

Agenda

Bencher Meeting

Date:	Friday, September 19, 2025		
Time:	9:00 am – Call to Order		
Location:	The Bencher Meeting is taking place as a hybrid meeting. If you would like to attend the meeting as a virtual attendee, please email BencherRelations@lsbc.org		
Recording:	The public portion of the meeting will be recorded.		
RECOGNITION			
1	Presentation of the 2025 Law Society Scholarship for Graduate Legal Studies		
2	Presentation of the 2025 Law Society Indigenous Scholarship		
CONSENT AGENDA			
Any Bencher may request that a consent agenda item be moved to the regular agenda by notifying the President or the Manager, Governance & Board Relations prior to the meeting.			
3	Minutes of July 4, 2025 meeting (regular session)		
4	Minutes of July 4, 2025 meeting (in camera session)		
REPORTS			
5	President’s Report	15 min	Brook Greenberg, KC
6	CEO’s Report	15 min	Gigi Chen-Kuo
DISCUSSION & DECISION			
7	Practice Fee Rebate Program: Pilot Implementation	30 min	Brook Greenberg, KC
8	Trust Review Task Force Report: Recommendation 38	30 min	Brook Greenberg, KC

Agenda

9	Expanding the Use of Alternatives to Discipline	20 min	Brook Greenberg, KC
10	2026 Initiatives, Budget & Fees	30 min	Thomas L. Spraggs, KC Jeanette McPhee
FOR INFORMATION			
11	Timeline for 2025 General Election		
12	External Appointment: Continuing Legal Education Society of BC		
<i>IN CAMERA</i>			
<i>OTHER BUSINESS</i>			

Law Society of British Columbia

Bencher Meeting: Minutes (Draft)

To: Benchers

Purpose: Approval (Consent Agenda)

Date: Friday, July 4, 2025

Present:

Brook Greenberg, KC, President	Dr. Jan Lindsay
Thomas L. Spraggs, KC 1st Vice-President	Jaspreet Singh Malik
Michael Welsh, KC, 2nd Vice-President	Marcia McNeil
Simran Bains	Jay Michi
Paul Barnett	Georges Rivard, KC
Aleem Bharmal, KC	Michèle Ross
Tanya Chamberlain	Gurminder Sandhu, KC
Jennifer Chow, KC	Nicole E. Smith
Christina J. Cook, KC	Barbara Stanley, KC
Cheryl S. D'Sa, KC	James Struthers
Katrina Harry, KC	Natasha Tony
Ravi R. Hira, KC	Kevin B. Westell
Sasha Hobbs	Gaynor C. Yeung, KC
Benjamin D. Levine	

Absent:

Nikki Charlton, KC	Jonathan Yuen
Tim Delaney	

Staff**present:**

Avalon Bourne
 Kim de Bruijn
 Barbara Buchanan, KC
 Gigi Chen-Kuo
 Michaela David
 Su Forbes, KC
 Kerry Holt
 Jeffrey Hoskins, KC
 Joyce Johner
 Jane Ladesma
 Nicolette Lang-Andersen
 Michael Lucas, KC
 Claire Marchant
 Tara McPhail
 Jeanette McPhee
 Melanie Martens

Doug Munro
 Rashmi Nair
 Sara Pavan
 Ranen Po
 Maryanne Prohl
 Andrea Rayment
 Michelle Robertson
 Carrie Robinson
 Sarah Sharp
 Lesley Small
 Arrie Sturdivant
 Christine Tam
 Maddie Taylor
 Adam Whitcombe, KC
 Charlene Yan
 Vinnie Yuen

Guests:

Francis Barragan	President & Chief Executive Officer, CanLII
Dom Bautista	Executive Director, Courts Center & Executive Director, Amici Curiae Friendship Society
Cindy Chen	Rule of Law Essay Contest Runner-Up
Jess Furney	Manager, Policy & Advocacy, Canadian Bar Association, BC Branch
Wendy Jackson	Chief Executive Officer, Legal Aid BC
Jamie Maclaren, KC	Executive Director, Access Pro Bono Society of BC
Desmond MacMillan	Assistant Dean of Law, Thompson Rivers University
Mark Meredith	Board Member, Mediate BC
Caroline Nevin	Chief Executive Officer, Courthouse Libraries BC
Pénélope Roussel	Team Lead, Special Projects, CanLII
Linda W. Russell	Chief Executive Officer, Continuing Legal Education Society of BC
Liam Skeoch	Rule of Law Essay Contest Winner

Recognition

1. 2025 Rule of Law Essay Contest: Presentation of Winner and Runner-up

President Brook Greenberg, KC introduced the winner and runner-up of the 2025 Rule of Law Essay Contest. Liam Skeoch is the winner of this year's contest, and Cindy Chen is the runner-up. They both wrote exemplary essays, which will be posted on the Law Society website.

Consent Agenda

2. Minutes of May 31, 2025, meeting (regular session)

The minutes of the meeting held on May 31, 2025 were approved unanimously and by consent as circulated.

3. Minutes of May 31, 2025, meeting (*in camera* session)

The minutes of the *in camera* meeting held on May 31, 2025 were approved unanimously and by consent as circulated.

4. 2025 Law Society Scholarship for Graduate Legal Studies

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that the Benchers ratify the recommendation of the Credentials Committee to divide the 2025 Law Society Scholarship for Graduate Studies between Clare Benton and Vanessa Udy.

5. 2025 Law Society Indigenous Scholarship

The following resolution was passed unanimously and by consent:

BE IT RESOLVED that the Benchers ratify the recommendation of the Credentials Committee to divide the 2025 Law Society Indigenous Scholarship between Clarissa Peter and Cely-Rae Street.

Reports

6. President's Report

Mr. Greenberg began his report by announcing the results of the election for the Benchers' nominee for the 2026 Second Vice President. He congratulated Katrina Harry, KC, and thanked all those who put forward their names for consideration.

Mr. Greenberg spoke about the recent call and welcoming ceremonies throughout BC and thanked Benchers for attending and organizing.

Mr. Greenberg welcomed and introduced Francis Barragan, President & Chief Executive Officer, CanLII and Pénélope Roussel, Special Projects Team Lead, CanLII, who then gave a presentation on a number of CanLII projects, including the AI-summarization Project and AI Research Assistant. M^e. Barragan indicated that he would be providing further information to Benchers regarding participation in the beta version of the AI Research Assistant.

7. CEO's Report

Gigi Chen-Kuo, Chief Executive Officer and Executive Director, began her report by speaking about the Public Legal Education and Information planning project being led by Dr. Catherine Dauvergne.

Ms. Chen-Kuo then provided an update regarding the single legal regulator initiative. She indicated that the Law Society and the Society of Notaries Public of BC had jointly retained Cascadia Partners to develop an operational workplan to support the amalgamation, which would be developed over the next two to three months.

Ms. Chen-Kuo spoke about the recent Bench and Bar Dinner, at which the Law Society Award had been presented to Karen Snowshoe, KC.

Ms. Chen-Kuo concluded her remarks by speaking about the importance of the rule of law and lawyer independence. She informed Benchers that a number of Canadian law societies were interested in pursuing a national education campaign to enhance the public's understanding of the rule of law. The Law Society of Manitoba would be taking the lead on this initiative, and a steering committee of representative law society CEOs, including BC, has been formed; Ms. Chen-Kuo indicated that further information would be provided to Benchers regarding this initiative at a future meeting.

8. Briefing by the Law Society's Member of the Federation Council

Mr. Greenberg provided a brief overview of the written report he provided for Benchers' information, which included an overview of the recent Federation meetings.

Presentation

9. Presentation of Equity Advisor Program

Sarah Sharp, Practice and Equity Advisor presented on the Equity Advisor Program, including background to the program, program purpose and structure, as well as future plans for the program.

Discussion

10. Practice Fee Rebate Program – Pilot Implementation

Mr. Greenberg introduced the item and provided some background regarding the Benchers' decision to approve, in principle, the establishment of a one-year pilot of a practice fee rebate program. He then reviewed the proposed details of the pilot implementation, which were before Benchers for consideration.

Benchers engaged in discussions regarding the proposed pilot implementation, with topic areas including the determination of the eligibility criteria; the importance of gathering data and information through the piloting of this program, as well as determining key performance indicators and outcomes to ensure the program is achieving its objectives; and whether or not applicants should be required to make a declaration as to their financial status.

Mr. Greenberg thanked Benchers for their comments, which would be considered further by staff, and he indicated that this matter would likely be considered further at the September Bencher meeting.

Discussion & Decision

11. Legal Profession Act Amendments: Section 15(1) Exemption Applications

Ms. Chen-Kuo introduced the item regarding the amendments to the *Legal Profession Act*, which came into force with the passage of the *Legal Professions Act*. Ms. Chen-Kuo indicated that sections 311 and 312 of the new *Act* amended the current *Act* to add Division 1.1 to permit a person to apply for an exemption from section 15(1) by submitting to the Executive Director an application in the form established by the Executive Director. She also provided some background information regarding the proposal to implement an exemption process, in alignment with the afore-mentioned amendments.

Benchers discussed the differences between the proposed exemption process and the Innovation Sandbox. Some Benchers were of the view that what was being proposed was very much in the public interest, as it would provide regulatory measures for those providing legal services via the

Innovation Sandbox, which was meant to be temporary, as well as further protections for the public. Some Benchers were of the view that what was being proposed was also in alignment with the Law Society's position regarding the regulation of paralegals and that the proposal enhanced access to legal services.

Ms. Small provided some additional information regarding the Innovation Sandbox process, which is currently in place to provide an opportunity for those not currently authorized to provide legal services to test ideas in a controlled environment that are likely to benefit the public.

Mr. Greenberg indicated that further discussions regarding the draft rules would continue when they come back before the Benchers for consideration.

The following resolution was passed by the majority of Benchers with one abstention:

BE IT RESOLVED that steps be taken to implement the exemption process outlined in Appendix A and that Rules be drafted to bring these provisions into effect, to be brought back to Benchers at a later date for approval.

Update

12. 2025 May Financial Report

Jeanette McPhee, Chief Financial Officer and Senior Director of Trust Regulation provided an update on the financial results and highlights to the end of May 2025. She indicated that the results are positive to budget with some expense savings; however, a number of costs are expected to be incurred later in the year due to timing differences.

Ms. McPhee then provided an overview of forecasted results and noted that a deficit of \$4.6 million was projected compared to a budgeted deficit of \$1.6 million. She indicated that revenue was projected to be about \$800,000 under budget, as practice fee revenue is approximately 2% below budget. Ms. McPhee highlighted a number of factors that were contributing to the projected deficit, including, the impact of interest rates on interest income, additional external counsel fees, litigation costs, single legal regulator transition costs, and external organization funding. She then reviewed the impact of the projected deficit on the Law Society's reserves.

For Information

13. Equity Advisor Program Report

There was no discussion on this item.

14. Bencher Eligibility for Re-election and Reappointment

There was no discussion on this item.

The Benchers then commenced the *in camera* portion of the meeting.

AB
2025-09-10

DRAFT

Law Society

of British Columbia

CEO Report

To: Benchers

Purpose: Report

From: Gigi Chen-Kuo

Date: September 19, 2025

1. Truth and Reconciliation

With the National Day for Truth and Reconciliation approaching on September 30, I've been reflecting on the Law Society's ongoing journey toward reconciliation with Indigenous peoples and communities. This work is not a single initiative—it is a sustained commitment to listening, learning, and evolving.

As in previous years, our office will be closed on September 30 to honour the National Day for Truth and Reconciliation. In the lead-up, we will share resources and reflections with the profession and staff. The Law Society website will also be updated with new materials, including Indigenous-led learning opportunities and resources.

I encourage each of us—Benchers, staff, and members of the profession—to reflect on what reconciliation means in our own work and lives. Reconciliation begins with respect: respect for our histories, truths, and ways of being. Let us continue to seek out opportunities to learn, to listen, and to act.

Though there is still much work ahead, I am proud of the progress we've made and remain deeply committed to advancing reconciliation in partnership with Indigenous communities.

2. Single Legal Regulator Update

As reported previously, the Law Society has challenged the constitutional validity of the *Legal Professions Act* ("the New Act") by filing a Notice of Civil Claim on May 17, 2024. The basis for the challenge is that the New Act fails to adequately ensure the independence of the Bar – a fundamental democratic principle. The hearing is scheduled to commence on October 14 for a period of 14 days.

The transitional board and the transitional Indigenous council are next expected to meet on September 17. A number of policy papers will be considered by the transitional board and transitional Indigenous council. These papers cover a wide range of subject areas, including investigations processes, licensing and enrolment, and public disclosure, as well as other topics that have previously been considered and where discussions are ongoing, such as unauthorized practice, practice advice, and custodianships. These papers also include a number of recommendations. The process for development and review of draft policy papers has evolved over time and now includes multiple participants.

I will provide a further update during my oral report at the Bencher meeting.

3. 2025 Annual General Meeting

This year's Annual General Meeting ("AGM") will take place on October 7. The period for submitting member resolutions closed on September 2, and six member resolutions were received. All resolutions for consideration at the AGM are currently available for review and comment within the discussion database in the Member portal for all members in good standing. The last day for the movers of resolutions to withdraw or make changes to their resolutions will be September 16.

The Second Notice of the AGM, including all finalized resolutions, will be sent to the profession by September 19. Advance voting and registration will be available the same day, and will close at 4:30pm on October 6.

For those wishing to attend and vote during the AGM on October 7, registration is required, and can be done using the RSVP function available in the Member Portal.

4. Federation of Law Societies of Canada

Earlier this year, the Federation embarked on an exercise to prepare a new 2025 to 2028 Strategic Plan. At the June 9, 2025 Council meeting, it was agreed that the Federation Executive should establish a committee to make recommendations for the next Strategic Plan and to consider options for a governance review.

This summer, the Executive Committee established the Strategic Plan and Governance Review Committee, of which I am a member. The Committee has been meeting and this fall will be providing a report to Council at its October 2025 meeting.

5. 2025 Bencher Elections

Bencher elections will be held this year in November for Benchers of the Law Society, for a two-year term beginning January 1, 2026 and ending December 31, 2027.

A Call for Nominations was sent to the profession on September 11, and nominations must be received by 4:30 pm on October 15. A reminder that all Benchers who wish to seek re-election will need to submit their nomination materials by the deadline.

Voting will then take place from November 10 until 4:30 pm on November 17. Votes will be counted, and results will be published, on November 18.

Those seeking more information on the election process will find it on the [Law Society website](#).

6. Professional Regulation

We regularly monitor our statistics in Professional Regulation related to general inquiries and complaints that are handled by the department.

We have observed a notable increase in the number of complaint files, general inquiries and telephone calls in comparison to the same period last year (January to August). The number of complaint files has increased by 25%, the number of general inquiries has increased by 37%, and telephone calls have increased by 11%. In addition to volume, complaint files have also increased in complexity.

7. Strategic Planning

The current Strategic Plan for the Law Society covers the period from 2021 to 2025. Earlier this year, we initiated a process to develop a new strategic plan for the post-2025 timeframe.

This past spring and summer, an external facilitator worked with senior staff and the Benchers to complete an environmental scan and gather input that will inform the preparation of the new strategic plan.

The next step is for the first draft of the new plan to be prepared and reviewed with the Benchers at a dedicated workshop in October. The draft plan will then be revised to reflect the input received and presented to the Benchers for final approval by the end of 2025.

Gigi Chen-Kuo
Chief Executive Officer

Practice Fee Rebate Program – Pilot Implementation

To: Benchers

Purpose: Discussion & Decision

From: Executive Committee

Date: September 19, 2025

Purpose

1. At the April 11, 2025 Benchers meeting, on the recommendation of the Executive Committee, the Benchers approved in principle the establishment of a one-year pilot of a practice fee rebate program. The details of the proposed program were discussed by Benchers at their meeting on July 4, 2025. This discussion raised a number of points for further consideration, which informed the further refined program architecture presented in this report.

Background

2. The pilot considered by Benchers contemplated the deployment of a one-year pilot project for a practice fee rebate program administered in early-mid 2026 based on a total income eligibility criteria. During the pilot, data would be collected to inform the purpose, viability, and design of a future program, following which, recommendations would be made in regard to whether a permanent fee relief program should be established.
3. This pilot program would be built on the assumptions that at least some lawyers, albeit a small proportion of the profession, are experiencing financial hardship that may be caused by a variety of reasons, such that the practice fee presents an economic burden or barrier to staying in practice, and that total income is a reasonable indicator of an individual's financial status. Data collected during the pilot would assist in confirming or challenging these assumptions.

Proposed Details & Rationale

4. The details and rationale of the proposed pilot are set out below. The purpose of the pilot is to provide a starting point, and its structure is meant to inform rather than constrain the design of a potential permanent program in the future.

Funding

5. As set out in the materials presented at the April 11, 2025 Benchers meeting, this pilot will be funded from reserves. Depending on other demands on the reserves, up to \$1,000,000 could be set aside from reserves to fund the pilot.
6. Administratively, since potential uptake on the program is unknown, a cap on the amount to be allocated is necessary to understand the potential financial impact on the Law Society and to ensure that funding will be available. Up to \$1,000,000 is a sufficient amount to test the efficacy of the pilot while keeping other demands on reserves in mind.

7. It should be noted that, if the program were to be made permanent following the pilot, the permanent program would need to be funded by an increase in the practice fee. As an example, assuming 15,000 licensees, \$1,000,000 in annual operating funding, and 1,000 licensees receiving a fee rebate of up to \$1,000 each, approximately \$67 would need to be added to the practice fee.¹

Maximum Rebate

8. The reserves allocated to the program would be divided up among licensees who apply and are eligible, up to a maximum rebate per licensee. For example, if \$1,000,000 was allocated and 1000 licensees were eligible, the rebate would be up to \$1,000 per licensee.² In that scenario, if more than 1000 licensees are eligible, the rebate would be less than \$1,000 per licensee.
9. As it is unknown how many lawyers will apply, there needs to be a maximum rebate. A maximum \$1,000 rebate is appropriate as it is not an insignificant amount of money, and would offset almost half of the practice fee.

Eligibility

10. Lawyers with practising status in British Columbia for any amount of time in 2025 who, in 2025, had a total income of less than \$65,000,³ would be eligible to apply. Total income will be determined based on Line 15000 of the lawyer's 2025 Canadian personal tax return. Eligibility will not be dependent on who pays the lawyer's practice fee (i.e. the individual lawyer or the firm) as long as the other requirements are met.
11. Total income on the personal tax return is a clear, simple and consistent measure to determine income levels. It also takes into account income from other sources that should be considered when determining eligibility and need.

¹ In the report presented to Benchers for discussion on July 4, 2025 the approximation provided was \$72 per person for the approximately 14,000 practising lawyers who would *not* receive a rebate. Upon reflection, it makes more sense practically that the increase would apply to all practising lawyers rather than attempting to parse between those who *did* and *did not* receive a rebate, which would be logistically challenging.

² The individual rebates would be to a maximum of what the person had paid for their practice fee in 2025. For example, if a person was practising for one month in 2025, they would receive a rebate for the amount that was paid to practice for that month.

³ While there is limited information publicly available about lawyer incomes across the board, to determine the appropriate maximum eligible total income, staff conducted research into low, median and high wage ranges. A \$65,000 threshold would mean about 2175 (15% of 14,500 lawyers) would be eligible. If all eligible lawyers applied for the rebate with a \$1,000,000 maximum rebate fund, the per person rebate would be \$500.

12. In determining eligibility, a number of matters were considered that were ultimately rejected such as:

- a. **Whether an individual should be required to have been practising in British Columbia for a minimum amount of time in 2025 to qualify.** It was concluded that any threshold would end up arbitrarily excluding individuals experiencing financial hardship that the program is intended to reach;
- b. **Whether a person should have to maintain practising status in 2026 to be eligible.** It was determined that this criterion would end up excluding individuals the program was meant to reach. For example, a person who experienced financial hardship in 2025 and switches to non-practising status in 2026 for any number of reasons (including parental leave, health, or to provide care to an ailing family member) should still be able to receive the rebate;
- c. **Whether the payor of the practice fee should impact eligibility.** Regardless of who pays the fee, a person who meets the financial eligibility criteria would still meet the overall purpose of the pilot, which is to address financial hardship. It also guards against unintended consequences that could reasonably flow from excluding those whose firm pays their fee - for example, firms who currently pay the fee may re-assign it to individual lawyers;
- d. **Whether lawyers with law corporations should be eligible.** Some concern was raised that lawyers with law corporations could limit their individual income to meet the eligibility requirements regardless of their law corporation's financial success. Including an affirmation of financial hardship was considered as a way to mitigate this risk, but there were concerns with including this as a requirement, given the seriousness of providing an affirmation and the subjective nature of "financial hardship", on the basis that it could present a barrier to people who would otherwise apply but who may exclude themselves because of this requirement despite earnestly meeting the income requirements. The program will be communicated as being for lawyers in financial need, which will hopefully reach the intended audience without creating an undue barrier.
- e. **Whether articulated students should be eligible.** Providing support to articulated students with the practice fee at call is an important issue worthy of further exploration through other means than this pilot project.⁴ The pilot as envisioned operates as a rebate of the 2025 practice fee, which does not work for articulated students who are yet to pay a practice fee. It would also result, assuming a permanent program was

⁴ It should be noted as well that, an articulated student who is called at any point in 2025 would be eligible for the pilot program.

established, with persons receiving two rebates applicable to the 2026 practice fee.⁵ Relief for articulated students can be explored through other avenues, which could be investigated at a later date.

