of the Company's internal models.

a) Insurance risk

Insurance risk is the risk of loss due to actual experience differing from the experience assumed when a product was designed and priced with respect to claims, policyholder behaviour and expenses. The Company has identified pricing risk, concentration of risk and reserving risk as its most significant sources of insurance risks. The Company's underwriting objective is to develop business within its target market on a prudent and diversified basis and to achieve profitable operating results.

Pricing risk

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclicality of the insurance market. The market cycle is affected by the frequency and severity of claims, levels of capacity and demand, general economic conditions, and price competition.

The Company focuses on profitable underwriting using a combination of experienced underwriting staff, pricing models and price adequacy monitoring tools. The Company prices its products taking into account numerous factors including claims frequency and severity trends, product line expense ratios, special risk factors associated with the product line, and the investment income earned on premiums held until the payment of claims and expenses. The Company's pricing is designed to ensure an appropriate return while also providing long-term rate stability. These factors are reviewed and adjusted periodically to ensure they reflect the current environment.

Concentration of risk

A concentration of risk represents the exposure to increased losses associated with an inadequately diversified portfolio of policy coverage. The Company has a reinsurance program to limit its exposure to catastrophic losses from any one event or set of events. The Company has approximately 99% of its business in Ontario (2022: 99%) and 96% in professional liability (2022: 93%), and consequently is exposed to trends, inflation, judicial changes and regulatory changes affecting these segments.

Reserving risk

Reserving risk arises because actual claims experience can differ adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and the ultimate resolution of the claim. Claims provisions reflect expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors. Reserve changes associated with claims of prior periods are recognized in the current period, which could have a significant impact on current year profit or loss. In order to mitigate this risk, the Company utilizes information systems in order to maintain claims data integrity, and the claims provision valuations are prepared by an internal actuary and reviewed by management on a quarterly basis, and reviewed by the external Appointed Actuary at mid-year and year-end.

Sensitivity analyses

Risks associated with property and casualty insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the LIC recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome. Among the Company's lines of business, the professional liability line of business has the largest LIC. Given this line of business and the actuarial methods utilized to estimate the related LIC, the reported claims count development factors and average claim severity selections are the most critical of the assumptions used. The following table provides the estimated increase/(decrease) of the LIC net of reinsurance and the after-tax net effect on equity if the reported claims count development factors were increased such that the estimate of unreported claims was 20% higher or the average claim severity selections were 1% higher. Other changes in assumptions are considered to be less material.

AS AT	DECEMBER 31, 2023			DECEMBER 31, 2022 (RESTATED)*		
	LIC	AIC**	Net Equity	LIC	AIC**	Net Equity
Unreported claims +20%	$ 1,589	0	(1,168)	2,051	2	(1,506)
Average claim severities +1%	$ 1,003	0	(737)	1,088	1	(799)

* Restated for the adoption of IFRS 17 – *Insurance contracts* & IFRS 9 – *Financial instruments*.
Refer to Note 2 Application of New and Revised IFRSs relevant to the Company.

** AIC - Assets for Incurred Claims

The following tables summarize the estimates of cumulative LIC and reinsurance contract assets for each successive policy year at each reporting date, together with cumulative claim payments and claims ceded to date.

