
BANACK'S BENCHER NEWS #8

LPIC

September 27, 1996

On Friday, September 27, 1996, Convocation received an LPIC report detailing recommendations for the 1997 year. This newsletter cannot do justice to the problem analysis or fully detail the explanation for the recommendations adopted by Convocation.

I urge that you contact LPIC (telephone (416) 598-5800/fax (416) 599-8341) to obtain your own copy of the Report to fully understand the issues and rationale for the steps being taken.

APPROVED RECOMMENDATIONS: Space does not permit me to reproduce all of the recommendations, however, I point out the following to you:

1. Base premium for 1997 shall remain at \$5,150.00;
2. Those restricting their practice exclusively to criminal and/or refugee law may receive a 40% premium reduction;
3. Part-time practitioners, as defined, may also receive a 40% premium reduction;
4. A premium increase of 30% will apply to those lawyers who fail to provide LPIC with a completed signed application when due;
5. A premium reduction of \$200.00 will be available for members paying their total premium in a lump sum before April 1, 1997;
6. The corporate counsel exemption from insurance premiums will be amended effective January 1, 1997;
7. No premium adjustment will be introduced on the basis of gender;
8. Revenues based on the transaction levies and claims history will continue to be applied in whole towards reduction of the deficit;
9. A strict risk based premium structure will not be adopted until the significant insurance exposure relating to the practice of real estate is removed from the existing traditional insurance program and an alternative is established;
10. The Law Society endorsed LPIC's TitlePlus initiative.

It is presently projected that the LPIC deficit will be retired by mid-1999.

You should review the graphs accompanying the Report which demonstrate that:

1. LPIC premiums based on risk rating by area of practice would result in real estate practitioners paying \$17,397.00 and tax practitioners \$5,655.00 in comparison to the 1996 premium of \$5,150.00, while all other practitioners would pay somewhat lower premiums by up to 20%;
2. LPIC risk based premiums, if TitlePlus is implemented, would be reduced for all members other than for tax practitioners;
3. Female lawyers represent significantly lower frequency of claims and loss costs than male lawyers, regardless of year of call to the bar;
4. Real estate transactions account by far for the majority of claims;
5. The largest percentage of gross claims costs are still attributable to firms of 1-5 lawyers;
6. Practitioners having between 11 and 24 years of experience account for the greatest proportion of claims.

Perhaps of the greatest importance is the LPIC proposal relating to TitlePlus which is designed to bring our real estate practice into the 21st century and to improve service and protection provided to home buyers. With the advent of electronic title registrations and the aggressive approach to title insurance taken by a commercial insurer to date, LPIC was compelled to become proactive in responding with a proposal. I was pleased that various segments of the bar (such as CBAO, ORELA, CDLPA) were involved in working up the proposal. Whether or not you are a real estate practitioner, you should learn more about TitlePlus and the ramifications it will have for all lawyers in both a practice sense and as it relates to the cost of our E & O insurance.

By devoting this entire newsletter to these timely LPIC issues of importance to all of us, I have not meant to ignore other developments at the Law Society, which I will attempt to describe in future newsletters. You may wish to separately request, from the Law Society, Mr. Sasso's first quarterly report to Convocation as CEO. As well, if you are interested, the Legal Aid Report to Convocation dated September 27, 1996 includes a summary of the outcome of the Legal Aid tariff consultations held during the Summer. If you have any suggestions, inquiries or criticisms (constructive or otherwise), please let me know.

IF YOU HAVE ANY TRANSMISSION DIFFICULTIES WITH RESPECT TO THIS NEWSLETTER OR WISH NAMES ADDED OR DELETED, PLEASE RETURN THIS PAGE BY TELECOPIER AND YOUR REQUEST WILL BE IMPLEMENTED. FAX# (416) 977-3316

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