Application

13. Lawyers would be invited to make applications by a deadline in mid-2026, which will be reviewed through a one-time evaluation process. The application will ask the individual to provide the amount in Line 15000 of their 2025 tax return and ask them to declare the truthfulness and accuracy of their application. Further documentation or clarification may be required as needed.
14. A one-time application and evaluation process is a matter of operational viability as it would not be feasible to administer a rebate program on a rolling basis. A one-time application process does not unnecessarily constrain eligibility, given anyone eligible will have the ability to determine their total income for 2025 by early-mid 2026. A strong communications strategy around the program and the application deadline will be essential.
15. While having lawyers provide copies of their tax returns would be a valuable tool in determining the veracity of a person's eligibility, there was concern that doing so would be a deterrent to individuals availing themselves of the program as there may be reticence to provide this information to the regulator for the pilot program. Additionally, the Law Society would also have to expend resources to securely manage and store the information. Accordingly, it is proposed that lawyers provide their total income figure and declare the truthfulness and accuracy of their application for the pilot program.

Form of Rebate

16. Those who qualify would receive their rebate as a credit towards their 2027 fees as the default, or in the form of a cheque if they so choose. This allows lawyers to determine the form of relief that is most helpful in and responsive to their personal circumstances.

Goals of the Pilot

17. A key goal of the pilot is to determine the feasibility and viability of a permanent program. Data collected during the pilot will be informative on a number of fronts, including:
 - a. The prevalence of need for support;
 - b. How much of a burden the current practice fee represents;

⁵ For example, an articulated student called in mid-2026 would receive a rebate that could be applied to the 2026 practice fee, and apply again in 2027 for a rebate of the 2026 practice fee.

- c. Whether receiving the rebate put lawyers in a position to stay in practice that otherwise would not have been able to and, if so, what proportion of the profession finds themselves in that situation;
- d. Whether the information collected is sufficient to determine eligibility;
- e. Whether the eligibility requirements should be adjusted; and
- f. The amount of funds that would be needed to support a permanent program, the operational impact and costs of administering a program and the correlated impact on the practice fee.

Decision

18. Accordingly, the following resolution is presented by the Executive Committee for Benchers consideration and discussion:

BE IT RESOLVED that Benchers approve the establishment of a one-year pilot of a practice fee rebate program as described in this report.

**Trust Administration Fee:
Discussion and Recommendation Following
Recommendation 38 of the Trust Review
Task Force Report**

To: Benchers

Purpose: Discussion & Decision

From: Staff

Date: September 19, 2025

Introduction

1. At the May 31, 2025 Benchers meeting, Recommendations 1-37 and 39-40 made by the Trust Review Task Force were approved by the Benchers.
2. Recommendation 38 of that report was to

Recommend a policy change so that [the Trust Administration Fee] TAF will apply to all client matters with a trust transaction, without exemptions.

A decision on this recommendation was, after discussion, postponed for further consideration.

3. The matter was referred back to staff to identify other possible options relating to TAF, and to report back to the Benchers.

Background – Creating TAF and Underlying Rules

4. Following the misappropriation of trust money by Martin Wirick in 2002, the Law Society re-examined the processes used to audit trust accounts.
5. Until that time, each law firm had to retain an outside accountant to review the firm's accounts, at a cost borne by the law firm. The accountant would complete the review as required, and the firm would file a report (a "Form 47" or "Form 48"). Consequences followed if the Form was not completed to the satisfaction of the Executive Director. Discipline processes to investigate issues identified in the handling of accounts could also be undertaken.
6. Following the Wirick misappropriation, the Law Society instituted an in-house trust assurance program. Rather than each firm having to hire an accountant and file a Form 47 or 48 each year, a new form of "Trust Report" was developed that allowed, in most cases, firms to self-report annually on their trust activities. They were thus no longer required to retain (and pay) a third-party accountant to review their records or complete a portion of the trust report. In addition, the Law Society began to conduct rotational audits of law firms on a periodic basis of approximately six years or more frequently if reasons were identified for doing so (either through complaints or through risk criteria identified by the trust assurance department).

7. A decision was made early on that the funding of the new audit processes would be paid by an “administration fee” that would be charged in relation to trust activity. A fee of this nature has been used in other jurisdictions, most notably in Ontario, to fund various programs, so the idea of creating a TAF was not a completely new model at the time. The fee is payable by lawyers, although after examination of the issue by the Benchers, it was determined that lawyers could either pass the fee to the client as a disbursement or absorb the fee. The fee approach was considered as being a fair way to deal with the funding of the program. All trust activity would be reviewed and audited on a periodic basis, so the charging of a fee to open a trust account seemed appropriate. Lawyers who did not operate a trust account in the delivery of legal services, and therefore posed no risk to the public regarding the handling of trust money, would be spared having to pay for the trust assurance program.
8. As initially proposed, the TAF was to be set at \$10 and was to be remitted for each client matter that resulted in a deposit to trust, except where the deposit was to be made for payment of a fee or retainer. It was only to be charged once to a client matter – not each time a deposit was made to trust and, as initially proposed, would only apply where a threshold of \$5,000 deposited to the trust account was exceeded. This would apply a *de minimus* test, recognizing that some legal matters involve the use of a trust account for only nominal sums of money, and that often these sorts of matters are done for clients of reduced means where the lawyer is charging a reduced fee. The Benchers also agreed that TAF would not apply where the trust account was only used to deposit a “fee or a retainer.”
9. Draft rules were prepared on that basis and were considered at the October 29, 2004 Benchers meeting. At that meeting, the Benchers were advised by staff that although the Benchers had decided in principle to make the requirement to pay the Trust Administration Fee subject to a threshold of \$5000, subsequent discussions with law firm administrators had revealed that the threshold might be more of a nuisance than a benefit, and they would prefer there to be no threshold at all.
10. The Benchers thus approved an amendment to the proposed rules to remove the threshold, being satisfied that if those who were going to have to administer the fee expressed concerns about doing so if a threshold were applied, the Benchers should remove the threshold.
11. The Rule regarding the application of TAF was passed on October 29, 2004. A TAF was to be applied to each client matter where funds were deposited to a trust account unless the

account was used only to deposit fees or retainers. The particular rule under consideration (now Rule 2-110 (1)) has not been substantively amended since that date. The remittance and collection of TAF has been taking place ever since that date.

12. The amount collected through TAF will always vary depending on the number of client matters per year on which a trust account is needed. Generally, the amount of TAF collected has been quite closely associated with the activity of the real estate market in the province. Recognizing that in some years the TAF would exceed the amount needed to fund the trust assurance program, a decision was made to pay any surplus to the Part B Indemnity Fund reserves that covers losses attributed to lawyer misappropriation from trust. Conversely, where the amount of TAF collected was less than the amount needed to operate the trust assurance program, the shortfall would be drawn back from any surplus that had been paid into Part B reserves.
13. When developing the trust assurance program, the Benchers considered both a TAF and an increase to the general practice fee as a way of funding it. The increase to the general practice fee was rejected. As explained in the September – October 2005 *Benchers Bulletin*:

... simply raising the fees of all lawyers to cover the cost of trust administration did not seem equitable. The Benchers believe that, because the risk of misappropriation arises in the course of trust transactions, it is fair to ask lawyers who are handling trust funds in the private practice of law to take greater responsibility for the cost of [the new trust administration] program. A Trust Administration Fee [was preferred] because it is directly connected to the operation of trust accounts. In brief, it allows the cost of trust administration to be apportioned in relation to the risk. This relieves lawyers who do few or no transactions ... from most of the burden.

Over the ensuing years, the Finance and Audit Committee discussed the decision rejecting the funding of the trust assurance program through an increase in practice fee, but has rejected pursuing that option each time and decided that TAF is a better way to collect this funding.

Trust Review Task Force

14. The Trust Review Task Force did not have a mandate to reconsider the basis upon which the Trust Assurance program was funded. Its mandate, in general, was to review the trust accounting rules against the objectives of the rules and any concerns expressed about the rules and their enforcement.

15. The Task Force nevertheless learned that there was confusion about the interpretation of Rule 2-110 (1) relating to TAF, which made both the administration of it and its enforcement sometimes complicated. Arguments arose from time-to-time that a fee charged to a lawyer by, for example, an expert or by a licensing authority, or by another body in a matter on which a lawyer was giving advice, was a “fee” for the purpose of the TAF rule, and should therefore be excluded from the imposition of TAF where the lawyer had deposited the money from the client into trust only to pay the fee. The Law Society’s position has always been that expenses of this nature, in the accounts of a lawyer, are a *disbursement* made on behalf of a client, and are therefore not a lawyer’s fee. Consequently, money collected for this purpose was not for a *fee* for legal services, and the deposit of the funds into trust therefore would trigger the TAF.
16. More recently, concerns have been identified that the phrase “fee and retainers” in rule 2-110 should be interpreted as fees and retainers for fees and disbursements. Despite that the Law Society has long interpreted the phrase as excluding retainers for disbursements, and has issued notices to that end, the matter raises further difficulties in enforcing the rule.
17. At the end of their consideration, the Task Force decided it would lead to less uncertainty and thus make enforcement easier if the exemption for “fees and retainers” were removed from the rule, and thus recommended accordingly. This was consistent with its mandate to address concerns about the rules and their enforcements and did not stray into the examination in general of how the trust assurance program should be funded.

Discussion

18. Since Recommendation 38 was first presented, the Benchers have discussed TAF being applied to all client matters and its effect on the operations in particular on smaller firms and sole practices who offer reduced fee or *pro bono* legal services.
19. The discussion has addressed both how the TAF affects lawyers and law firms providing services and its effect on issues including access to justice, but it has also strayed into how the trust assurance program is funded, and whether to fund that program through options other than the TAF. As noted, this latter issue was not in the Trust Assurance Task Force mandate, so the sort of policy discussions that have taken place on issues relating to matters such as the object and effect of the trust rules on firm operations has not taken place previously in relation to how the trust assurance program should be funded.

TAF Issues

20. While the TAF is only \$20.00, charged one time per client matter, concerns have been raised by Benchers that *any* extra charge to the delivery of legal services can affect the ability of a client to access those services. Even though TAF is not payable where the deposit to trust relates to fees or retainers, a trust account is still often required in the course of delivery of services if funds are collected by the lawyer for required disbursements, or funds are paid to the lawyer by a third party to the client's benefit.
21. The current rule means that if a firm receives \$1,000,000 as a retainer for fees and that is all the trust account is used for, no TAF will be payable. It also means that a firm that offers a client *pro bono* legal service receives a settlement payment of \$5,000, TAF *will* be payable. This may seem incongruous. If, as recommended by the Trust Review Task Force, the exception for "fees and retainers" is removed from the rule, these incongruities will disappear, and arguments over what is a "fee" and whether a "retainer" is meant to include disbursements will also disappear.
22. The TAF, of course, does not have to be passed on to the client. Thus, where a reduced fee or *pro bono* matter is taken on by a lawyer that required the payment of TAF, the lawyer or the law firm could cover it. However, the higher the frequency with which TAF would have to be paid if no exemptions were offered, the less likely (it was suggested) a law firm will be prepared (or able) to cover the TAF, especially given what are understood to be very tight economic margins faced by many small firms and solo practices. This may reduce the number of firms or lawyers who would be able to offer improved access to justice, given that many reduced fee and *pro bono* services tend to be offered by smaller firms.
23. Further, despite the information that the Benchers were given at their October 29, 2004 meeting, lawyers *have* raised concerns about the additional accounting burdens in dealing with a TAF that applies to all trust account openings except for fees and retainers. Increasing the ambit of TAF to include fees and retainers might only exacerbate those concerns, particularly for smaller firms.

Funding

24. Ensuring that the trust assurance program is properly funded is important. TAF was the method chosen by the Benchers for funding the program when it was created in 2004. Other options were at the time considered and rejected.

25. Nevertheless, in their discussion regarding Recommendation 38, the Benchers discussed other methods of how to fund the trust assurance program rather than through TAF, thinking that there might be a more equitable method that also would improve access to justice. The options identified are discussed and analysed further below in this memorandum.

Options

a. Identifying a Threshold Amount below which TAF would not apply

26. As noted earlier in this report, the purpose of the review of the trust accounting rules was not meant to be an examination of the funding models for Law Society operational programs. Through its consultations, the Task Force became aware of concerns that the language of Rule 2-110 (1) caused confusion in its application, with consequent difficulties in enforcing the payment of TAF in certain circumstances. Acting within its mandate, the Task Force made recommendations for rewording of the rule in order to make its application clear. That recommendation was to apply TAF in all circumstances where a trust account was opened on a single client matter, which has been presented already in Recommendation 38.
27. Of course, the option of doing nothing and leaving Rule 2-110 as it is currently worded also exists. The reasons this option is not preferred have also already been presented when the Task Force recommended Recommendation 38.
28. Other options, however, do exist. What follows is the identification of options that may be viable, and some general analysis of them. None has been costed out, however, nor has a detailed policy analysis been done about how any of these options may affect law practices, or the delivery of legal services in general. Nor has any consultation been undertaken on any of them. The options are presented for discussion.

i. TAF chargeable only above a threshold amount

29. In 2004, the proposed implementation of TAF initially contemplated applying it only where deposits to a trust account exceeded \$5,000.00 on a single client matter. That option can be reconsidered.
30. Including a threshold amount would recognize that on some matters, such as where a lawyer would not be expected to receive more than a modest amount into the firm's trust

account in dealing with the matter, a TAF would not apply. Such matters would be expected to include reduced fee service matters where the amount at issue is modest.

31. In the result, where a lawyer was retained, likely on a reduced fee matter, in circumstances where a trust account would be needed for modest amounts (such as where a judgment or settlement amount that would be paid to the lawyer's trust account would be modest), TAF would not be payable. If the threshold were exceeded over the course of the retainer, TAF would become payable.
32. This option addresses most of the concerns that the Benchers have raised about access to justice and/or the willingness of firms to provide legal services where modest amounts were at stake, usually to clients on a reduced fee or *pro bono* basis out of worry that TAF will be charged.
33. The option, if implemented, will however require some diligence on the part of firms to apply. Firms will need to keep track of the amount of funds deposited into trust over time to determine if the threshold is crossed, thus triggering the payment of TAF. These administrative requirements were ultimately what caused the Benchers to decide to abandon the threshold proposal when it was proposed in 2004.
34. Advances in accounting program software may alleviate this concern, but no consultation has taken place with lawyers or law firms on this point.
35. If this option is to be implemented, a decision will be need to be made on what the threshold amount would be. \$5,000 is the current cap on civil matters that can be heard by the Civil Resolution Tribunal, but the use of lawyers is of course discouraged by that Tribunal so the services of a lawyer in such matters may not be common. \$5,000 in 2004 is worth approximately \$7,500 in 2025.

ii. TAF chargeable only above a threshold amount *and* retaining the fees and retainers exception

36. This option would include a threshold amount below which TAF would not be charged, but would retain the provision that TAF will not be charged where the trust account is used only for fees and retainers. In this case, it would remain advisable for the Benchers to clarify what that phrase means in the rules.

37. This option, while creating a threshold below which TAF would not apply, retains the problematic “fees and retainers” language that the Task Force addressed and recommended removing.
38. While true that a threshold and an exemption for fees and retainers would likely increase the incidence of the payment of TAF, the complications for both the profession in applying it and the Law Society in enforcing it would remain. The threshold could, instead, be set at an amount that would recognize that there would no longer be an exemption for fees and retainers.
39. The Task Force recommended that the phrase “fees and retainers” be removed as an exception, as the phrase was causing confusion and enforcement issues. It is thereby likely preferable that the Task Force’s recommendation on this point still be taken under advisement, and staff would recommend not including it in any new rule.

b. Funding Options

40. As noted above, when discussing Recommendation 38, the Benchers expanded the discussion into one that included whether there were models other than TAF through which to fund the trust assurance program.
41. What follows below is a discussion of some other funding approaches.

i. Funding the trust assurance program through the practice fee

42. Rather than funding the trust assurance program through a TAF, the cost of the program could be paid for through an increase in the annual practice fee charged to lawyers.
43. TAF was introduced to fund the creation of a new trust assurance program to oversee the handling of trust funds and protect the public. As noted above, the Benchers when implementing TAF in 2004 concluded that it was fairer to ask lawyers who were handling trust funds in the private practice of law to take greater responsibility for the cost of the new program. It allowed the cost of trust administration to be apportioned in relation to the risk. As referenced earlier, over the ensuing years, the Finance and Audit Committee has also considered whether funding should be through the practice fee, but has rejected doing so.
44. While it is perhaps more equitable to fund the cost of the trust administration program by charging a fee to lawyers who operate trust accounts, it is nevertheless true too that the

legal profession as a whole does gain a benefit through a robust trust assurance program that works to reduce the possibility of mishandling of trust accounts and funds, or inadvertent or advertent misappropriation of trust money. Public confidence in the handling by lawyers of client matters, including trust funds, is important to a properly functioning justice system. Therefore, all lawyers benefit to some degree from a properly operated and funded audit system.

45. It is worth remembering, for example, that all lawyers, including those who did not operate trust accounts, backed the losses caused by Mr. Wirick's misappropriation of trust funds. While trust misappropriation is now handled through Part B of the Indemnity Policy rather than through the Special Compensation Fund, a *catastrophic* misappropriation of trust monies may still place public or political pressure on the profession to make good the losses. All lawyers thus benefit from a program that reduces that likelihood.
46. A practice fee increase was one of the options considered in 2004. It was rejected for reasons described in paragraph 13 above but also considered was the fact that lawyers were already, in 2004, facing a considerable increase in the overall practice fee due to substantial increases to the Special Compensation Fund that were necessary to cover the Wirick misappropriation. Similarly, the current practice fee review is recommending an increase of \$200 in 2026, and potentially more increases in future years.
47. The number of practising lawyers is projected at 15,250 in 2026, so in order to replace TAF through an increase to the annual practice fee, staff calculates that based on projections for the costs of operating the trust assurance program, the annual practice fee would have to increase by \$280.00 per lawyer. Implementing this option would therefore increase the practice fees over and above the proposed \$200 increase upcoming in 2026 resulting in an increase of over \$400 in total.
48. Of course, other formulas could be considered. For example, lawyers who declared that they did not operate a trust account could be exempted from paying to fund the trust assurance program, but this would deviate from the current practice of having all lawyers pay the same practice fee. It might also be hard, or at least more difficult to enforce this option. Perhaps from a more practical point of view, it would also increase the practice fee by even more for lawyers who do utilize a trust account.

ii. Funding trust assurance through assessing a yearly trust account fee on law firms

49. During discussion on funding during the Benchers discussions on TAF considerations a question was asked whether we should reconsider assessing a yearly trust account fee on all law firms, or all law firms who hold trust funds and trust accounts, to collect funding to fund the trust assurance program.
50. When TAF was implemented, one of the rationales given was that it would replace the then-existing requirement that law firms hire an external auditor/accountant to review the law firm accounts and report to the Law Society. It was anticipated that this would result in a cost savings for law firms, and was anecdotally said to be \$2,000 to \$2,500 a year. As noted in the January – February 2006 *Benchers Bulletin*, it was expected that 95% of law firms would be relieved of the requirement to engage – and associated cost of engaging - an external auditor/ accountant. The newly approved rotational audit program operated through the trust assurance program was to be funded through the collection of the TAF.
51. If, therefore, the cost of the trust assurance program was spread out amongst the firms, some Benchers suggested that this could still amount to a savings for law firms over the previous cost of retaining external auditors.
52. Alternatively, law firms who operate trust accounts could, for example, be required through the rules to pay for a licence to do so, with firms who do not operate such accounts being excluded, although again, this would be more complicated to enforce as it would have to be monitored.
53. Assessing an annual fee to law firms for the trust assurance program would, in fact, be consistent with the rationale for which the Law Society sought amendments to the *Legal Profession Act* in 2012 in order to regulate law firms.
54. Although the number of law firms changes daily, there are currently approximately 4,000 law firms in the province right now. If a fee to cover the cost of the trust assurance program in 2026 were to be applied equally across all law firms, the cost would be approximately \$1,100. If the fee were applied equally across only law firms who hold trust funds and trust accounts, estimated at 2,500, the cost per firm would be at least \$1,700 per year. These firms would include small and sole practitioners.
55. It should be noted that the operational impact on charging this fee would need to be examined as determining the number of law firms would be complicated as the status of

law firms trust accounts changes on a daily basis, and is self-declared by law firms. It may be difficult and costly to determine when such a fee is due from a law firm, and so a further review of this approach would be needed.

56. If this option were to be considered, though, the Benchers should consider whether an equal fee across all law firms is the right approach. Some law firms transact millions of dollars through their trust accounts, whereas other firms handle very little. On the other hand, firms that transact millions of dollars through trust annually are generally larger firms that have robust internal controls which may be more difficult to implement in small or solo practices.

iii. Funding generated through interest on trust accounts

57. An option proposed for consideration during discussion by the Benchers was for the Law Society to collect money from pooled trust accounts, and paying such funds to the Law Foundation at year end after deducting the cost of the trust assurance program.
58. This option would require an amendment to the *Legal Profession Act* because s. 62 of that Act currently provides that lawyers hold interest from their pooled trust accounts in trust for the Law Foundation and must remit the interest to the Law Foundation in accordance with the Rules.
59. Even if the government were prepared to consider amending the current Act at this point of time, which may be doubtful, amendments to legislation generally take a considerable period of time to complete. On that basis, this option is not currently viable.
60. Moreover, as the Law Foundation's mandate is to fund legal education, legal research, legal aid, law reform and law libraries for the benefit of British Columbians, some objections might arise to depriving the Foundation of a portion of its funding to fund the Law Society trust assurance program.

Recommendation and Resolution

61. The purpose of the Task Force's Recommendation 38 was to make application of the TAF easier to administer from a firm's point of view, and easier to enforce from the Law Society's point of view. The Benchers discussion has raised concerns that applying TAF to all trust matters may have the consequence of reducing firm's ability to represent clients on reduced fee matters where the amounts at issue (both regarding fees and the underlying value of the file) are modest.