LIABILITIES FOR INCURRED CLAIMS AS AT DECEMBER 31, 2023						POLICY YEAR						
	All Prior Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Liability of Incurred Claims												
At end of Policy year	$	102,423	104,351	112,369	111,489	107,713	110,804	94,735	104,753	112,946	109,898	
One Year Later		91,286	94,881	105,749	99,581	92,395	103,636	91,154	104,738	109,830		
Two Years Later		86,533	90,722	97,942	96,368	94,427	105,566	90,997	94,344			
Three Years Later		87,383	94,742	96,397	95,215	94,082	101,398	91,504				
Four Years Later		83,700	92,141	94,511	92,909	94,981	102,980					
Five Years Later		80,932	90,143	95,132	93,336	93,772						
Six Years Later		80,629	89,787	94,524	94,361							
Seven Years Later		80,116	88,093	95,965								
Eight Years Later		78,739	87,332									
Nine Years Later		78,052										
Cumulative Claims Paid												
At end of Policy year		(5,516)	(5,896)	(7,299)	(6,969)	(8,043)	(8,233)	(7,632)	(9,712)	(10,885)	(9,129)	
One Year Later		(18,123)	(19,993)	(21,104)	(22,535)	(21,020)	(25,783)	(21,182)	(22,773)	(29,744)		
Two Years Later		(30,339)	(30,943)	(35,102)	(33,687)	(32,348)	(41,616)	(31,751)	(38,251)	-		
Three Years Later		(40,880)	(42,433)	(45,204)	(41,954)	(43,269)	(53,060)	(41,466)	-	-		
Four Years Later		(45,911)	(54,319)	(55,156)	(51,263)	(51,596)	(61,528)	-	-	-		
Five Years Later		(51,069)	(59,854)	(61,265)	(58,983)	(59,510)	-	-	-	-		
Six Years Later		(55,520)	(65,522)	(66,154)	(64,825)	-	-	-	-	-		
Seven Years Later		(59,455)	(69,743)	(71,898)	-	-	-	-	-	-		
Eight Years Later		(64,354)	(72,897)	-	-	-	-	-	-	-		
Nine Years Later		(68,057)										
Estimate of Ultimate Claims		78,052	87,332	95,965	94,361	93,772	102,980	91,504	94,344	109,830	109,898	
Cumulative Claims Paid		(68,057)	(72,897)	(71,898)	(64,825)	(59,510)	(61,528)	(41,466)	(38,251)	(29,744)	(9,129)	-
Undiscounted LIC	$ 26,682	9,995	14,435	24,067	29,536	34,262	41,452	50,038	56,093	80,086	100,769	**467,415**
Provision for DAE												**31,942**
Effect of Discounting												**(43,223)**
Present Value recognized for LIC												**456,134**

ASSETS FOR INCURRED CLAIMS AS AT DECEMBER 31, 2022

	POLICY YEAR											
	All Prior Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Asset of Incurred Claims												
At end of Policy year	$	4,383	4,345	4,347	4,261	4,349	4,342	4,299	4,354	3,615	3,664	
One Year Later		4,383	4,346	4,347	4,261	4,350	4,342	4,299	3,133	4,989		
Two Years Later		4,383	4,346	4,347	4,260	4,350	4,343	2,882	2,928			
Three Years Later		4,383	4,346	4,347	4,261	4,350	2,888	2,678				
Four Years Later		4,383	4,345	4,347	4,261	2,504	2,683					
Five Years Later		4,383	4,345	4,347	4,050	2,298						
Six Years Later		4,383	4,346	4,083	3,848							
Seven Years Later		4,383	1,883	3,877								
Eight Years Later		2,141	1,677									
Nine Years Later		1,892										
Cumulative Claims Ceded												
At end of Policy year												
One Year Later									(8)			
Two Years Later				(100)			-169		(10)			
Three Years Later				(99)			-183					
Four Years Later				(1,202)			-184					
Five Years Later				(1,126)								
Six Years Later				(1,098)								
Seven Years Later				(1,104)								
Eight Years Later		(402)										
Nine Years Later		(408)										
Estimate of Undiscounted Claims		1,892	1,677	3,877	3,848	2,298	2,683	2,678	2,928	4,989	3,664	
Cumulative Claims Paid		(408)	-	(1,104)	-	-	(184)	-	(10)	-	-	-
Undiscounted AIC	$ 4,910	1,484	1,677	2,773	3,848	2,298	2,499	2,678	2,918	4,989	3,664	**33,738**
Provision for DAE												**0**
Effect of Discounting												**2,719**
Present Value recognized for AIC												**31,019**

b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a borrower or counterparty to fulfil its payment obligation to the Company. Credit risks arise from cash and cash equivalents, investments in fixed income securities and preferred shares, and balances due from insureds and reinsurers.

Management monitors credit risk and any mitigating controls. The Company has established a credit review process where the credit quality of all exposures is continually monitored so that appropriate prompt action can be taken when there is a change which may have material impact.

Governance processes around investments include oversight by the Board of Directors' Investment Committee. The oversight includes reviews of the Company's third-party investment advisor and investment managers, investment performance, and adherence to the Company's investment policy. The Company's investment policy statement is reviewed at least on an annual basis and addresses various matters including investment objectives, risks and management. Guidelines and limits have been established in respect of asset classes, issuers of securities and the nature of securities to address matters such as quality and concentration of risks.

There is no significant credit risk arising from insurance contracts.