62. Effecting changes quickly to achieve desired outcomes is preferable. Consequently, staff recommend Option a (i) above, where the rules are amended to apply TAF for the use of a trust account for all purposes where a threshold amount to be determined is exceeded. This adopts part of Recommendation 38 (by removing the fees and retainers exception, which has been causing confusion), but also addresses concerns about TAF applying in ways that may limit people of modest means from obtaining legal services, especially on files where the amount at stake is also modest.
63. Staff suggest setting the threshold at \$10,000, which would take into account inflation over the last 20-year period from the \$5,000 threshold considered in 2005, and to recognize that if fees and retainers are now no longer exempt, modest fees will still not be likely to trigger the exemption even if the trust account is used for other purposes as well.
64. Other options for funding the trust assurance program will take longer to implement, as further considerations will need to be given to their development. The rules will need more substantive changes to accomplish these options, and in at least one case, new legislation would be required. This does not prevent further consideration of these options if that is desirable, but for immediate purposes the following resolution is recommended:

BE IT RESOLVED that the Benchers approve a policy change to the implementation of the Trust Administration Fee in order that it will apply to each client matter undertaken by the lawyer in connection with which the lawyer receives in trust \$10,000 or more in total, and that rules be prepared for approval by the Benchers to effect this change.

Expanding the Use of Alternatives to Discipline

To: Benchers

Purpose: Discussion & Decision

From: Executive Committee

Date: September 19, 2025

Issue

1. The Alternative Discipline Process (“ADP”) was unanimously approved by the Benchers in 2021 and operationalized in 2022, commencing as a three-year pilot project.¹ Designed to specifically address circumstances in which a lawyer’s health issue has contributed to conduct that has resulted in a complaint investigation, the ADP is a remedial program that focuses on resolving or managing the underlying health issue. In doing so, the program aims to place lawyers in a stronger position to meet their professional responsibilities and serve their clients, and to reduce the risk that a health issue may impact on the future delivery of legal services.² In this regard, the ADP serves the public interest. The success of the ADP led to Benchers making it a permanent program by unanimous approval on April 11, 2025.
2. The benefits of the ADP also prompted the Executive Committee to direct staff to assess the feasibility of expanding the program to include competency issues and non-health-related matters where remediation appears achievable on a more consensual and expedited basis. Achieving resolutions to concerns on a faster, more remedial and collaborative basis in appropriate matters serves the public interest.
3. Staff completed this assessment and provided two recommendations to the Executive Committee, which it now recommends to Benchers:
 - a. to expand the ADP to include health-related competency issues, and
 - b. to develop an Alternative Resolution Measures (“ARM”) framework to address non-health-related conduct issues where remediation or resolution is likely achievable.

Background

ADP

4. Information about the ADP and its operation was included in the April 11, 2025 report to Benchers.³ In short, the purpose of the ADP is to provide the Law Society with an opportunity to address misconduct outside of the regular discipline process in circumstances in which a lawyer’s health condition is a contributing factor. In diverting eligible lawyers into a voluntary, confidential program that serves as an alternative to discipline, the regulatory response is customized to focus on remediation and rehabilitation of the health issue, including treatment and practice interventions. If the health issue is successfully

¹ The ADP was to comport with the purpose, principles, design features and policy rationale as described in the Mental Health Task Force’s [Alternative Discipline Process Recommendation Report](#) (2021) (“ADP Recommendation Report”).

² Pursuant to section 3 of the *Legal Profession Act*, the Law Society’s duty to uphold and protect the public interest can be met in a number of ways, two of which are central to the ADP, namely: establishing standards and programs for the professional responsibility of lawyers; and supporting and assisting lawyers in fulfilling their duties.

³ [Bencher Agenda \(April 11, 2025\)](#) at 62.

resolved or managed, it is likely that the risk of the conduct reoccurring will be reduced, thus enhancing the protection of the public.

5. To be eligible to participate in the ADP, a lawyer must be experiencing a health issue that is impacting their ability to comply with their professional obligations. The Executive Director must also be satisfied, based on all the relevant circumstances, that a referral to ADP is consistent with the public interest. As part of this assessment, the Executive Director will consider all the circumstances of the case, including:
 - a. The nature and seriousness of the alleged misconduct;
 - b. The impact on the Law Society’s ability to protect the public; and
 - c. The impact on the public’s confidence in the profession and in self-regulation.

If, at any point during the lawyer’s involvement in ADP, the lawyer’s participation ceases to be in the public interest, the file will be returned to the regular disciplinary process.⁴

6. All aspects of the ADP are specifically designed to address health-related issues. This includes: the rules set out in Division 1.01 [Health Issues]; the eligibility decision and related guidelines; the collection of health information; the process by which ADP consent agreements are developed; and the suite of policies, protocols, and resources that support the program. The public interest rationale for maintaining a high degree of confidentiality within the ADP is also firmly rooted in the need to create a “safe space” for the disclosure of health concerns—helping to reduce stigma and alleviate lawyers’ fears about sharing sensitive health information with the regulator.
7. From both operational and policy perspectives, the ADP is therefore not designed for—nor well suited to—addressing non-health-related conduct concerns. However, as described in more detail in the next section of this report, the guiding principles and core design features of the ADP offer a valuable “blueprint” for developing additional, non-disciplinary alternatives for resolving complaints where remediation or resolution is appropriate.

Early resolution opportunities

8. The Law Society makes significant efforts to resolve complaints as early in the investigation process as possible. Recent data indicates that approximately 90% of complaints are closed at the staff level before disciplinary action is taken. Appendix “A” to this report provides an overview of complaint outcomes in 2022, 2023, and 2024.

⁴ See: [Alternative Discipline Process](#).

9. Rules 3-7 and 3-8 play a central role in early resolution and are as follows:

Resolution by informal means

3-7 *The Executive Director may, at any time, attempt to resolve a complaint through mediation or other informal means.*

[...]

Action on a complaint

3-8 (1) *After investigating a complaint, the Executive Director must take no further action if the Executive Director is satisfied that the complaint*

(a) is not valid or its validity cannot be proven, or

(b) does not disclose conduct serious enough to warrant further action.

(2) The Executive Director may take no further action under this division on a complaint if the Executive Director is satisfied that the matter giving rise to the complaint has been resolved.

(2.1) Subject to Rule 3-9.9 [Referral to complaint investigation process], the Executive Director must take no further action under this division on a complaint if the Executive Director has proceeded on the complaint under Division 1.01 [Health issues].

(3) Unless subrule (1) or (2.1) applies or the Executive Director takes no further action under subrule (2), the Executive Director must

(a) refer the complaint to the Practice Standards Committee,

(b) refer the complaint to the Discipline Committee, or

(c) impose an administrative penalty under Part 4, Division 6 [Administrative penalty].

(4) Despite subrule (3), the Executive Director may refer a complaint to the chair of the Discipline Committee if the complaint concerns only allegations that the lawyer has done one or more of the following:

(a) breached a rule;

(b) breached an undertaking given to the Society;

(c) failed to respond to a communication from the Society;

(d) breached an order made under the Act or these rules.

10. Under these rules, the Executive Director has the discretion to resolve a complaint through mediation or other informal means, and to take no further action on the investigation if satisfied that the matter giving rise to the complaint has been resolved. For example, a complaint about rudeness could be resolved by having the subject lawyer complete the [Communications Toolkit](#), or having the lawyer and the complainant attend a mediation. As set out in further detail in Appendix “A”, between 41 and 68 complaints per year are resolved.

Practice Standards

11. For years, the Practice Standards Committee (the “PSC”) and the Practice Standards Department (“PSD”) have addressed competency issues of all types at the request of other committees, departments and the Tribunal.⁵
12. As part of this work, the PSC and PSD regularly address issues that may have been caused, or contributed to by, underlying disabilities, including complex health issues. In some cases, the causal and temporal connections between the health issue and the underlying competency issues are unclear, not properly assessed and/or have not been asserted by the subject lawyer. Since 2021, 16 out of 101 files considered by the PSC had a health component noted by staff and the PSC,⁶ resulting in some involvement of a health care professional. In these 16 files, the nexus between the health concern and the underlying competency issue was not always well-established.⁷ Additionally, health issues are often not raised until the lawyer is well into the program.
13. In some cases, lawyers involved with the PSD exhibit a mix of competency and conduct issues (e.g. repeated procrastination/delay on client files or a breach of undertakings). PSD staff have also found that competency and conduct issues—and their underlying causes—cannot always clearly or easily be delineated or determined, partially due to the non-adjudicatory nature of the program, which allows for early interventions without a full fact-finding exercise.
14. The PSC utilizes various tools to address competency issues (and in some cases, competency *and* conduct issues), including directing a file or practice review, recommending steps that are necessary to protect the public pending a review, or approving recommendations to address competency issues after a review.

⁵ In undertaking this work, the PSD frequently coordinates with other Law Society departments, particularly where lawyers have multiple, overlapping files open in processes (e.g. more serious complaints may be under investigation for possible disciplinary action, while competency-based complaints are referred to the PSD).

⁶ Including cases where the PSC directed independent medical examinations and health professionals have been consulted at the direction of the Tribunal.

⁷ In at least one of these 16 files, the subject lawyer was assessed by ADP and did not meet the eligibility criteria.

15. Where the PSC directs a file or practice review, an experienced reviewer is retained. On straightforward files, this may involve a staff lawyer, however, on more complicated files, an experienced external reviewer and a staff lawyer may be co-reviewers.
16. Reviewers are drawn from a roster of diverse individuals, established by the PSD, with varied expertise, experiences and wide geographical representation. Careful consideration is put into reviewer selection. Once selected, the PSD provides reviewers with resources and information, including materials to review in advance, a detailed practice review checklist that is completed by the subject lawyer, a recent file list, a template report and any additional support that is required to ensure consistency and fairness in their approach.
17. Both file reviews and practice reviews are generally conducted at the subject lawyer's offices/premises, and can often take a full day. New issues —sometimes identified by the lawyers themselves— often become apparent during, and are examined during, the review. Reviewer(s) occasionally conduct further interviews, including with the subject lawyer and/or their current or former colleagues, or request further documents.
18. Reviewer(s) subsequently produce a report that, where appropriate, proposes recommendations to address any identified competency issues. The subject lawyer is provided with a draft of the report and opportunities to provide input, including on the proposed recommendations, and to flag issues that may have caused or contributed to any competency issues.
19. The draft report is then presented to the PSC, which then adopts, rejects and/or varies proposed recommendations. Notably, the PSC has the ability to issue a wide range of recommendations, including the completion of remedial steps, formal or informal mentorship agreements, supervision agreements, practice restrictions and other measures.
20. Recommendations adopted by the PSC form part of the licensees' professional conduct record ("PCR").⁸ Where practice conditions or limitations are imposed by the PSC, this information is available to the public and, so long as they remain in place, may be relevant to certain external requests (e.g. if a licensee applies to practice law in another province).
21. Only on rare occasions, where subject lawyers are repeatedly not procedurally compliant, and multiple follow ups and warnings have been unsuccessful, would utilizing tools such as an order be considered.⁹

⁸ See Rule 1, definition of "professional conduct record", subparagraph (f).

⁹ Orders are most frequently referred to, but not utilized, to encourage subject lawyers to avoid unduly delaying the process.

22. PSD staff are responsible for monitoring the implementation of the recommendations, which involves regular and ongoing communication with the subject lawyer. This is not always a linear process, and files are regularly returned to the PSC for further or other directions, often at the recommendation of staff or at the request of the subject lawyer.
23. Where new complaints are referred to PSD and/or where staff are concerned with non-compliance, a file can be brought back before the PSC and/or, in appropriate circumstances, a resolution can be negotiated with the subject lawyer.¹⁰

Analysis & Recommendations

Expanding the ADP to address health-related competence issues

24. The ADP has proven to be a highly successful, innovative, and flexible process for addressing health-related *conduct* issues. Where there is evidence that a lawyer has broader *competency* issues – including those in which there a nexus to a health issue - the matter is typically referred to the Practice Standards Committee.
25. This approach is consistent with the design of the ADP, which included an emphasis on not conflating discipline issues with competency issues where there was no actual connection.
26. Diverting lawyers with health-related conduct issues into the ADP, while those with health-related competence issues are not currently eligible for such diversion, may create inconsistencies in how unwell lawyers are handled in the Law Society's processes. Given the Law Society's growing expertise in addressing health-related issues with the additional safeguards of voluntariness and confidentiality, and in an effort to take a more integrated approach to mental health and substance use issues impacting lawyers' professional conduct, expanding the ADP approach to include health-related competency concerns is an appropriate next step.
27. This expansion would also align with the on-the-ground experience of staff, which indicates that competency and conduct issues cannot always be clearly delineated. In this regard, expanding the ADP to address competence issues would allow for a more consistent approach that would also better respond to circumstances where the issues to be addressed are not clearly conduct or competence, or may be both.
28. The ADP's current eligibility criteria is guided by the public interest, which is informed by a number of factors. If the ADP was expanded to address health-related competence issues, the eligibility criteria would need to be revised to clarify when a matter is appropriate for ADP or, alternatively, should be addressed by the PSD. Guided by the overarching principal of the public interest, further work would also be required to develop clear guidance on when it

¹⁰ For example, staff may negotiate additional recommendations with the subject lawyer to address new complaints. These must, however, be approved by the PSC.

would be in the public interest to refer licensees with health-related competence issues to ADP versus the PSD. In developing these guidelines, particular consideration should be given to the PSD's expertise with file and practice reviews and associated compliance monitoring.

29. A review of the Rules and associated procedures for referring files to both the ADP and the PSD will also be required to ensure consistency with the proposed changes. A preliminary assessment suggests that neither Division 1.01 [*Health issues*] nor Division 2 [*Practice Standards*], as currently drafted, present barriers to moving certain health-related matters that would currently be addressed by the PSD to an expanded version of the ADP.¹¹ If Rule amendments are required, those will be brought back to Benchers for consideration and decision.
30. Additionally, as the ADP is currently operating at capacity from a resourcing perspective, the increased diversion of files resulting from the proposed expansion will require additional staffing and financial resources.

Development of an Alternative Resolution Measures (ARM) Framework to address non-health related conduct issues

31. Ensuring that the ADP is applied only in circumstances where a health issue has contributed to the lawyer's conduct is critical to maintaining the program's integrity. Not only do these parameters align with the ADP's original public interest rationale, they also provide clarity about the program's purpose, maintain transparency and reduce the risk that eligibility decisions are perceived as overly discretionary. Requiring a clear nexus between a health issue and the conduct in question also preserves a program design and staffing model that is specialized in health-related matters. This specialization is a hallmark of the ADP and has been central to its success—drawing interest from other legal regulators within Canada and internationally.
32. That said, there are other circumstances in which it may be in the public interest to address lawyer misconduct through alternative, expedited, remedial processes rather than traditional disciplinary sanctions. Accordingly, consideration has been given to how the principles underlying the ADP could be adapted or applied.
33. As discussed above, a sub-set of complaint investigations are currently resolved using tools such as mediation or suggested remedial measures, which rely on the Executive Director's exercise of discretion to seek resolution. While a useful tool, the breadth of this discretion—intended to provide flexibility and responsiveness to individual circumstances—can result in a lack of transparency with the public at large. While complainants are kept apprised of how matters to which they are a party are resolved and why, for those external to the process it

¹¹ See in particular Rule 3-4(3), Rule 3-8 (2.1) and (2), Rule 3-17(1).

may be difficult to understand how or why certain matters are resolved in this manner.

Transparency is a key pillar of earning and sustaining the confidence of the public – it is not sufficient for the decisions to be objective and fair, they also must be seen as such, and being clear about the principles and processes underlying decisions is important in this regard.

34. Additionally, while both Conduct Reviews and consent agreements are undoubtedly crucial and beneficial aspects of the Law Society’s discipline processes, these processes can take more time to resolve matters, and present some degree of less flexibility in the nature of the resolutions.
35. Accordingly, developing a framework in which to implement alternative resolution measures — or “ARM” — is proposed to address non-health related conduct issues where a resolution or a remedial approach is in the public interest. The ARM would be available for general use by any member of professional conduct staff where it was deemed appropriate. Developing and publishing the ARM will allow the public and the profession to better understand what sort of matters can be resolved and how, which will increase the public’s confidence and allow lawyers to better understand Law Society processes in hopes of decreasing disproportionate fear of the regulator. The ARM would also specifically contemplate the involvement of the Law Society’s monitoring and enforcement functions to ensure that the required measures are carried out, which would further increase the public confidence.
36. General guidelines would be created that identify factors to guide the Executive Director’s exercise of discretion to utilize tools such as mediation or suggested remedial measures, similar to the eligibility criteria developed for the ADP. The guidelines would include:
 - a. an overarching requirement that the Executive Director must be satisfied it is in the public interest for a matter to proceed by way of ARM;
 - b. the enumeration of relevant factors will allow the Law Society to assess each matter’s suitability on a case-by-case basis; and
 - c. outline the types of conduct that are generally unsuitable for resolution—for example, conduct that causes serious harm to the complainant or others, or conduct likely to result in a severe disciplinary outcome, such as suspension or disbarment.¹²
37. The ARM framework would also specifically address:
 - a. a non-exhaustive list of the possible general remedial measures that could be deployed;
 - b. the parameters of the lawyer’s role in participating in, and reporting on, remedial

¹² These same factors are included in the ADP Eligibility Guidelines. Other factors that might be transferrable to the guidelines for ARM include: history of misconduct, lawyer character/cooperativeness, evidentiary concerns (e.g. the investigation is not advanced enough to attempt alternative remedial measures) or competency issues.

actions;

- c. the role of the complainant;
- d. monitoring by the monitoring and enforcement team; and
- e. the potential outcomes of proceeding on a matter through ARM.

38. Although further work is required to fully develop the operational details, it is proposed that the ARM will be guided by the following four principles—drawn from, and in many respects mirroring, the approach taken in the ADP:

- (i) Confidential: To support confidentiality in the resolution of appropriate matters, a decision to employ ARM would occur at a staff level, with successful resolution involving no further action and closure of the investigation file. Pursuant to Rule 3-3(1), information in a complaint file is confidential.¹³ There would be no public record of the complaint or how it was resolved, and it would not form part of the lawyer's professional conduct record.
- (ii) Consent-based: A variety of consent-based remedial measures may be employed to resolve a complaint through ARM. For example, lawyers may be asked to participate in a meeting or mediation with the complainant, consent to restrictions on practice or changes to practice status,¹⁴ complete professional development activities or obtain coaching or mentorship. If a lawyer is unwilling or unable to commit to the proposed remedial actions, the matter will proceed in the regular investigation and discipline process.
- (iii) Public interest: The public interest will inform all aspects of ARM, commencing with the Executive Director's decision to proceed with the ARM, to proposing alternative remedial measures to address the conduct, through to monitoring the lawyer's compliance with the measures they consent to.
- (iv) No risk: As in the ADP, if a matter is successfully resolved through ARM, the complaint file will close and no further disciplinary action will be taken. If it is determined that proceeding by way of ARM is not in the public interest, or an alternative resolution is not possible, other measures will be employed. Because there are no disciplinary consequences for attempting ARM and not succeeding, the approach is "no risk" to either party—the Law Society and the lawyer will be in the same position they would have been in had ARM not been attempted.

¹³ Rule 3-3(1) The Society must treat as confidential all information and records that form part of the investigation of a complaint [...] except for the purpose of complying with the objectives of the Act or with these rules.

¹⁴ The restrictions or changes in practice status would need to be published, but the complaint process and use of ARM that underpins the restriction would remain confidential.

39. In short, the ARM would represent a codification of the Law Society's current approach to matters where remediation or resolution is possible, informed by the success of the ADP, and guided ultimately by the public interest. Establishing and publishing the ARM is intended to increase public confidence and lawyer understanding of Law Society processes through further clarity and transparency. The ARM would also demonstrate publicly the Law Society's commitment to proportionate regulation, and its commitment to resolving issues when it is in the public interest.

Conclusion

40. The ADP has positioned the Law Society at the forefront of a broader shift among legal regulators to develop alternatives to discipline for addressing health-related lawyer misconduct. Expanding the ADP to encompass health-related competence issues, strengthens the current approach while preserving the integrity of the existing program. Additionally, the proposed ARM framework provides a vehicle to resolve non-health-related conduct issues before the discipline process is engaged. In doing so, ARM further entrenches the suite of alternative pathways available to the Law Society to regulate the profession in the public interest.
41. If the resolutions outlined below are approved by the Benchers, staff will begin the process of implementing the necessary operational changes. While this work will be significant, it is achievable. Key steps will include: reviewing and amending existing rules and policies to support both the integration of competency issues into the ADP and the development of the ARM framework; expanding ADP staffing resources to support the program's broader scope, and; developing guidelines for the application of ARM, along with the necessary procedures to formalize the use of alternative remedial measures. If Rule amendments are required, those will be brought back to Benchers for consideration and decision.

Resolution

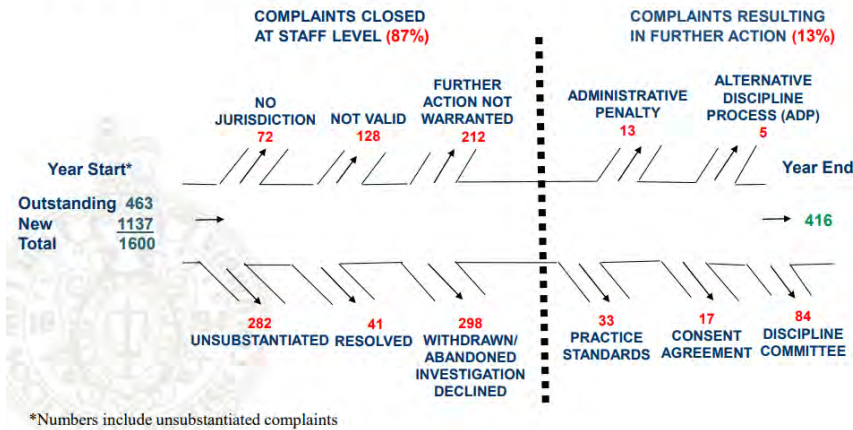
42. Based on the analysis provided in this report, the Executive Committee presents following resolutions are provided for Bencher consideration and decision:

BE IT RESOLVED that Benchers approve, in principle, expanding the Alternative Discipline Process (ADP) to include health-related competence issues as described in this report.

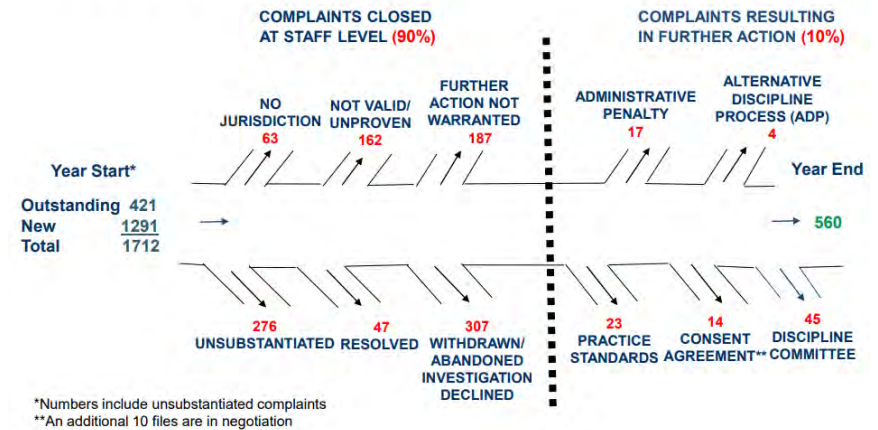
BE IT RESOLVED that Benchers approve, in principle, establishing the Alternative Resolution Measures (ARM) framework as described in this report.

Appendix “A” – 2024-2024 Complaints Outcomes

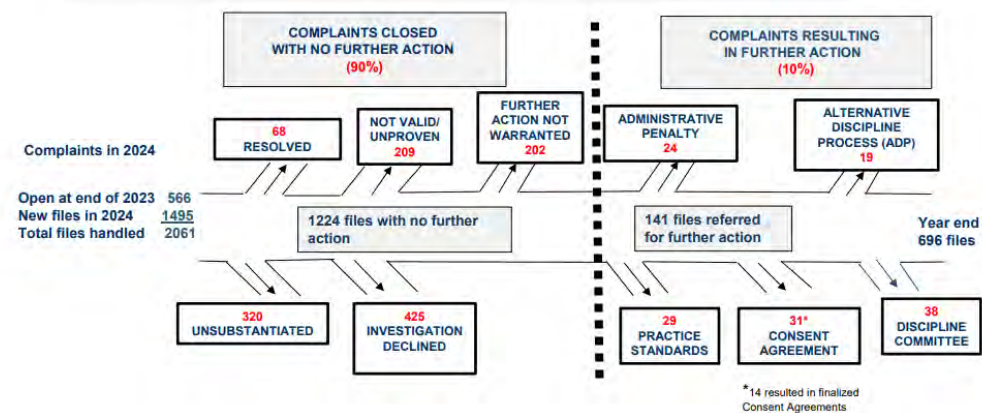
2022 Complaints Results



2023 Complaints Results



2024 Complaint Outcomes



2026 Fees & Budgets

To: Benchers

Purpose: Discussion & Decision

From: Finance and Audit Committee

Date: September 19, 2025

Background

1. Please see attached the Law Society of British Columbia - 2026 Fees and Budgets Report (“the Report”).

Discussion

2. Over the past few months, the Finance and Audit Committee met with senior management to review the proposed 2026 fees and budgets for the General Fund and the Lawyers Indemnity Fund.
3. The Finance and Audit Committee also reviewed the fee proposals from a number of organizations and programs supported by Law Society fees, including Courthouse Libraries BC, the Lawyers Assistance Program, *The Advocate*, the Federation of Law Societies of Canada, the Canadian Legal Information Institute, and the delivery of pro bono and access to legal services.
4. Based on this work, the Finance and Audit Committee is recommending to the Benchers to set the practice fee and the indemnity fee for 2026, as follows:¹
 - Practice Fee (including external organizations funding) \$2,536.00:
 - Law Society operations \$2,104.00
 - Funding for external organizations \$432.00
 - Indemnity Fee \$1,800.00
5. The Committee recommends adoption of the following Bencher resolutions, as detailed in the Report.

Decision

6. The Benchers are asked to approve the following resolutions:

BE IT RESOLVED that:

Effective January 1, 2026, the practice fee be set at \$2,536, pursuant to section 23(1)(a) of the *Legal Profession Act*, which is projected to result in a deficit budget of \$174,034.

¹ A full breakdown of the 2026 Practice Fee Recommendation is on page 27 of the Report.

BE IT RESOLVED that:

Effective January 1, 2026

- **The indemnity fee pursuant to section 30(3) of the *Legal Profession Act* be set at \$1,800;**
- **the part-time indemnity fee pursuant to Rule 3-40(2) be set at \$900; and**
- **the indemnity surcharge pursuant to Rule 3-44(2) be set at \$2,000; and**
- **the Part C \$2 million profession-wide annual aggregate be removed; and**
- **the Part C deductible, if no secondary verification, be reduced from 35% to 30% of the loss.**

2026 FEES AND BUDGET REPORT



Presented to:
Benchers
September 19, 2025

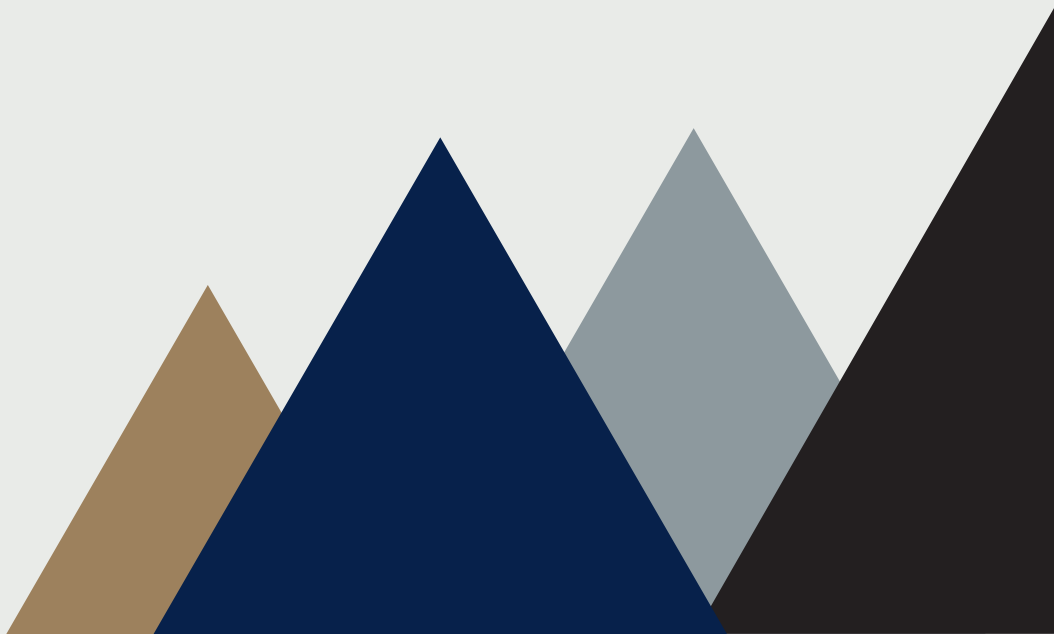


TABLE OF CONTENTS

The Law Society of BC - 2026 Fees & Budget Report Overview	4
General Fund Budget Vision & Approach	5
2025 Strategic Plan	5
2026 Key Operational Goals	6-8
Budget Process & Timeline	9
Financial Considerations	10
Key Budget Assumptions	11-12
Budget Risks	13
General Fund - Fees & Budget Overview Revenue & Expense Summary	14
2026 Operating Revenue Summary	14
2026 Operating Expense Summary	14
Operating Revenues	15
2026 Operating Revenues	15-16
Number of Practising Lawyers	17
Non-Practising & Retired Lawyers	17
PLTC Students	18
2026 Operating Expenses	19-21
General Fund Working Capital	22
Net Assets - General Fund Working Capital	22
Use of Working Capital Reserves	22
Capital Plan	23
General Fund - Operating Budget	24
General Fund - Detailed Revenue & Expenses	25-26
2026 Practice Fee - Fee Recommendation	27
Practice Fee Comparison	28

General Fund - Departmental Cost Summaries	29
Governance & Benchers Relations	29
Corporate Services	30-31
Education & Practice	32-33
Communications & Information Services	34
Policy & Legal Services	35-36
Professional Conduct, Investigations & Discipline	37-38
845/839 Building	39
Trust Assurance Program & Fee	40
External Organization Funding	41
2026 Practice Fee Recommendation	42
Mandatory Fee Comparison	43
Lawyers Indemnity Fund - 2026 Fees & Budget Report	44
Overview and Recommendation	45
Frequency and Severity of Claims – Parts A, B, and C	46
Part A (errors & omissions)	47
Part B (trust protection for lawyer theft)	48
Part C (trust shortages for social engineering)	49
LIF's Conservative Reserving Practice	50
External Counsel Fees	51
Cyber and Privacy Breach Insurance and Claims	52
Practice Risks	53
Real estate	53
Tax	54
Family Law	55
Civil Litigation - Plaintiff	56
Motor Vehicle - Plaintiff	56
Wills and Estates	57
Criminal	58

Financial Strength	59
Net Assets	59
Minimum Capital Requirements	59
Subsidy from Investments	60
Income and Expenses from All Sources Annually	60
2026 Budget	61
Revenue	61
Indemnity Surcharge	61
Expenses	61
2026 Indemnity Fee Recommendation	62
Resolution	62
Appendix A	63

DRAFT

OVERVIEW

This report provides an overview of the 2026 annual practice and indemnity fees, and related budgets.

The objective of the annual budget is to ensure that the Law Society is able to fulfill its statutory mandate to protect the public interest in the administration of justice and to follow through on goals as set out in its strategic plan. This will be achieved by having the sufficient resources required to carry-out these plans. Despite rising costs in operations and having introduced new programs and initiatives, fees funding Law Society operations have not increased in 6 years. This was achieved through prudent expense management, positive trends in interest rates, real estate and higher increases in the lawyer base. As the recent economic environment has reversed those trends and there continues to be a lot of uncertainty, in order to meet ongoing initiatives and to retain a healthy and resilient reserve of 3 - 6 months of operating costs, this budget includes the first increase in the practice fee in over 6 years.

Overall the 2026 General Fund operating revenues, without a practice fee increase, have held steady with no increase compared to 2025 revenue budgets and 2024 actual results, due to slower growth in practising lawyers than past years and decreased revenues in all other areas. 2026 General Fund operating expenses have been held to minimal inflationary and market increases, increasing only 4.3% over 2025 budget levels.

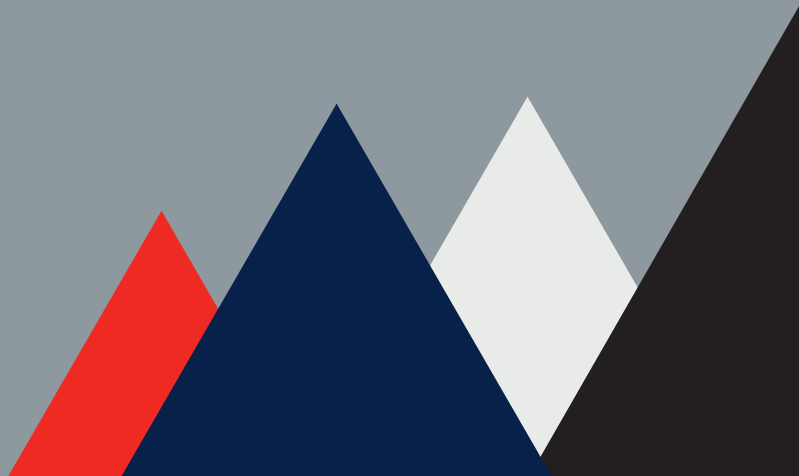
In order to have a small deficit General Fund budget, and to fund the external organizations who rely on the funding provided by the Legal Profession, the practice fee (including external organizations) has been increased \$215, from \$2,321 to \$2,536 per lawyer.

The annual indemnity fee has been \$1,800 since 2018 and was \$1,750 for seven years prior to that. Taking all factors into account, the indemnity fee will remain at \$1,800 per full-time lawyer for 2026, marking the 9th consecutive year at this value.

GENERAL FUND

BUDGET VISION & APPROACH

DRAFT



2025 STRATEGIC PLAN

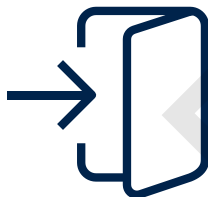
5 MAIN OBJECTIVES 2021-2025 Strategic Plan



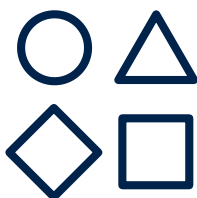
Leading as an innovative regulator of legal service providers



Working toward reconciliation



Taking action to improve access to justice



Promoting a profession that reflects the diversity of the public it serves



Increasing confidence in the Law Society, the administration of justice and the rule of law

Key 2026 Operational Priorities continue support for these Strategic Plan Objectives.

2026 KEY OPERATIONAL GOALS

Lawyer development and licensing

The Law Society continues to review the current lawyer development and licensing programs and to explore new pathways for licensing lawyers – including ways to enhance the role of technology, remote learning and mentorship.

In addition, with the approval of the Western Canada Competency Profile work will begin on the evaluation of the bar admission program to evaluate which competencies are currently addressed and where they could be adjusted, as well as an evaluation of the current articling system/experiential learning activities to understand which competencies should be acquired during this term and to develop better guidance for principals about the competencies students are expected to obtain. Alternative experiential learning options will also be explored. Costs associated with these initiatives will be funded out of net asset reserves.

Innovation sandbox initiatives to improve access to legal services

The innovation sandbox was established to pilot the provision of legal advice and assistance by individuals, businesses and organizations that are, for the most part, not lawyers or law firms. The Law Society's innovation sandbox provides a structured environment that permits lawyers and other individuals and organizations to pilot their proposals for providing effective legal advice and assistance to address the public's unmet legal needs. This work continues into 2026.

Professional regulatory operations

Professional regulation operations will continue to review processes with the goal of ongoing improvement. New regulatory programs introduced in the last few years include consent agreements, administrative penalties, and the alternative to discipline process. Now fully operational, these programs assist with the effective and efficient management of the professional regulation caseload.

2026 KEY OPERATIONAL GOALS



Continued focus on anti-money laundering initiatives

Continued focus on anti-money laundering initiatives to maintain our leadership across Canada, and continue to enhance our rules and regulatory processes and education, and work with the Federation and the Federal Government to promote and strengthen the role of law societies in the fight against money laundering.

Enhanced professional development and practice support

Continue to offer new and existing online courses through the online learning platform Brightspace from D2L including principal training, anti-money laundering, trust assurance, practice management, practice refresher, communication toolkit, legal research, and mental health support.

Implementation of Indigenous Engagement Regulatory Matters task force recommendations

Continue to work on implementation of recommendations made by the Indigenous Engagement in Regulatory Matters Task Force.

Diversity action plan items

Will continue work on the Diversity Action Plan, which includes action items to foster diversity within the Law Society, support diversity in the legal profession, identify and remove discriminatory barriers, enhance intercultural competence education, improve outreach and collaboration, and track and report progress.

Responsive and accountable culture

Foster a responsive and accountable culture, considering our communications and processes through the eyes of members of the public and licensees with whom we interact. Will proactively consult on significant regulatory changes, review our performance metrics and champion learning and strategies on Indigenous matters.

2026 KEY OPERATIONAL GOALS

Organizational decision-making and resilience

Strengthen organizational decision-making and resilience in times of change, through implementing collaborative and effective decision-making processes and strengthening employee engagement and development. There will be a focus on forward-thinking to anticipate trends and utilize the Enterprise Risk Management Plan and update the Strategic Plan for 2026+. Will promote governance best practices and utilize opportunities with Artificial Intelligence.

Information technology strategic plan

Continue consideration of a comprehensive IT strategic plan and roadmap for advancing the Law Society's information technology infrastructure. This encompasses consideration of consultant recommendations, further work and analysis, and the strategic utilization of artificial intelligence, cloud platforms, and a clear transition plan from our current IT environment to the future state envisioned by this strategy.

Further our public interest mandate

Pursue new and innovative ways to further our mandate and support the implementation of key Task Force, Committee and Benchers initiatives, including those related to access to justice, demographics, alternate discipline processes and truth and reconciliation.

Single legal regulator (SLR)

Bill 21 – the *Legal Professions Act* was brought to the legislature on April 2024, and proceeded to Royal Assent in May 2024, despite encouragement by the Law Society, other legal organizations and stakeholders to take the time to get the legislation right and in particular to ensure that it did not compromise the independence of lawyers. Because Bill 21 did not do this, the Law Society of British Columbia initiated litigation to challenge the constitutional validity of the new *Legal Professions Act* which fails to ensure the independence of the Bar – a fundamental democratic principle. Will ensure the organization is operationally ready for the transition and support the development of the first set of rules and code. Costs incurred as a result of the transition to the new single regulator will be funded from net asset reserves.

BUDGET PROCESS & TIMELINE

April 2025

- Budget templates distributed to managers
- Funding application templates distributed to external organizations



June 2025

- Funding applications due from external organizations
- SLT review of department budgets and plans
- Presentation of budget assumptions
- Development of draft budget



September 2025

- Bencher Information Session
- Approval of fees by Benchers



May 2025

- Meetings with all management to review detailed budgets



July/August 2025

- Presentation of draft fees & budgets to the Finance and Audit Committee
- Bencher Information Sessions



FINANCIAL CONSIDERATIONS



2026 practice fee increase to fund operations and preserve net asset reserves

In order to reduce the operational deficit to a reasonable level of \$174,034, and preserve net asset reserves for planned projects and SLR transition costs, the allocation of the 2026 practice fee to fund operations will be increased by \$200 to \$2,104 per lawyer. As the fee has not increased over the past 6 years, this is an increase of 1.2% per year, lower than the average inflation rate of 3.2% over the same period.

The allocation the 2026 practice fee to fund external organizations will increase by \$15 to fund increased operating expenses.

The indemnity fee will remain the same as 2024, and is the same fee that has been in place since 2018 (9 years).



2025 Forecast

The forecast for 2025 is a deficit of \$4.6 million. Operating revenues are projected to be below budget by \$800,000, and operating expenses are projected to be \$2.3 million over budget. Additional costs are related to external counsel fees and litigation, SLR transition costs and external organization funding are partially offset by other operating cost savings.



Net asset reserves deficit funding

One-time projects and SLR transition costs are not included in the operational budget and will use net asset reserves when incurred.



Interest rates and inflation

Financial and real estate markets have seen a great degree of volatility. This budget uses available estimates with regard to inflation rates, interest rates, investment returns and real estate market unit sales.



Competitive compensation levels

Compensation has been set at agreed upon contracted rates and comparable to market based salary levels.

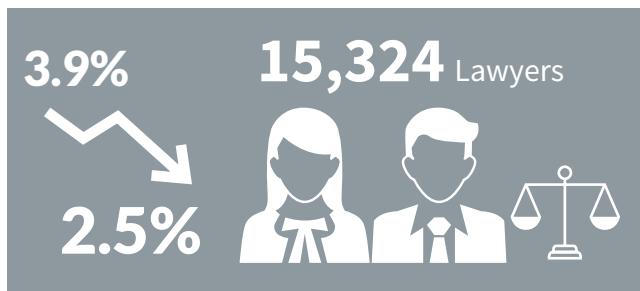


Meeting and travel expenses

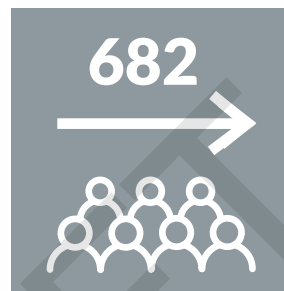
The 2026 budget is funding a mix of both hybrid and fully virtual meetings providing cost savings and reducing our environmental impact.

KEY BUDGET ASSUMPTIONS

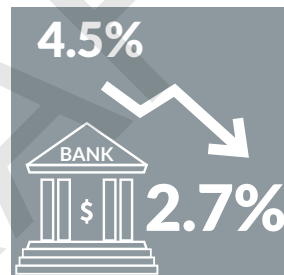
Revenues



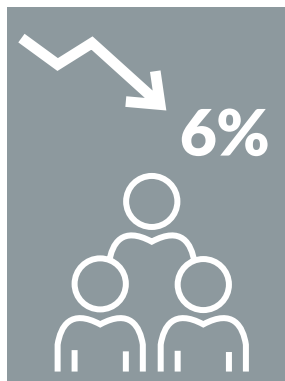
Over the last few years, the growth of the number of lawyers has slowed from 3.9% to 2.5% projected in 2026.



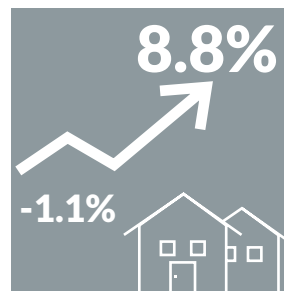
PLTC attendance is projected to stay level to 682 in 2026 from the 2025 forecast of 681. A total of 658 students enrolled in 2024.



Interest income continues to decline with rates of 4.5% in 2024 now forecasted at 2.7% in 2026.



Registration and licensing fees are mainly set at the past two year average and are budgeted with a 6% decrease from 2025 budgeted levels.



Real estate unit sales have decreased significantly over the last few years, leading to a lower base and reduced electronic filing and TAF revenues. 2026 sales are forecast to increase 8.8%.

KEY BUDGET ASSUMPTIONS

Expenses

Salaries include wage increases based on a market salary projections and contracted wages increases.

Modest addition of staff resources to maintain delivery of core functions.

Bencher meetings are budgeted to be half in-person hybrid and fully virtual, with committee meetings mainly virtual.

Technology upgrades with the digitization of the workplace, technology upgrades and cyber security initiatives, computer software costs have increased to support effective operations.

Discipline, Investigations and Credentials external counsel fees reduced from 2025 budget levels due to lower expected costs.