With respect to credit risk arising from balances due from reinsurers, the Company's exposure is measured to reflect both current exposure and potential future exposure to ceded liabilities. Reinsurance and insurance counterparties must also meet minimum risk rating criteria. The Company's Board of Directors has approved a reinsurance policy, which is monitored by the Company's Audit Committee.

The following table provides a credit risk profile of the Company's applicable investment assets and reinsurance contract assets.

	DECEMBER 31, 2023						
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	$ 37,991	-	3,375	-	-	156	41,522
Fixed income securities	79,055	151,387	222,399	87,160	-	-	540,001
Investment income due and accrued	268	688	1,822	834	-	189	3,801
Reinsurance contract assets	-	-	30,249	-	-	-	30,249
Total	**$ 117,314**	**152,075**	**257,845**	**87,994**	-	**345**	**615,573**

	DECEMBER 31, 2022						
	AAA	AA	A	BBB	BB and lower	Not rated	Carrying value
Cash and cash equivalents	$ 32,846	-	2,808	-	-	87	35,741
Fixed income securities	69,701	116,908	255,329	89,172	991	-	532,101
Investment income due and accrued	271	408	1,982	776	5	141	3,583
Reinsurance contract assets	-	-	29,714	-	-	-	29,714
Total	**$ 102,818**	**117,316**	**289,833**	**89,948**	**996**	**288**	**601,139**

Fixed income securities are rated using a composite of Moody's, Standard & Poor, and Dominion Bond Rating Service ratings, and reinsurance contract assets are rated using A.M. Best. The balances in the above tables do not contain any amounts that are past due.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have enough funds available to meet all expected and unexpected cash outflow commitments as they fall due. Under stressed conditions, unexpected cash demands could arise primarily from a significant increase in the level of claim payment demands.

To manage its cash flow requirements, the Company has arranged diversified funding sources and maintains a significant portion of its invested assets in highly liquid securities such as cash and cash equivalents and government bonds (see note 5b). In addition, the Company has established counterparty exposure limits that aim to ensure that exposures are not so large that they may impact the ability to liquidate investments at their market value.

Insurance contract liabilities account for the majority of the Company's liquidity risk. A significant portion of the investment portfolio is invested with the primary objective of matching the investment asset cash flows with the expected future payments on these Insurance contract liabilities. Operationally, total investments are managed to provide liquidity and address cash flow needs as claims are settled and preserve capital while maximizing return consistent with the objectives of the Company.

The following tables summarize the maturities of the assets and contractual obligations by contractual maturity or expected cash flow dates (the actual repricing dates may differ from contractual maturity because certain securities and debentures have the right to call or prepay obligations with or without call or prepayment penalties) as at:

	DECEMBER 31, 2023				
	Within one year	One to five years	More than five years	No fixed maturity	**Total**
Assets					
Cash and cash equivalents	$ 41,522	-	-	-	41,522
Investments	67,527	261,952	210,522	134,419	674,420
Investment income due and accrued	3,801	-	-	-	3,801
Reinsurance contract assets	6,989	15,553	7,707	-	30,249
Other assets	4,671	-	-	4,510	9,181
Total	**$ 124,510**	**277,505**	**218,229**	**138,929**	**759,173**
Liabilities					
Lease liabilities	819	3,274	7,709	-	11,802
Expenses due and accrued	3,419	-	-	-	3,419
Total	**$ 4,238**	**3,274**	**7,709**	**-**	**15,221**

	DECEMBER 31, 2022				
	Within one year	One to five years	More than five years	No fixed maturity	**Total**
Assets					
Cash and cash equivalents	$ 35,741	-	-	-	35,741
Investments	53,407	262,659	216,035	113,029	645,130
Investment income due and accrued	3,583	-	-	-	3,583
Reinsurance contract assets	7,278	15,382	7,054	-	29,714
Other assets	9,691	-	-	4,934	14,625
Total	**$ 109,700**	**278,041**	**223,089**	**117,963**	**728,793**
Liabilities					
Lease liabilities	816	3,275	8,527	-	12,618
Expenses due and accrued	9,027	-	-	-	9,027
Total	**$ 9,843**	**3,275**	**8,527**	**-**	**21,645**

The following table summarises the maturity profile of portfolios of insurance contract liabilities of the Company based on the estimates of the undiscounted future cash flows expected to be paid out in the periods presented.