Net Asset Reserves

2026 Budget with a practice fee increase, and a small projected deficit of \$174,034 budgeted for 2026, less one-time projects and SLR transition costs results in 3.0 months of operating expenses at end of year.

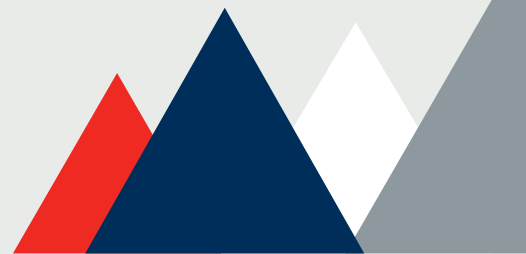
One-time projects funded from reserves:

- Pilot practice fee rebate program
- CanLII AI tool development
- One-time litigation costs
- Lawyer development
- Lawyer admission program
- Online course development
- Information technology strategic plan
- Space planning and renovations

Single legal regulator

One-time transition costs over 2025 and 2026 are estimated at \$3.7 million - approximately \$240 per lawyer

BUDGET RISKS



NUMBER OF LAWYERS

The revenue received from the practice fee and registration and licensing fees is over 80% of the budgeted revenues. As such, any variation in the actual number of lawyers from the budget projection could result in a need to draw further on net assets reserves

INFLATION

As staff salaries and benefits comprise 80% of total expenses, overall staffing costs will be impacted by changes in the salary markets, along with the availability of skilled and experienced staff.

EXTERNAL COUNSEL FEES

External counsel fees represent 6% of total expenses. As the number, type and complexity of complaints are unpredictable, the number of files that will need to be sent out to external counsel is unknown, and will impact the external counsel fees incurred.

ANTI-MONEY LAUNDERING EFFORTS (AML)

The additional costs relating to AML efforts, identifying misuse of trust accounts, and file costs related to investigations and discipline are hard to predict. The actual costs incurred could vary from what has been estimated.

STAFF VACANCY SAVINGS

In any given year, there are staff vacancies due to staff turnover. The time to recruit, and other factors, result in vacancy savings against expected staff costs and we develop an estimate of the vacancy savings each year based on past experience. If there are lower or higher vacancies than estimated, staffing costs will be different than budgeted.

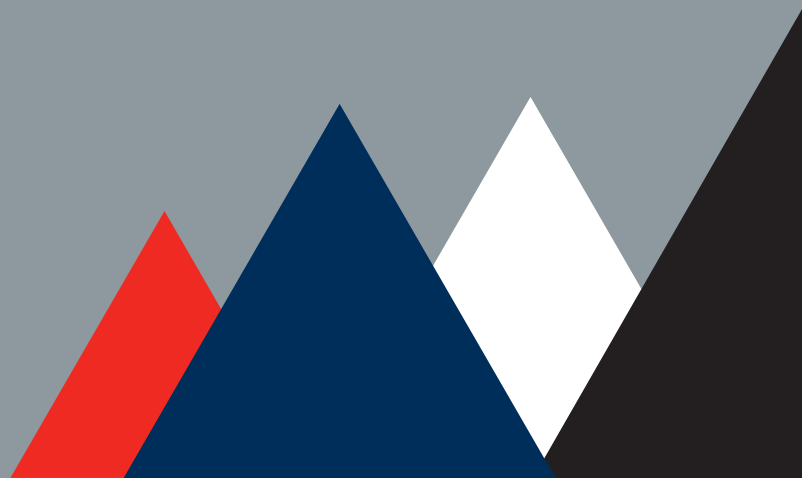
E-FILING REVENUES & TRUST ADMINISTRATION FEES

These revenues correlate closely with real estate unit sales in BC. Expected revenue from these sources has been set based on available forecasts from the British Columbia Real Estate Association and actual results could vary from these forecasts.

GENERAL FUND

FEES & BUDGET OVERVIEW

DRAFT



REVENUE & EXPENSE SUMMARY



2026 OPERATING REVENUE SUMMARY

General Fund revenues are projected to be \$38.6 million, \$2.9 million (8.4%) higher than the 2025 budget, due to an increase in the practice fee. In order to reduce the operational deficit to a reasonable level of \$174,034, and preserve net asset reserves for planned projects and SLR transition costs, the allocation of the 2026 practice fee to fund operations will be increased by \$200 to \$2,104 per lawyer. The budgeted revenue is based on estimates of 15,324 full-time equivalent practising lawyers, with slowed growth in the number of lawyers from 3.9% in prior years to 2.5% projected in 2026. There will be 682 PLTC students, similar to last year.

Interest income will decrease with lower rates and electronic filing revenue is projected to be lower than 2024 levels as the real estate market stalls in 2025. Registration and licensing revenue, along with fines and penalties, are budgeted to be lower than historical trends. Other income is lower with a decrease in cost recoveries and penalties.

2026 OPERATING EXPENSE SUMMARY

General Fund operational expenses are expected to be \$38.7 million, \$1.6 million (4.3%) increase over 2025 budget. Expense increases are primarily related to general wage increases, inflation, and the addition of targeted staff resources. There have been savings projected in a number of areas which bring the overall expense increase to a much lower number than would be warranted with market wage increases and inflation. Information technology costs continue to increase with new software maintenance costs and cyber security initiatives.

2026 OPERATING REVENUES

Practice fee revenues

are budgeted at \$31.1 million, a 11.6% increase over the 2025 budget, due to a practice fee increase. The number of practising lawyers has risen an average of 3.5% annually from 2021 to 2023, but the growth in 2024 and 2025 has slowed to 2.3% and 2.2% respectively. New call numbers from PLTC students have remained steady but inter-provincial transfers have decreased, and non-practising and retired lawyer numbers have increased over prior years. Budget 2026 projects 15,324 full-time equivalent lawyers, an increase of 2.5%. In order to reduce the operational deficit to a reasonable level of \$174,034, and preserve net asset reserves for planned projects and SLR transition costs, the allocation of the practice fee to fund operations will be increased by \$200 to \$2,104 per lawyer.

Building revenue and

recoveries are budgeted at \$1.3 million. The Law Society owns the 845/839 Cambie building and occupies the majority of space, and the space that is not occupied by the Law Society is leased out to external tenants. In 2026, external lease revenues are budgeted at \$656,000. Also included in lease revenues is an inter-fund market rent allocation of \$605,000 charged for space occupied at 845 Cambie by the Lawyers Indemnity Fund and the Trust Assurance Program.

Electronic filing revenues

are budgeted at \$938,000, 8% decrease from 2025 budget, adjusted for lower real estate projections over 2025 and 2026.

PLTC revenues are budgeted at \$2.0 million, based on 682 students, a similar number to the 2025 forecast of 681 students.

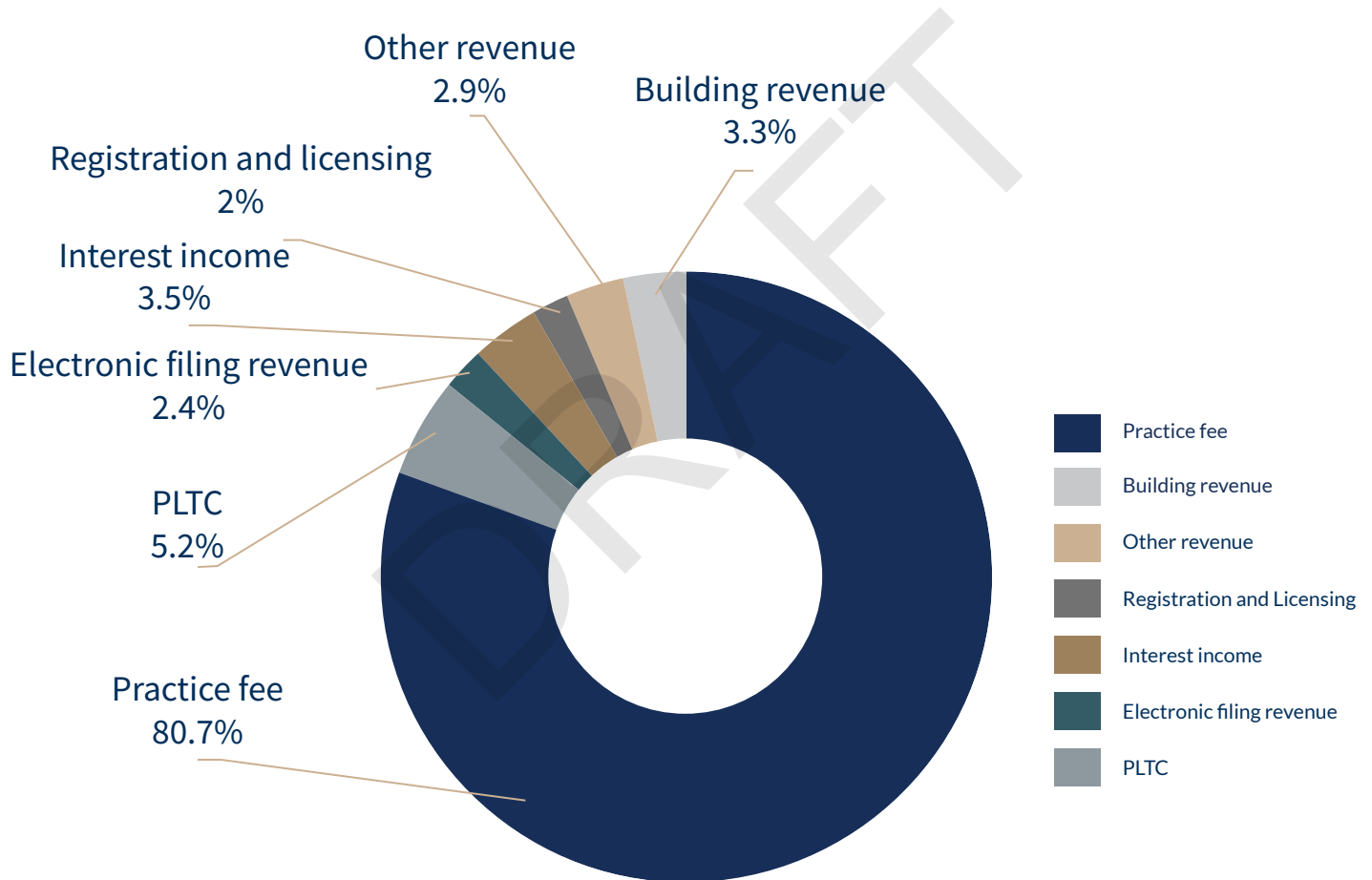
Investment income is budgeted at \$1.3 million, \$135,000 less than 2025, and \$573,000 less than 2024, with much lower interest rates.

Other revenues, which include registration and licensing fees, fines, penalties and cost recoveries, are budgeted at \$1.9 million, \$140,000 less than 2025, due to lower fees and cost recoveries.



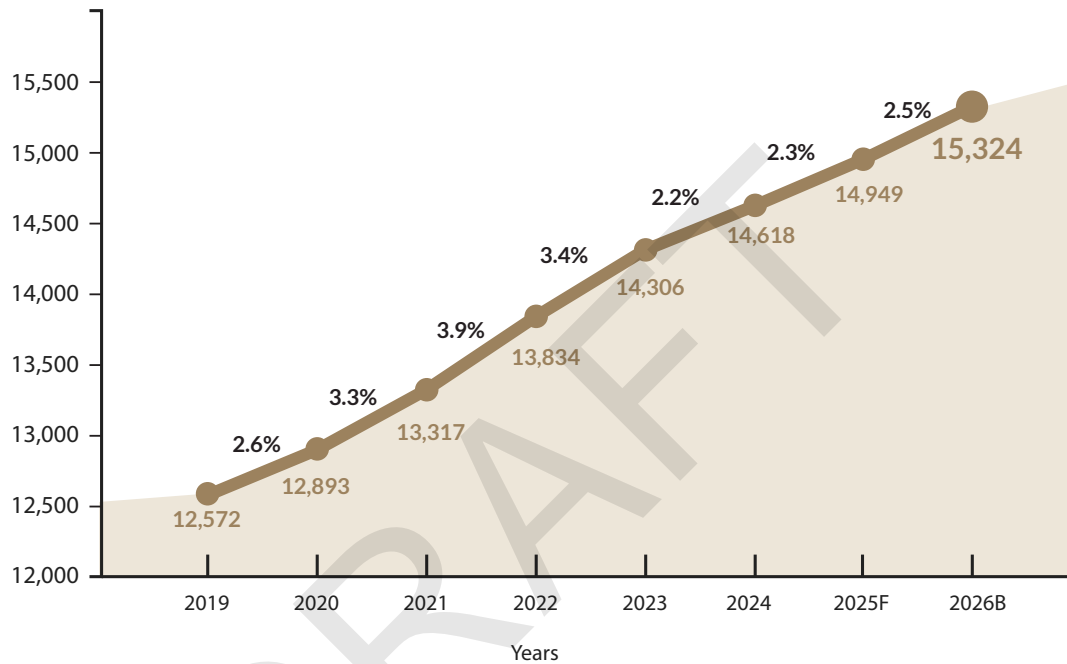
2026 OPERATING REVENUES

The chart below provides details by type of operating revenue for the General Fund.