	2023						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	**Total**
Insurance contract liabilities	$ 100,659	81,173	66,175	55,182	43,635	134,575	481,399

	2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	**Total**
Insurance contract liabilities	$ 101,479	82,549	67,287	54,796	44,633	127,375	478,119

d) Market and interest rate risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates, and equity prices. Due to the nature of the Company's business, invested assets and insurance liabilities as well as revenues and expenses are impacted by movements in capital markets, interest rates, and to a lesser extent, foreign currency exchange rates. Accordingly, the Company considers these risks together in managing its asset and liability positions and ensuring that risks are properly addressed. These risks are referred to collectively as market price and interest rate risk – the risk of loss resulting from movements in market price, interest rate, credit spreads and foreign currency rates.

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company is exposed to interest rate price risk on monetary financial assets and liabilities that have a fixed interest rate and is exposed to interest rate cash flow risk on monetary financial assets and liabilities with floating interest rates that are reset as market rates change.

For financial assets and supporting actuarial liabilities, the Company is exposed to interest rate risk when the cash flows from assets and the policy obligations they support are significantly mismatched, as this may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows under unfavourable interest environments.

The following table presents an analysis of how a possible change in interest rates may impact the balances of investment assets and insurance contract liabilities, as well as the net impact on profit or loss and equity. The Company's other financial assets and liabilities are not significantly sensitive to interest rates.

AS AT		1% INCREASE IN INTEREST RATES IMPACT ON DECEMBER 31, 2023		1% DECREASE IN INTEREST RATES IMPACT ON DECEMBER 31, 2023	
		Profit (loss)	Equity	Profit (loss)	Equity
Investments	$	(6,236)	(4,583)	6,524	4,795

AS AT		DECEMBER 31, 2022		DECEMBER 31, 2022	
		Profit (loss)	Equity	Profit (loss)	Equity
Investments	$	(8,214)	(6,037)	8,653	6,360

AS AT		1% INCREASE IN INTEREST RATES IMPACT ON DECEMBER 31, 2023		1% DECREASE IN INTEREST RATES IMPACT ON DECEMBER 31, 2023	
		Profit (loss)	Equity	Profit (loss)	Equity
Insurance contract liabilities	$	13,791	10,136	(14,779)	(10,863)

AS AT		DECEMBER 31, 2022		DECEMBER 31, 2022	
		Profit (loss)	Equity	Profit (loss)	Equity
Insurance contract liabilities	$	13,197	9,700	(14,121)	(10,379)

Market price and interest rate risk is managed through established policies and standards of practice that limit market price and interest rate risk exposure. Company-wide market price and interest rate risk limits are established, and actual positions are monitored against limits. Target asset mixes, term profiles, and risk limits are updated regularly and communicated to portfolio managers. Actual asset positions are periodically rebalanced to within established limits.

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual equity securities. The following chart provides the estimated increase/(decrease) on the Company's after-tax profit/(loss), assuming all other variables held constant, after an immediate 10% increase or decrease in equity prices as at December 31.

		2023	2022
		After-tax Profit (Loss)	
Equity prices	+10%	$ 9,849	8,276
	-10%	$ (9,849)	(8,276)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, in particular when an asset and liability mismatch exists in a different currency than the currency in which they are measured. As the Company does not hold significant liabilities in foreign currencies, the resulting currency risk is borne by the Company and forms part of its overall investment income. The table below details the effect of a 10% movement of the currency rate against the Canadian dollar as at December 31, with all other variables held constant.

Currency	2023 Effect on profit (loss) before taxes (+/-)	2022 Effect on profit (loss) before taxes (+/-)
US Dollar	$ 5,267	4,773
UK Pound	613	652
Other	1,851	1,633
	$ 7,731	**7,058**

The Company also manages possible excessive concentration of risk. Excessive concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. To avoid excessive concentrations of risk, the Company applies specific policies on maintaining a diversified portfolio. Identified risk concentrations are managed accordingly.