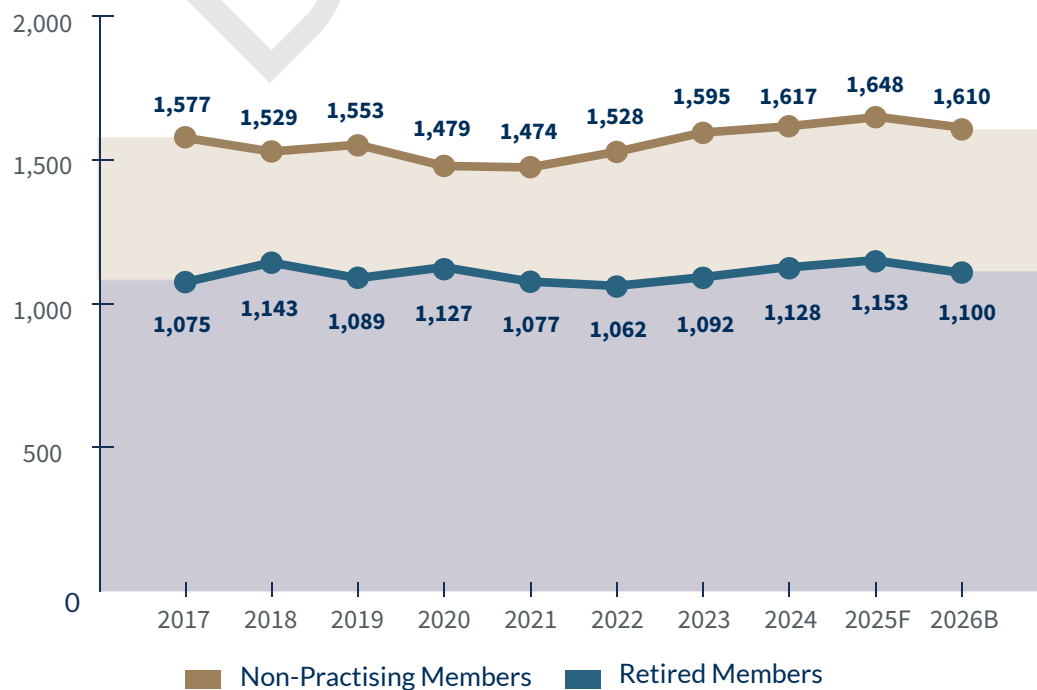


2026 OPERATING REVENUES

NUMBER OF PRACTISING LAWYERS

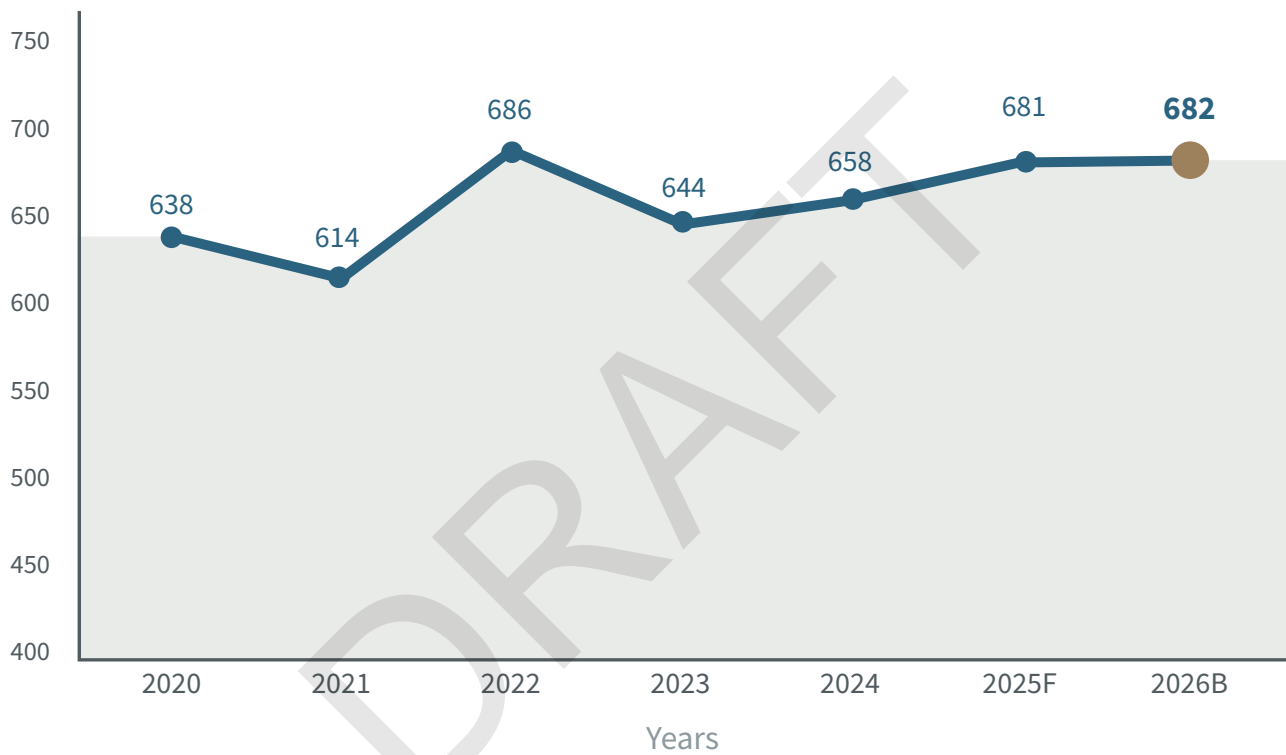


NUMBER OF NON-PRACTISING AND RETIRED LAWYERS Year 2017 - 2026B



2026 OPERATING REVENUES

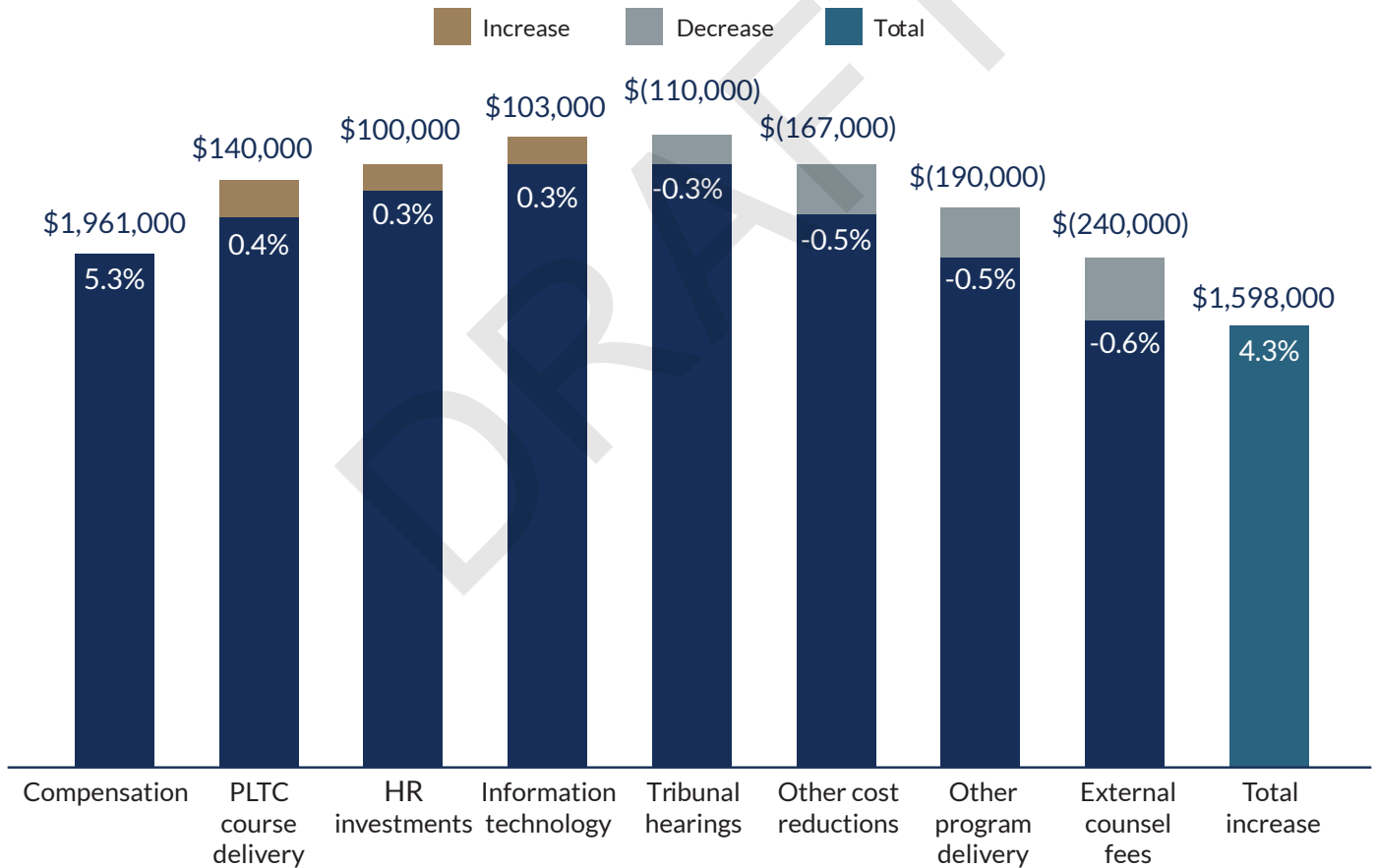
PLTC STUDENT HISTORY



2026 OPERATING EXPENSES

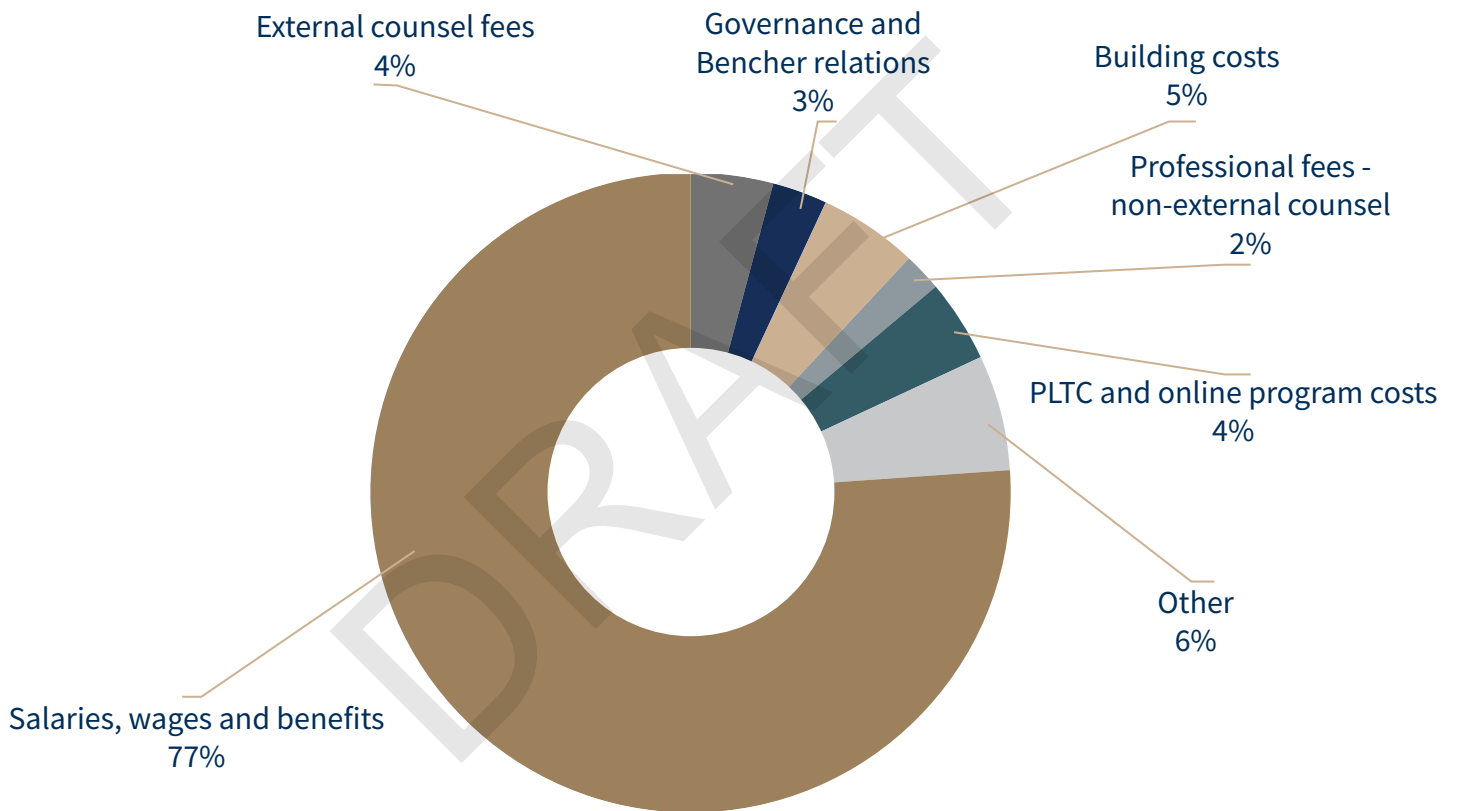
General Fund operational expenses are budgeted to be \$38.7 million, \$1.6 million (4.3%) increase over the 2025 budget.

This provides a summary of the changes in the operating expenses by categories compared to last year:



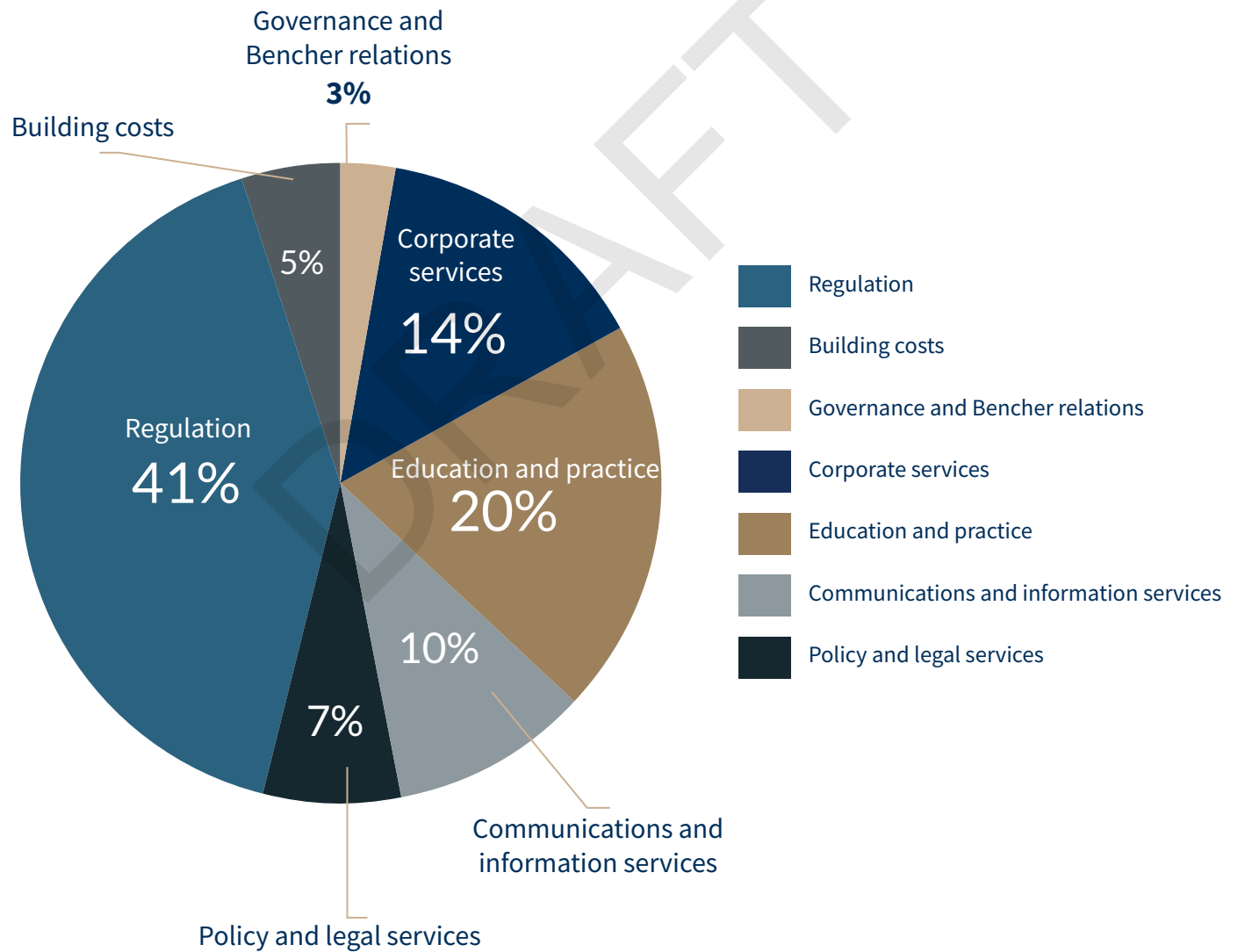
2026 OPERATING EXPENSES

The chart below provides information on the type of operating expenses for the General Fund.



2026 OPERATING EXPENSES

The operating costs by program area as a percentage of the 2026 budget.



GENERAL FUND WORKING CAPITAL

NET ASSETS - GENERAL FUND WORKING CAPITAL

Net asset reserves will be used to fund some of the Law Society operational budget, with a deficit of \$174,034 funded from reserves (not including one-time projects and SLR transition costs).

There are a number of initiatives ongoing and continuing into 2026 and beyond. These one-time projects will be funded from net asset reserves, and include Benchers-approved programs, lawyer admission program changes, lawyer education courses, building capital improvements, necessary upgrades to the technology systems, potential space renovations to improve building utilization and the Single Legal Regulator transition.

In the 2025 capital plan, \$2.4 million is budgeted for capital projects. Projects include entrance and plaza waterproofing, isolation valves replacement, and future window and cladding repairs. In addition, the operational capital includes computer hardware and software, furniture, and office renovations.

The costs associated with the IT Strategic Plan are not included in the capital budget at this time and will be funded from net asset reserves.

USE OF WORKING CAPITAL RESERVES

Current Year and Budget Year

2025

Working Capital Balance - per 2024 audited financial statements	\$20,416,000
---	--------------

Forecasted 2025 Results with one-time projects and SLR transition costs - Q2	\$(4,610,000)
--	---------------

Projected 2025 Working Capital Closing Balance	\$15,806,000
---	---------------------

2026

Budgeted Deficit	\$ (174,034)
------------------	--------------

One-time projects and SLR transition costs - 2026	\$(6,035,000)
---	---------------

Projected 2026 Working Capital Closing Balance	\$9,596,966
---	--------------------

Number of months of expenses	3.0
------------------------------	-----

The Law Society follows recommended reserve levels for not for profits and will hold between 3 - 6 months of reserves to provide stability in the event of unexpected costs or events in the future. After the projected costs for one-time projects and SLR transition cost over 2025 and 2026, reserves are projected at 3 months, the lower end of the range.

CAPITAL PLAN

The Law Society maintains a rolling 10-year capital plan to ensure that capital funding is available for capital projects required to maintain the 839/845 Cambie building and to provide capital for operational requirements, including computer hardware and software, furniture and workspace improvements. The amount of the practice fee allocated to the capital plan is set at \$126 per lawyer.

In the 2026 capital plan, \$2.4 million is budgeted for capital projects. Projects include entrance and plaza waterproofing, isolation valves replacement, and future window and cladding repairs. In addition, the operational capital includes computer hardware and software, furniture, and office renovations.

The costs associated with the IT Strategic Plan are not included in the capital budget at this time, and will be funded from net asset reserves.

	2026	2025
Computer hardware – Laptops, monitors, printers, and UPS battery replacements	\$321,000	\$452,500
Computer software	\$10,000	\$96,750
System upgrades – LSIS programming	\$321,000	\$105,000
Phone system	\$30,000	\$8,000
Equipment, furniture and fixtures replacement	\$98,000	\$98,000
Building and Workspaces – Windows, Isolation Valves and Renovations	\$1,581,683	\$1,631,683
Total	\$2,361,683	\$2,391,933

GENERAL FUND - OPERATING BUDGET

THE LAW SOCIETY OF BRITISH COLUMBIA OPERATING BUDGET (Excluding capital/depreciation) FOR YEAR ENDED DECEMBER 31, 2026 GENERAL FUND SUMMARY

	2026 Budgets	2025 Budgets	2024 Actual	2026B vs 2025B Variance	%	2026B vs 2024A Variance	%
GENERAL FUND REVENUES							
Practice fees	31,109,122	27,885,679	26,933,544				
PLTC and enrolment fees	2,005,750	1,907,250	1,925,856				
Electronic filing revenue	938,000	1,017,000	871,748				
Interest income	1,337,529	1,472,550	1,910,318				
Registration and Licensing services	782,000	832,309	774,675				
Fines & penalties	560,000	585,635	429,653				
Program cost recoveries	135,000	140,000	67,014				
Insurance recoveries	29,000	27,000	8,673				
Other revenue	395,000	457,400	383,408				
Building revenue and recoveries	1,260,408	1,235,467	1,144,978				
TOTAL GENERAL FUND REVENUES	38,551,808	35,560,289	34,449,868	2,991,519	8.4%	4,101,941	11.9%
GENERAL FUND EXPENSES							
Governance and Events	980,362	915,824	1,044,308				
Corporate Services	5,559,856	4,874,489	5,067,378				
Education & Practice	7,669,227	7,455,423	6,271,303				
Communications and Information Services	3,731,849	3,278,639	3,098,265				
Policy and Legal Services	2,732,276	3,076,641	2,384,080				
Regulation	15,966,358	15,492,071	14,167,681				
Building costs	2,085,915	2,035,591	2,052,709				
TOTAL GENERAL FUND EXPENSES	38,725,842	37,128,679	34,085,724	1,597,163	4.3%	4,640,118	13.6%
GENERAL FUND NET CONTRIBUTION	(174,034)	(1,568,390)	364,143	1,394,356	-89%	(538,177)	-148%
Trust Assurance Program							
Trust Administration Fee Revenue	4,376,000	4,924,000	3,054,695				
Trust Administration Department	4,256,982	4,047,068	3,588,942				
Net Trust Assurance Program	119,018	876,932	(534,247)	(757,914)		653,265	
TOTAL NET GENERAL FUND & TAP CONTRIBUTION	(55,016)	(691,458)	(170,104)	636,442		115,088	

GENERAL FUND - DETAILED REVENUE & EXPENSES

THE LAW SOCIETY OF BRITISH COLUMBIA OPERATING BUDGET (Excluding capital/depreciation) FOR YEAR ENDED DECEMBER 31, 2026 GENERAL FUND SUMMARY

	2026 Budget	2025 Budget	2024 Actual	2026 vs 2025 Budget Var	2026 vs 2024 Actual Var
Corporate Services					
General Office	943,917	844,973	803,819	98,944	140,098
Office of the CEO	1,488,498	1,292,839	1,665,037	195,659	(176,539)
Finance	1,609,453	1,471,019	1,362,100	138,434	247,353
Human Resources	1,108,051	902,260	858,887	205,791	249,165
Records Management	409,936	363,399	377,536	46,537	32,400
	5,559,856	4,874,489	5,067,378	685,368	492,478
Education & Practice					
Licensing and Admissions	2,604,003	2,453,503	2,092,243	150,500	511,760
PLTC and Education	4,199,822	4,144,397	3,624,322	55,425	575,499
Practice Standards	865,402	857,523	554,737	7,878	310,664
	7,669,227	7,455,423	6,271,303	213,803	1,397,924
Communications and Information Services					
Communications	718,467	670,868	665,030	47,599	53,437
Information Services	3,013,382	2,607,771	2,433,235	405,611	580,147
	3,731,849	3,278,639	3,098,265	453,210	633,584
Policy and Legal Services					
Policy and Legal Services	1,302,890	1,564,947	1,060,035	(262,057)	242,855
Tribunal & Legislative Counsel	1,113,886	1,205,291	1,031,041	(91,406)	82,844
Unauthorized Practice	315,500	306,404	293,004	9,096	22,496
	2,732,276	3,076,641	2,384,080	(344,366)	348,195
Regulation					
CLO Department	1,229,866	1,111,330	1,046,183	118,536	183,683
Intake & Early Resolution	3,020,217	2,763,475	2,666,645	256,742	353,572
Discipline	2,213,901	2,277,958	1,872,440	(64,057)	341,461
Forensic Accounting	1,239,075	1,172,047	733,377	67,028	505,698
Investigations, Monitoring & Enforcement	4,318,039	4,257,497	3,804,041	60,542	513,998
Custodianships	2,287,734	2,092,239	2,112,797	195,496	174,937
External Counsel Fees	1,657,525	1,817,525	1,932,197	(160,000)	(274,672)
	15,966,358	15,492,071	14,167,681	474,286	1,798,677
Building Occupancy Costs	2,085,915	2,035,591	2,052,709	50,324	33,206
TOTAL GENERAL FUND EXPENSES	38,725,842	37,128,679	34,085,724	1,597,163	4,640,118
GENERAL FUND INCOME/(LOSS)	(174,034)	(1,568,390)	364,143	1,394,356	(538,177)
TAF Revenue	4,376,000	4,924,000	3,054,695	(548,000)	1,321,305
Trust Administration Department	4,256,982	4,047,068	3,588,942	209,914	668,040
Net Trust Assurance Program	119,018	876,932	(534,247)	(757,914)	653,265
TOTAL GENERAL FUND & TAP INCOME (LOSS)	(55,016)	(691,458)	(170,104)	636,442	115,088

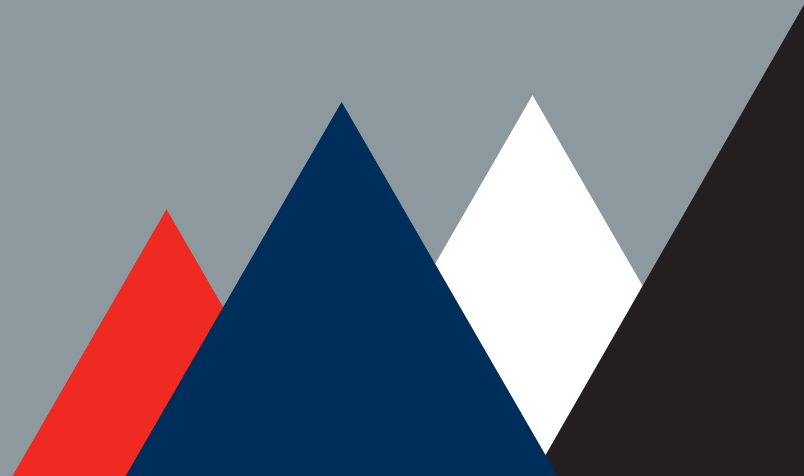
GENERAL FUND - DETAILED REVENUE & EXPENSES

THE LAW SOCIETY OF BRITISH COLUMBIA OPERATING BUDGET (Excluding capital/depreciation) FOR YEAR ENDED DECEMBER 31, 2026 GENERAL FUND SUMMARY CONTINUED

	2026 Budget	2025 Budget	2024 Actual	2026 vs 2025 Budget Var	2026 vs 2024 Actual Var
Corporate Services					
General Office	943,917	844,973	803,819	98,944	140,098
Office of the CEO	1,488,498	1,292,839	1,665,037	195,659	(176,539)
Finance	1,609,453	1,471,019	1,362,100	138,434	247,353
Human Resources	1,108,051	902,260	858,887	205,791	249,165
Records Management	409,936	363,399	377,536	46,537	32,400
	5,559,856	4,874,489	5,067,378	685,368	492,478
Education & Practice					
Licencing and Admissions	2,604,003	2,453,503	2,092,243	150,500	511,760
PLTC and Education	4,199,822	4,144,397	3,624,322	55,425	575,499
Practice Standards	865,402	857,523	554,737	7,878	310,664
	7,669,227	7,455,423	6,271,303	213,803	1,397,924
Communications and Information Services					
Communications	718,467	670,868	665,030	47,599	53,437
Information Services	3,013,382	2,607,771	2,433,235	405,611	580,147
	3,731,849	3,278,639	3,098,265	453,210	633,584
Policy and Legal Services					
Policy and Legal Services	1,302,890	1,564,947	1,060,035	(262,057)	242,855
Tribunal & Legislative Counsel	1,113,886	1,205,291	1,031,041	(91,406)	82,844
Unauthorized Practice	315,500	306,404	293,004	9,096	22,496
	2,732,276	3,076,641	2,384,080	(344,366)	348,195
Regulation					
CLO Department	1,229,866	1,111,330	1,046,183	118,536	183,683
Intake & Early Assessment	3,020,217	2,763,475	2,666,645	256,742	353,572
Discipline	2,213,901	2,277,958	1,872,440	(64,057)	341,461
Forensic Accounting	1,239,075	1,172,047	733,377	67,028	505,698
Investigations, Monitoring & Enforcement	4,318,039	4,257,497	3,804,041	60,542	513,998
Custodianships	2,287,734	2,092,239	2,112,797	195,496	174,937
External Counsel Fees	1,657,525	1,817,525	1,932,197	(160,000)	(274,672)
	15,966,358	15,492,071	14,167,681	474,286	1,798,677
Building Occupancy Costs	2,085,915	2,035,591	2,052,709	50,324	33,206
TOTAL GENERAL FUND EXPENSES	38,725,842	37,128,679	34,085,724	1,597,163	4,640,118
GENERAL FUND INCOME/(LOSS)	(174,034)	(1,568,390)	364,143	1,394,356	(538,177)
TAF Revenue	4,376,000	4,924,000	3,054,695	(548,000)	1,321,305
Trust Administration Department	4,256,982	4,047,068	3,588,942	209,914	668,040
Net Trust Assurance Program	119,018	876,932	(534,247)	(757,914)	653,265
TOTAL GENERAL FUND & TAP INCOME (LOSS)	(55,016)	(691,458)	(170,104)	636,442	115,088