The following tables summarize the carrying amounts of financial assets by geographical location of the issuer, as at:

	DECEMBER 31, 2023					
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	**Total**	**% of total**
Canada	$ 41,591	505,075	57,110	3,501	607,277	**84.4%**
USA	11	34,926	52,749	237	87,923	**12.2%**
Switzerland	14	-	6,024	-	6,038	**0.8%**
United Kingdom	-	-	6,132	-	6,132	**0.9%**
Others	(94)		12,403	63	12,372	**1.7%**
Total	**$ 41,522**	**540,001**	**134,418**	**3,801**	**719,742**	**100.0%**

	DECEMBER 31, 2022					
	Cash and cash equivalents	Fixed income securities	Equities	Investment income due and accrued	Total	% of total
Canada	$ 35,568	495,234	42,762	3,201	576,765	**84.3%**
USA	106	36,867	47,560	246	84,779	**12.4%**
Switzerland	13	-	6,934	-	6,947	**1.0%**
United Kingdom	-	-	6,521	-	6,521	**1.0%**
Others	54	-	9,252	136	9,442	**1.3%**
Total	**$ 35,741**	**532,101**	**113,029**	**3,583**	**684,454**	**100.0%**

Board of Directors

As at December 31, 2023

Andrew J. Spurgeon
Chair of the Board

Frederick W. Gorbet, O.C.
Vice Chair of the Board

Daniel E. Pinnington
President & CEO, LAWPRO

Susan M. Armstrong, FCPA FCA

Clare A. Brunetta
Principal, Clare A. Brunetta

Rebecca Durcan

Susan Forbes, KC

Heather L. Hansen, C.S.

Rita Hoff
President, R. Hoff Financial Management Ltd.

Diana C. Miles
Chief Executive Officer, The Law Society of Ontario

Binah Nathan

David R. Oliver
President and CEO, BRJO Investments Ltd.

Mark Surchin

Mark D. Tamminga
Partner, Gowling WLG

Anne-Marie Vanier

FCA denotes Fellow Chartered Accountant

FCPA denotes Fellow Chartered Professional Accountant

Management

As at December 31, 2023

Daniel E. Pinnington
President & CEO

Stephen R. Freedman
Executive Vice President and General Counsel

Krista Franklin
Chief Financial Officer

Domenic Bellacicco
Vice President, Claims

Victoria Crewe-Nelson
Vice President, Underwriting & Customer Service and Secretary

Naomi Dummett
Director of Communications

Mark Huttram
Vice Presiden, TitlePLUS

Ray Leclair
Vice President Public Affairs

Mike Seto
Chief Information Officer

Karen Wood
Vice President, Human Resources & Administration

[1] The Prudent Portfolio Governance Policy provides that a quorum of Executive Committee requires at least one member of the Committee who is not affiliated with LAWPRO.

[2] The Audit and Conduct Review Committees must have at least three director-members and a majority must be non-affiliated directors. Officers or employees of LAWPRO cannot be members of the Committees.

Board Committees

EXECUTIVE COMMITTEE[1]

Andrew Spurgeon,
Chair of Board
Frederick W. Gorbet,
Vice Chair of Board
Sue Armstrong
Daniel E. Pinnington (A), CEO

AUDIT COMMITTEE[2]

Sue Armstrong*
Diana C. Miles (A)
Binah Nathan
David R. Oliver
Anne-Marie Vanier
Heather Hansen

CONDUCT REVIEW COMMITTEE[2]

Binah Nathan*
Sue Armstrong
David R. Oliver
Anne-Marie Vanier

INVESTMENT COMMITTEE

Rita Hoff*
Binah Nathan
David R. Oliver
Sue Armstrong
Mark Surchin
Mark Tamminga

GOVERNANCE COMMITTEE

Clare A. Brunetta*
Sue Armstrong
Susan Forbes
Rita Hoff
Mark Surchin

RISK COMMITTEE

Anne-Marie Vanier*
Clare A. Brunetta
Susan Forbes
Rita Hoff
Rebecca Durcan
Mark D. Tamminga

* Committee Chair

(A) Affiliated Director within meaning of Ontario *Insurance Act*

N.B. The Chair and Vice-Chair of LAWPRO are ex-officio members of all committees, by resolution of the Board.

Corporate Governance

The Board of Directors, either directly or through its committees, bears responsibility for the stewardship of the Company. To discharge that responsibility, the Board supervises the management of the business and the affairs of the Company, including the oversight or monitoring of all significant aspects of the operation, so that the Company effectively and efficiently fulfills its mission, vision and values.

The Company's corporate governance framework, processes, structures and information are designed to strengthen the ability of the Board to oversee management, and to enhance long-term policyholder value. Every director has a duty to guide the Company's affairs in a manner that achieves the Company's objectives.

The corporate governance processes and mandate are derived, in part, from the Ontario *Insurance Act* and regulatory "best practices," and are expressed in the Company's corporate governance framework.