PRACTICE FEE

DRAFT



2026 ANNUAL MANDATORY FEE RECOMMENDATIONS

The Law Society of BC 2026 Annual Fee Recommendation

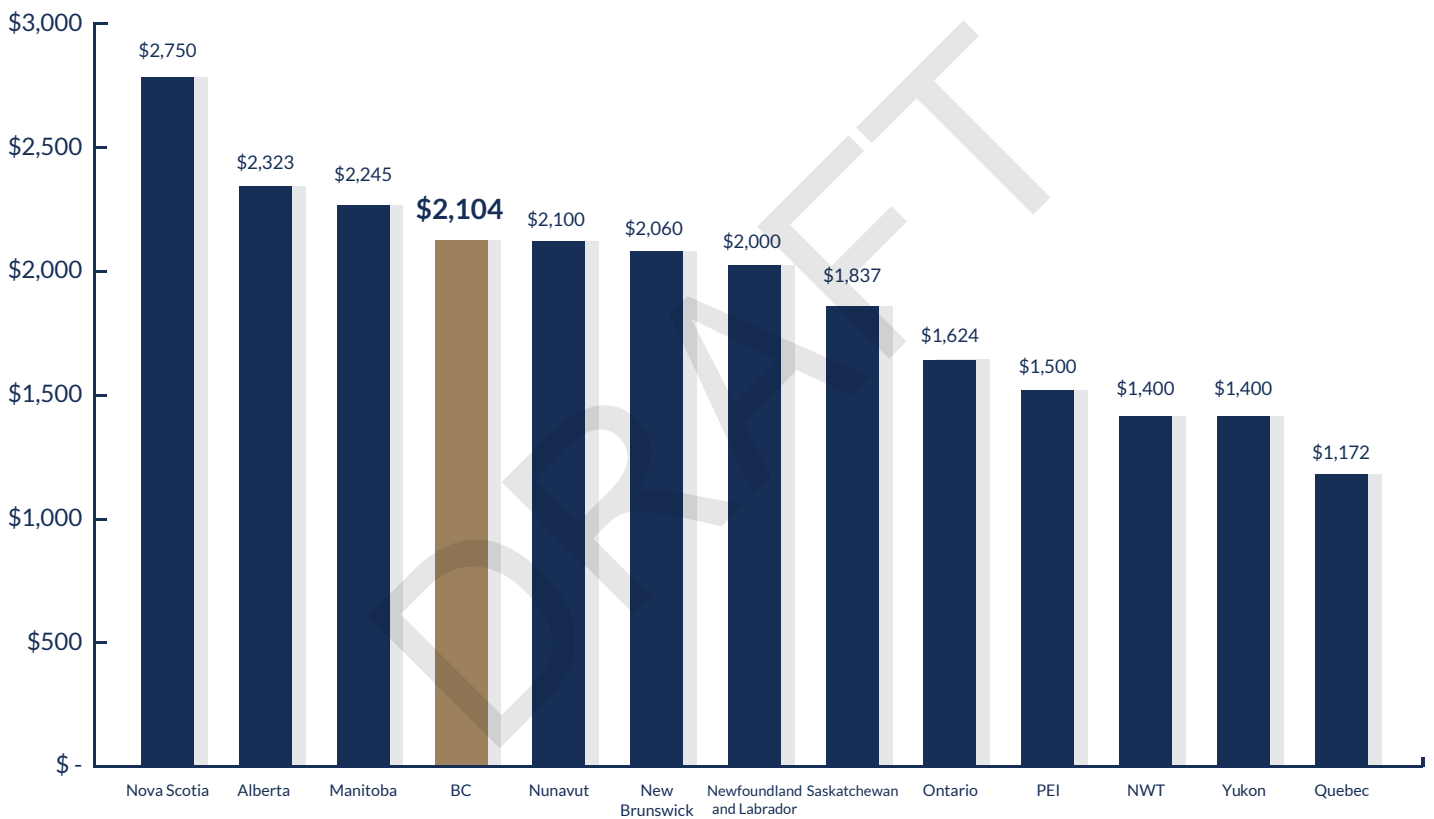
Funding (in 000's)					Per Lawyer			
	2026	2025	Change (\$)	Change (%)	2026	2025	Change (\$)	Change (%)
Law Society Operating Expenses	\$ 38,726	\$ 37,129	1,597,321	4.3%	\$ 2,104.00	\$ 1,904.00	\$ 200.00	10.5%
Federation of Law Societies ¹	472	450	22	4.9%	31.00	30.00	1.00	3.3%
CanLII ¹	769	605	164	27.1%	50.00	40.00	10.00	25.0%
CLBC ¹	3,402	3,315	87	2.6%	222.00	218.00	4.00	1.8%
The Advocate ²	430	430	-	0%	24.00	24.00	-	0.0%
LAP ¹	1,190	1,190	-	0%	78.00	78.00	-	0.0%
Pro bono/Access ¹	431	420	11	2.6%	27.00	27.00	-	0.0%
Annual Practice Fee (including external funding)					\$ 2,536.00	\$ 2,321.00	\$ 215.00	9.3%
Annual Indemnity Fee					\$ 1,800.00	\$ 1,800.00	-	-
Total mandatory annual fee for full-time, practising, indemnified lawyers					\$ 4,336.00	\$ 4,121.00	\$ 215.00	5.2%

1 - 2026 full fee paying equivalent members projected at 15,324

2 - 2026 practising, non-practising, and retired members projected at 18,168

PRACTICE FEE COMPARISON

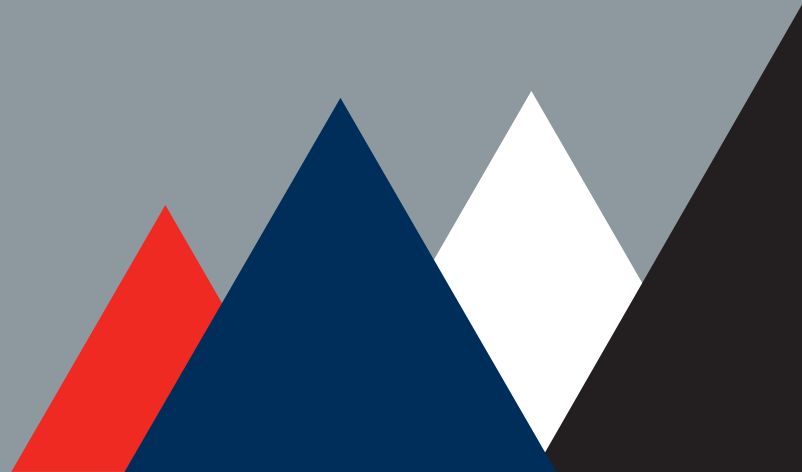
2026 PRACTICE FEE COMPARISON (Indemnity/Insurance Fee not included)



2026 LSBC practice fee compared to 2025 LSO & LSA fees as their 2026 fees are not yet available.

GENERAL FUND

DEPARTMENTAL COST SUMMARIES



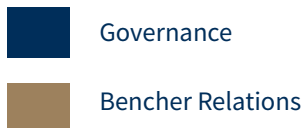
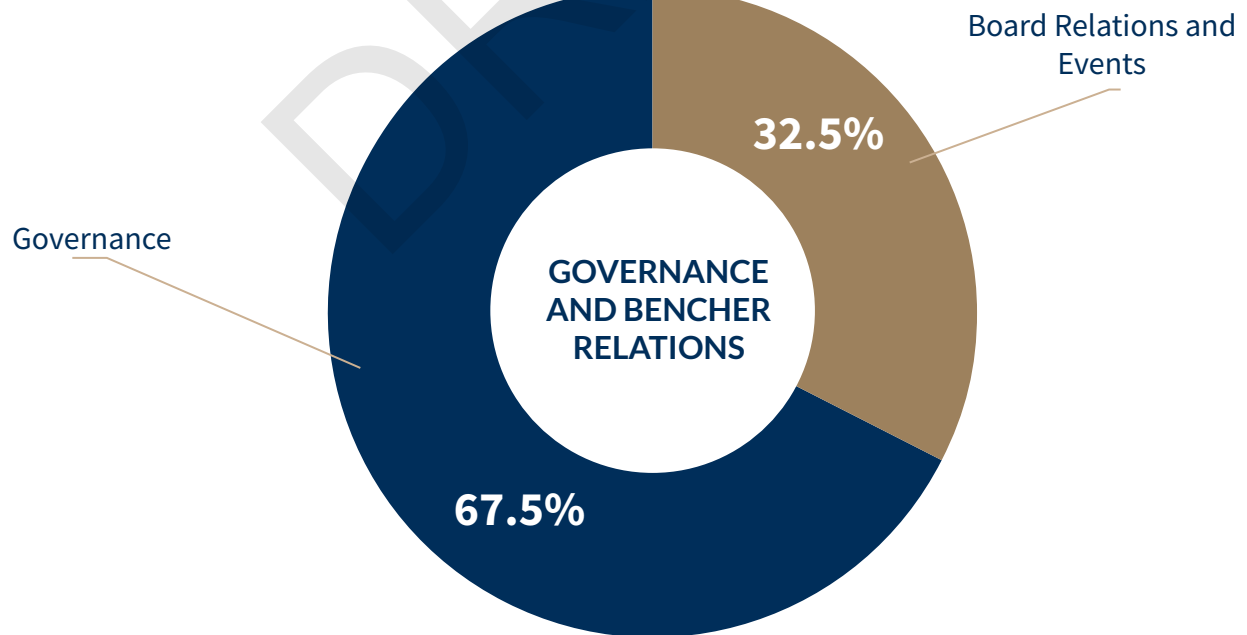
DEPARTMENTAL COST SUMMARIES

Governance and Bencher Relations

Includes the costs of:

- Bencher and committee meetings
- Travel and meeting costs
- Law Society meetings and events
- New initiatives related to the development of a Strategic Plan
- The Board Relations and Events department
 - Coordinates and organizes the Bencher and Executive meetings
 - Coordinates external appointments
 - Plans and provides administrative and logistical support for Law Society events
- Annual general meeting and Bencher elections.

The 2026 Governance and Board Relations operating expense budget is \$980,000, an increase of \$65,000 (7%) from the 2025 budget. This increase is mainly due to the increase in costs of governance events, partially offset by AV rental cost savings due to the installment of new AV systems. Bencher meetings will continue to be held half in-person hybrid and half fully virtual, and Committee meetings will be mainly virtual in 2026.



DEPARTMENTAL COST SUMMARIES

Corporate Services

Office of the CEO

Operations

Finance

Human Resources

Records Management

- Office of the CEO
- Operations
- Finance
- Human Resources
- Records Management

- Office of the CEO

- Operations
 - General administrative services
 - Reception
 - Office services
 - Office renovation services
 - Building management oversight

Provides oversight over all the financial affairs of the Law Society:

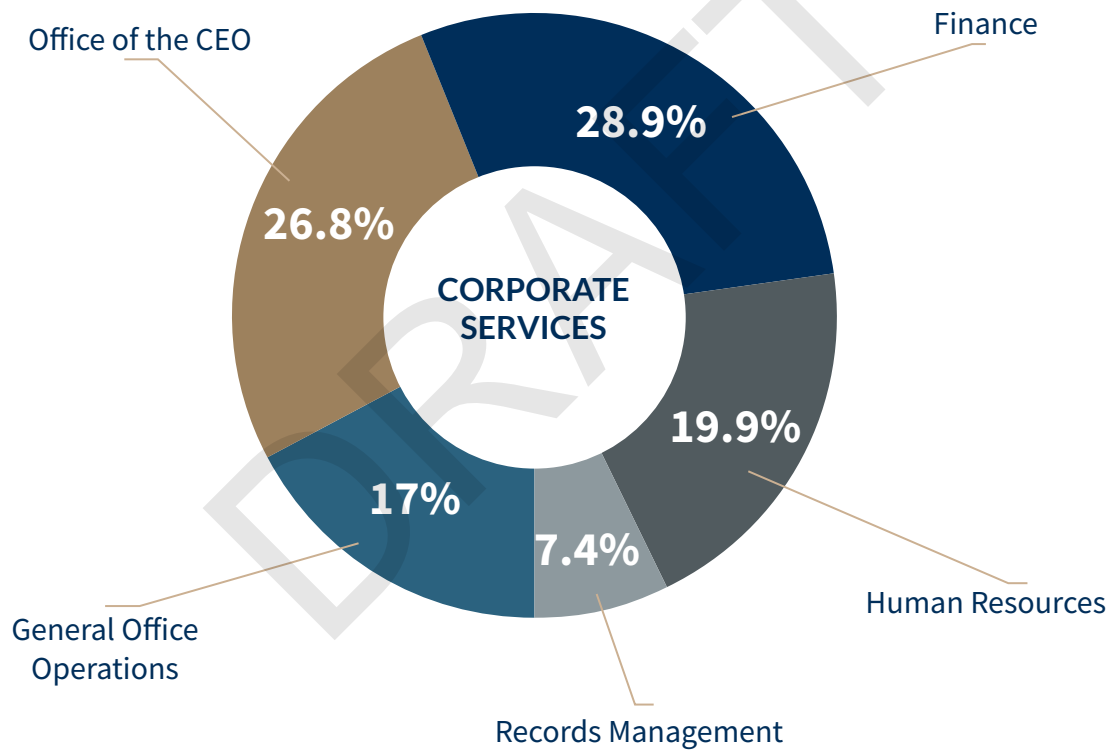
- Financial reporting
- Operating and capital budgeting
- Audit
- Payroll and benefits administration
- Cash and investment management
- Internal controls

- Develops and maintains the human resource policies & procedures
- Provides services related to:
 - Recruiting
 - Compensation
 - Performance management
 - Employee and labor relations
 - Training

- Records management
- Library and archives program
- Oversight of the electronic document management system.

DEPARTMENTAL COST SUMMARIES

The 2026 Corporate Services operating expense budget is \$5.6 million, \$685,000 (14%) higher than the 2025 budget, with increases primarily related to staff salary market adjustments to P50 in order to retain skilled and experienced staff and additional staff resources to keep up with increased work volume and implement system improvements in finance, human resources, operations and additional resources in Indigenous initiatives. This is partially offset by increased staff vacancy budgets.



DEPARTMENTAL COST SUMMARIES

Education & Practice

Registration and Licensee Services

Credentials

PLTC, Professional Development & Practice Support

Practice Standards

Practice Advice

- Registration and Licensee Services
- Credentials
- PLTC
- Professional Development
- Practice Support
- Practice Standards
- Practice Advice

- Provides Registration and licensing services to lawyers:

- Lawyer Applications
- Lawyer status changes
- Fee billings
- Unclaimed trust funds
- Juricert registration

- Administers the law student admission program.

- Ensures new and transferring lawyers are properly qualified to practice law in BC:

- Preparing and assessing applicants for call and admission to the Law Society
- Licensing applicants to practice
- Call ceremonies

- PLTC Helps articulated students make the transition from law school to legal practice.

- Professional Development and Practice Support provides lawyer resources and online courses for the profession.

- Administers the annual continuing professional development program for all lawyers

- Assists lawyers who have difficulty in meeting core competencies

- Assists lawyers who exhibit practice concerns, which may include issues of client management, office management, personal matters, and substantive law.

- Conducts practice reviews of lawyers whose competence is in question

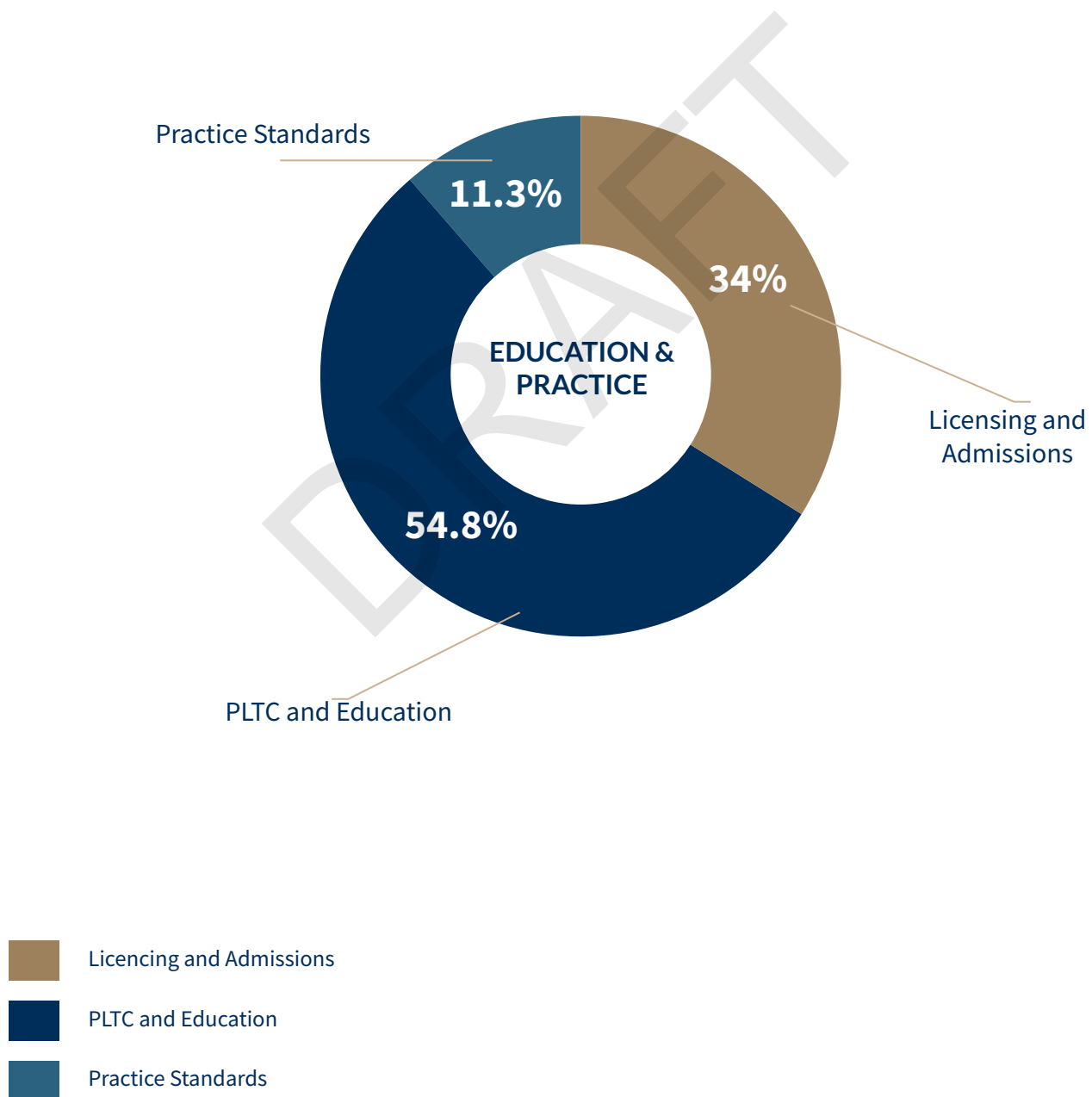
- Recommends and monitors remedial programs

- Helps lawyers serve the public effectively by providing advice and assistance on ethical, practice and office management issues.

- The costs of this department are allocated to the Lawyers Indemnity Fund.

DEPARTMENTAL COST SUMMARIES

The 2026 Education & Practice operating expense budget is \$7.7 million, an increase of \$214,000 (3%) from the 2025 budget. Increases in this area are primarily related to staff salary market adjustments to P50 in order to retain skilled and experienced staff, additional staff resources to complete an increasing number of credentials and practice review files, along with increased licensee applications and licensee services, and additional costs to support PLTC students. This is partially offset by increased staff vacancy budgets.



DEPARTMENTAL COST SUMMARIES

Communications and Information Services

Communications

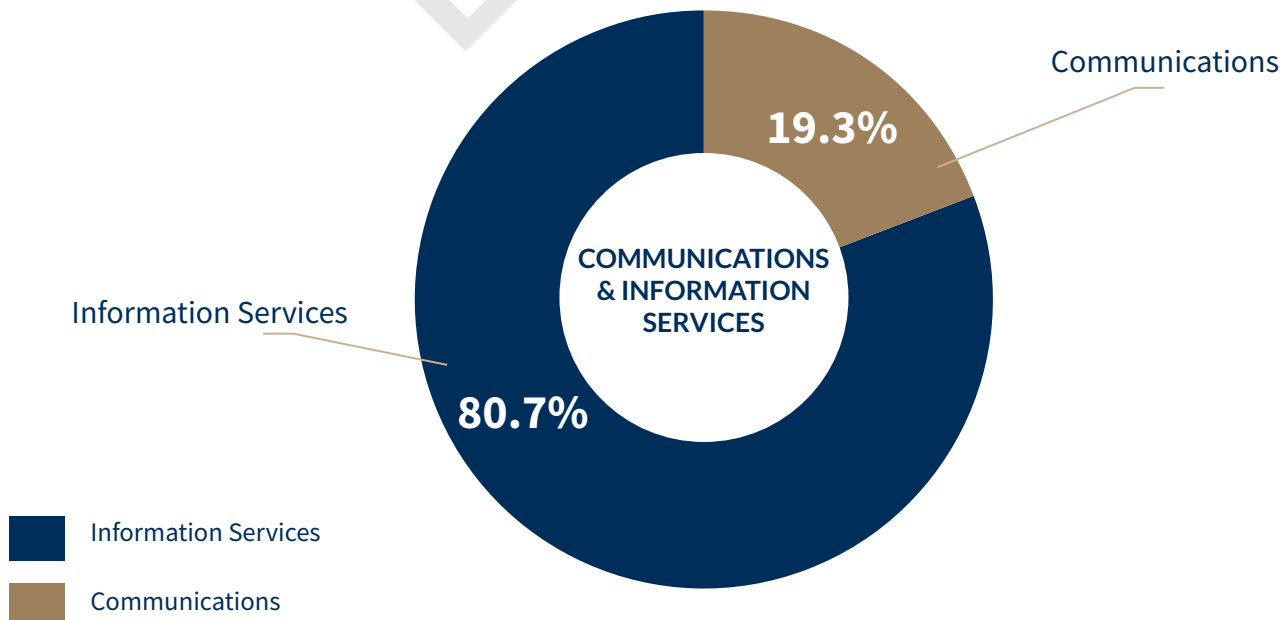
Information Services

- Communications
- Information Services

- Responsible for all lawyer, government and public relations
- Provides strategic communication advice to all areas of the Law Society.
- Manages and maintains the Law Society website, electronic communications and regular publications

- Responsible for information technical services
- Computer systems and databases
- Networks
- Websites
- Cyber security
- Data storage

The 2026 Communications and Information Services operating expense budget is \$3.7 million, an increase of \$453,000 (14%). This increase is related to staff salary market adjustments to P50 in order to retain skilled and experienced staff, and the addition of staff resources to support information technology initiatives and system development projects. This is partially offset by increased staff vacancy budgets. Other cost increases relate to computer software subscriptions and cybersecurity needs.