Board Independence

Demonstrable evidence of independence is at the heart of effective governance. Independence is normally a matter of a board demonstrating its ability to act independently of management when appropriate. Currently, only the chief executive officers of LAWPRO and the Law Society of Ontario are "affiliated" to the Company within the meaning of applicable legislation. A minority of directors are Benchers or employees of the Law Society of Ontario.

Board Composition

Annually, the Board reviews its composition to determine whether or not the Board is optimally structured to ensure the achievement of the corporate strategy and business plan. Also important is a regular assessment of the skills, experience and independence of those on the Board.

Board Responsibilities

The basic oversight responsibilities of the Board are described in its corporate governance framework, and include:

- **Corporate performance oversight:** The Board ensures that corporate management continuously and effectively strives to meet the two opposing goals of minimizing premiums and achieving a satisfactory financial result, taking account of risk.
- **Appointment of CEO and related human resources issues:** The Board appoints the CEO and approves the CEO's objectives, assesses their performance and determines compensation of the CEO. As well, the Board approves key appointments reporting to the CEO, reviews key executive performance and approves compensation policy and succession plans.

- **Strategic direction and policy:** The Board reviews and approves management's proposed strategic direction and policy matters, and ensures that policies on key issues, including exposure to various risks, are in place, are appropriate and are reviewed to ensure compliance with same.
- **Budgeting and planning:** The Board approves the Company's proposed budgets and other performance goals, reviews performance against goals and recommends corrective actions.
- **Risk Management:** The Board monitors all categories of risk affecting the Company's operations, approves risk management strategies and assesses risk management performance, including the Company's audit universe and its Own Risk and Solvency Assessment (ORSA).
- **Regulatory compliance and financial monitoring:** Through an independent audit committee, the Board requires and monitors regulatory compliance, appoints the auditor, oversees the audit process and reviews and approves financial reports. The Board also ensures that financial systems produce accurate and timely information, and that appropriate controls are in place.
- **Ensuring its own effectiveness:** The Board establishes committee structures that assist the effective operations of the Board, and enable a review and assessment of the Board's own performance.
- **Setting an appropriate cultural tone:** Through its support for the corporation's vision, mission and values and corporate social responsibility statement and its adherence to the Code of Business Conduct, the Board promotes a culture of integrity, exemplary business conduct, and due regard for the fair treatment of customers while acting in a commercially reasonable manner.

Board Committees

The members of the Board are assisted in fulfilling the responsibilities explained above through the following committees:

Audit committee

The audit committee assists the Board in monitoring:

- the integrity of the Company's financial reporting process;
- the financial and solvency risks that the Company is exposed to;
- the controls for managing those risks, including the internal audit function; and
- the independence and performance of the Company's external auditor and actuary.

Conduct review committee

The conduct review committee oversees the Company's compliance with the related party provisions of the Ontario insurance legislation.

Executive committee

The executive committee has the authority of the Board, subject to the limitations of law and those set forth in the Company's bylaws, to consider urgent matters that require action prior to the next Board meeting. Actions taken by the executive committee are reported to the full Board at the next meeting.

Governance committee

The governance committee:

- assists the Board in its oversight role with respect to: a) the development of the Company's corporate governance policies, practices and processes; and b) the effectiveness of the Board and its committees;
- identifies individuals qualified and suitable to become Board members and recommends the director nominees to each annual meeting of the shareholder;
- assists the Board in its oversight role with respect to: a) the Company's human resources strategy, policies and programs; and b) all matters relating to proper utilization of human resources within the Company, with special focus on management succession, development and compensation;
- oversees procedures for resolving conflicts of interest; and
- assists the Board in liaising with the shareholder.

Investment committee

The investment committee:

- assists the Board and management in managing the invested assets of the Company;
- develops and monitors investment policies and guidelines;
- provides recommendations to the Board in connection with the hiring of external investment managers; and
- meets with and monitors the performance of external investment managers.

Risk committee

The risk committee assists the Board in monitoring all risks (other than financial and solvency risks) to which the Company is subject and overseeing the development and implementation of appropriate risk management policies and programs.

lawpro.ca

Risk management
practicepro.ca

Additional professional liability insurance
lawpro.ca/excess

Title insurance
titleplus.ca

AvoidAClaim.com

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LAWPRO insurance
TitlePLUS Home Buying Guide – Canada

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