DEPARTMENTAL COST SUMMARIES

Policy & Legal Services

Policy and Legal Services

- Policy, legal services
- External litigation and interventions
- Ethics, tribunal and legislation
- Information and privacy
- Unauthorized practice

- Develops policy advice, legal research and rules drafting
- Monitors developments involving professional regulation
- Independence of the Bar and Judiciary, access to justice, and equity and diversity in the legal profession
- Supports the Ethics Committee.
- External counsel fees providing services for legal defence cases and interventions on behalf of the Law Society
- Drafts new rules and proposed amendments to the Legal Profession Act

Tribunals

Supports the work of Law Society hearing and review tribunals

Information & Privacy

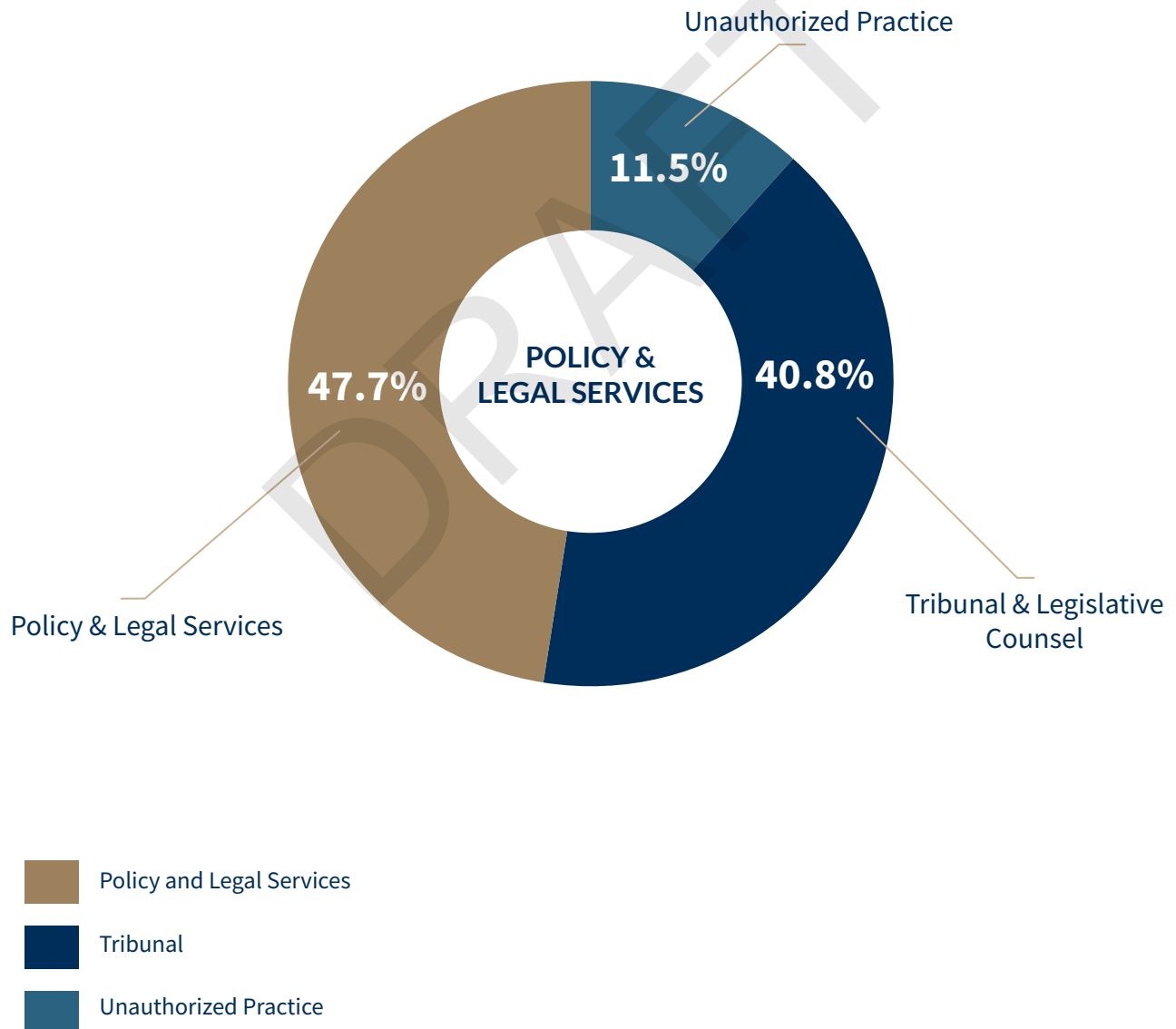
Handles requests made of the Law Society and maintains compliance of the Law Society data and training under the *Freedom of Information and Protection of Privacy Act (FOIPPA)*

Unauthorized Practice (UAP)

Investigates complaints of unauthorized practice of law

DEPARTMENTAL COST SUMMARIES

The 2026 Policy and Legal Services operating expense budget is \$3.0 million, a decrease of \$348,000 (10%) from the 2025 budget due to lower external counsel fees and staff resources.



DEPARTMENTAL COST SUMMARIES

Professional Conduct, Investigations & Discipline

CLO department

Professional Conduct

Discipline

Forensic Accounting

Custodianships

- CLO Department
- Professional Conduct
- Discipline
- Forensic Accounting
- Custodianships

- Providing oversight of all of the programs in Professional Regulation
- Administrative penalty and alternative discipline program
- Support to the Discipline Committee
- Internal reviews and appeals to the Court of Appeal
- Conducts reviews of the professional regulation programs in order to ensure the effective utilization of Law Society resources
- Manages external litigation involving the Law Society

- Intake and Early Resolution and the Investigations, Monitoring and Enforcement groups
- Receive and investigate complaints about lawyers' conduct
- Recommend disciplinary action where appropriate

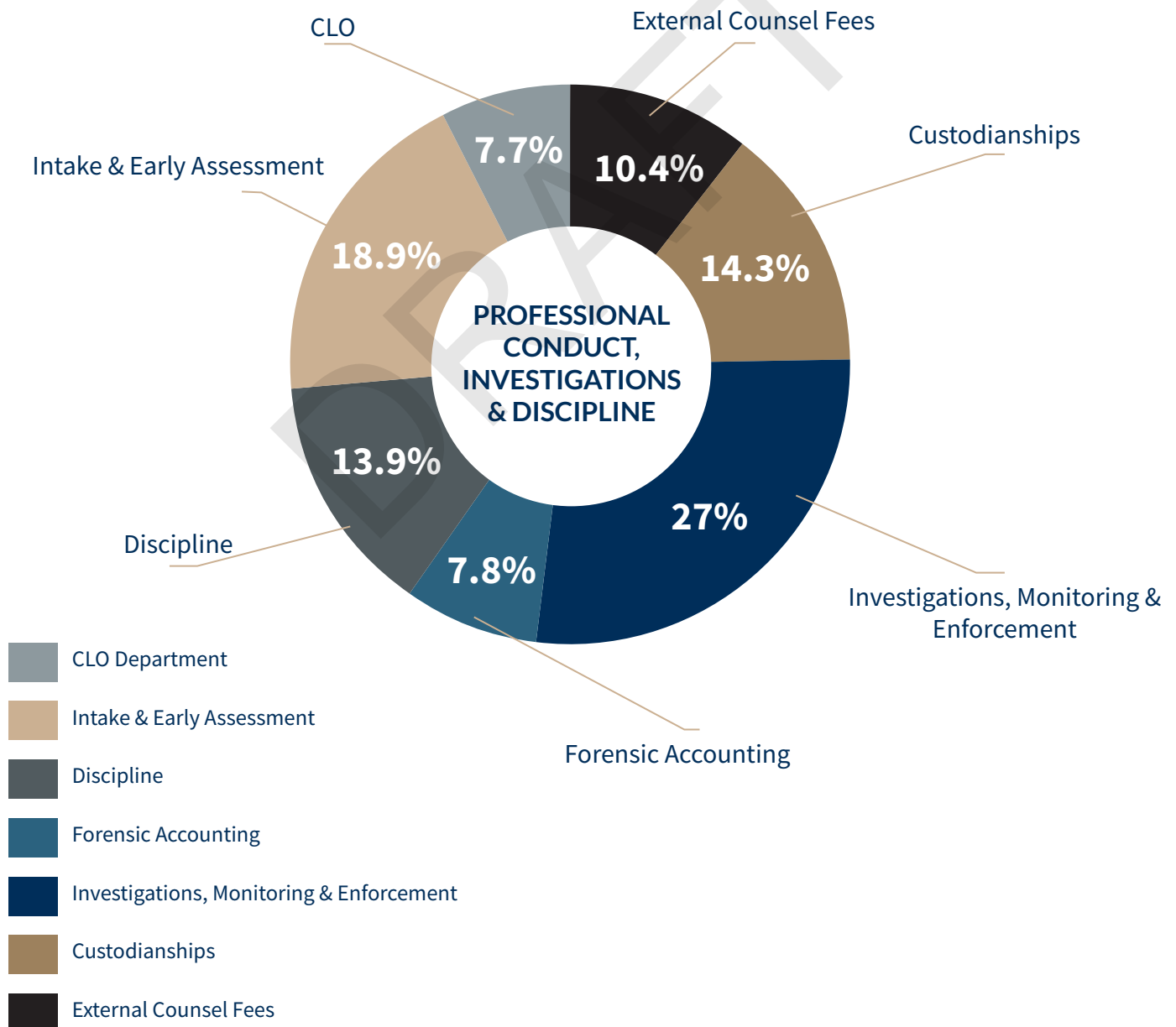
- Manages the conduct meeting and conduct review processes
- Negotiates consent agreements
- Represents the Law Society at discipline hearings
- Provides legal advice on investigations

- Forensic investigation services
- Support the regulatory process

- Arrangement of locum agreements or custodians to manage
- Where appropriate, wind-up legal practices when lawyers cannot continue to practice due to illness, death, or disciplinary actions

DEPARTMENTAL COST SUMMARIES

The 2026 Professional Conduct, Investigations and Discipline operating expense budget is \$15.7 million, an increase of \$478,000 (3%) from the 2025 budget. This is primarily related to staff salary market adjustments to P50 in order to retain skilled and experienced staff, and additional staff resources to deal with higher workload levels. Complaints have increased 12% in 2023, 14% in 2024, and 25% to date in 2025. There has also been a 20% increase in calls to professional conduct in 2024. These costs have been partially offset by an increase in the staff vacancy budgets.



DEPARTMENTAL COST SUMMARIES

845/839

Cambie Street

85% Occupied



\$2.1 2026 Budget
Million

2.5% increase
over 2025 Budget

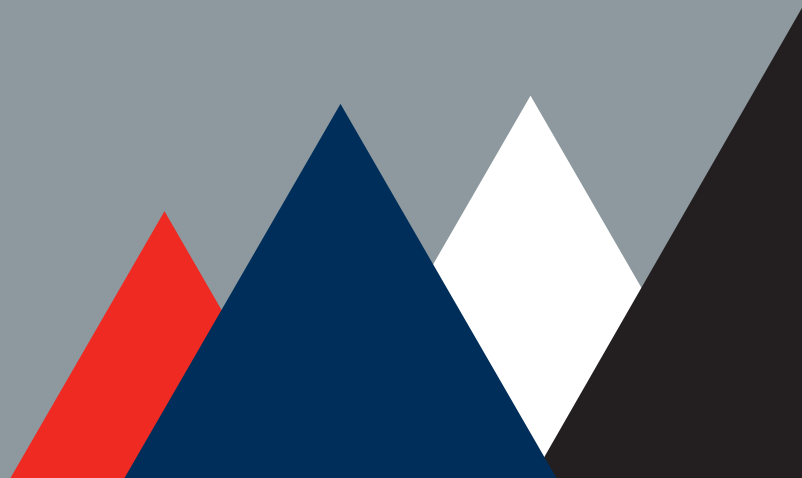
The Law Society owns the 845/839 Cambie Street building and occupies 85% of the available space. The cost of occupying and maintaining the building is partially offset by lease revenues from tenants.

The property management department provides services in relation to tenant relations, leasing, building maintenance and preservation, fire and safety, energy management, and minor and major capital project management.

The 2026 building operating expense budget is \$2.1 million, an increase of \$50,000 (2.5%) from the 2025 budget. Property management fees, building insurance and security costs increased and were partially offset by decreases in property tax costs.

TRUST ASSURANCE

DRAFT



TRUST ASSURANCE PROGRAM AND FEE

The goal of the Trust Assurance program is to ensure that law firms comply with the rules regarding proper handling of clients' trust funds and trust accounting records. This is achieved by conducting trust accounting compliance audits at law firms, reviewing annual trust reports, and providing lawyer advice and resources. The program is funded by the Trust Administration Fee (TAF).

The compliance audit program ensures that all firms are audited at least once within a six-year cycle. In addition, real estate and wills & estate firms are audited every four years, along with more frequent audits in higher risk practices. The program also develops and delivers webinars and trust accounting courses, and other resources for the profession.

The TAF is currently set at \$20 per transaction. This fee will ensure adequate funding for the Trust Assurance program, and to provide additional funding to the Part B indemnity program to help cover theft claims.

The 2026 TAF revenue is budgeted at \$4.4 million, a decrease from the 2025 budget. The TAF revenue budget is based on BC Real Estate Association real estate unit sales forecasts, which forecast a 1.1% decrease in unit sales from 2024 to 2025 and an increase of 8.8% increase from 2025 to 2026.

The Trust Assurance operating expense budget is \$4.3 million, an increase of \$210,000 (5%) from 2025. Increases are primarily related to market-based salary adjustments and staffing resources.

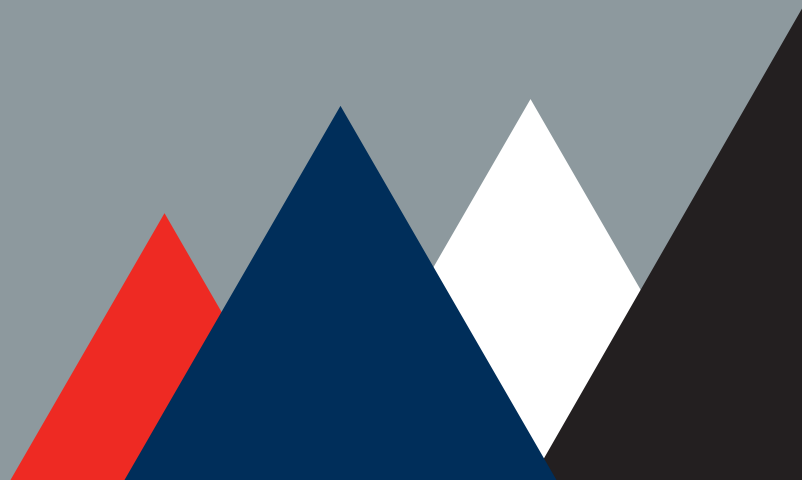
The TAF reserve at December 31, 2024 was \$1.9 million. The TAF reserve policy sets the TAF reserve at 6 months of operating expenses, with any excess transferred to Part B indemnity funding.

Trust Assurance Program Projections

	TAF		Total		Net	Transfer from(to)	
	Matters	Rate	Revenue	Expense	Income/ (Deficit)	LIF	Net Asset Balance
2024 Actuals	203,646	\$ 15	\$ 3,054,695	\$ 3,288,007	\$ (233,312)	\$ 430,000	\$ 1,880,000
2025 Projections*	201,148	\$ 20	\$ 4,022,960	\$ 4,050,000	\$ (27,040)	\$ -	\$ 1,852,960
2026 Budget	218,800	\$ 20	\$ 4,376,000	\$ 4,256,982	\$ 119,018	\$ -	\$ 1,974,978

*Actual results will determine the amount of the transfer in 2025.

EXTERNAL ORGANIZATION FUNDING



EXTERNAL ORGANIZATION FUNDING

The Law Society collects funding for a number of external programs, which are included in the annual practice fee.



With the support from the Law Society of British Columbia, the Law Foundation of British Columbia, and the Ministry of Attorney General, CLBC provides lawyers and the public in BC with access to legal information, as well as training and support in accessing and using legal information. Through its information services, curation of print and digital collections, website content and training, the library provides practice support for lawyers and access to justice support to the public across the province, through its 31 physical locations. CLBC has requested \$3,401,615 to support the operating budget. The allocation of the practice fee to CLBC will need to increase to \$222 per lawyer in 2026, in order to fully fund the CLBC operating costs.

Probono and Access to Justice

With an increase for CPI, the contribution to pro bono and access to legal services funding will be set at \$419,722 for 2025, and the per lawyer fee will remain at \$27. This funding is sent to the Law Foundation for distribution to pro bono and access to justice organizations



Federation of Law Societies of Canada

The Federation of Law Societies of Canada provides a national voice for provincial and territorial law societies on important national and international issues. The funding to the Federation for 2026 will be \$471,446, and the 2026 allocation of the practice fee will increase \$1 to \$31 per lawyer to fund this amount.



CanLII is developing and will be operating a generative AI search tool "chat canlii", which will provide AI functionality. With this new AI tool, there are additional operating costs which will be incurred, and the allocation of the practice fee for 2026 will increase by \$10 to \$50 per lawyer with funding set at \$769,000. CanLII's goal is to make primary sources of Canadian Law accessible for free on its website at www.canlii.org. All provincial and territorial law societies have committed to provide funding to CanLII.

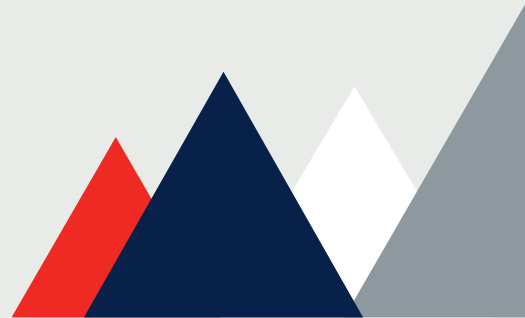


LAP provides confidential outreach, education, support and referrals to lawyers and other members of British Columbia's legal community. LAP has requested funding of \$1,190,000 for 2026, similar to the funding for 2025, The LAP fee will remain at \$78 per lawyer to meet the funding request.

ADVOCATE

The Advocate publication is distributed bi-monthly to all BC lawyers, including practising, non-practising and retired lawyers. The Advocate funding requested \$430,000 for the 2026-2027 operating budget, a similar amount to last year. The allocation of the practice fee will remain the same at \$24 per lawyer in order to fund the 2026-2027 operating budget.

2026 PRACTICE FEE RECOMMENDATION



Resolutions

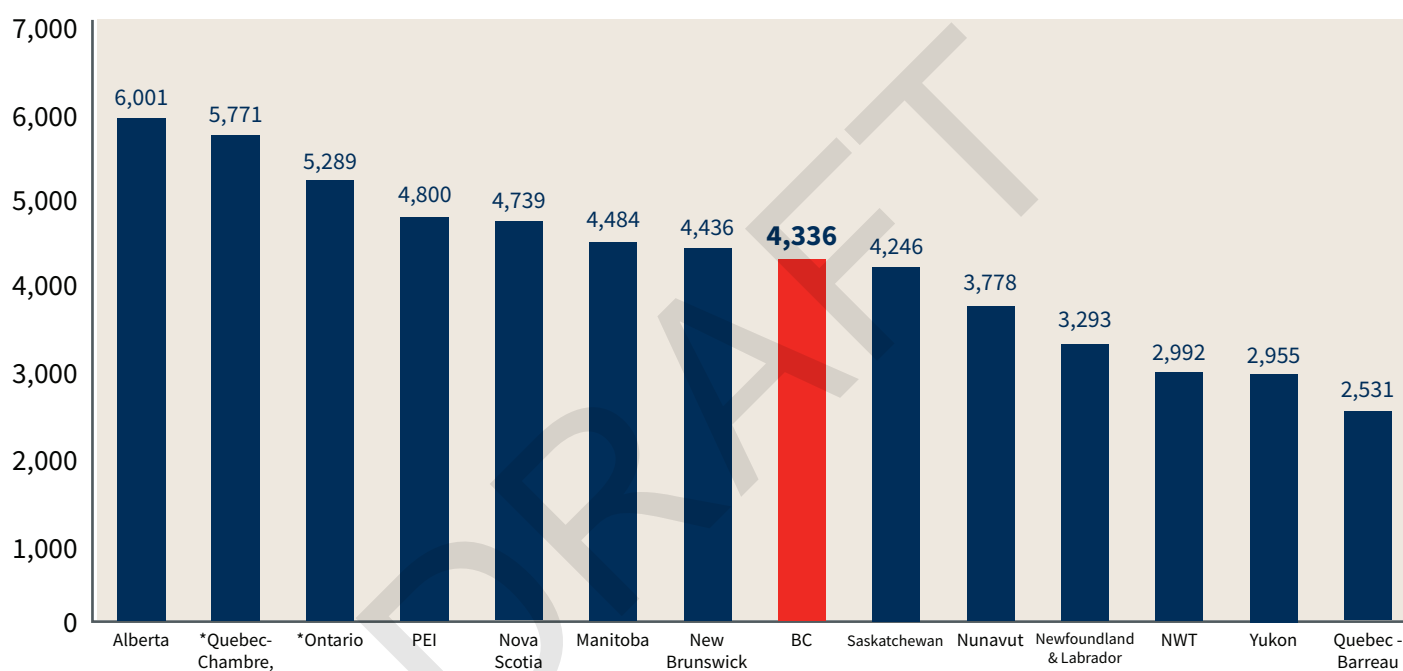
Be it resolved that the Finance and Audit Committee recommend to the Benchers that:

- Effective January 1, 2026, the practice fee be set at \$2,536, pursuant to section 23(1)(a) of the *Legal Profession Act*, which is projected to result in a deficit budget of \$174,034.

DRAFT

MANDATORY FEE COMPARISON

MANDATORY FEE COMPARISON - 2026 (Practice and Indemnity Fee)



The fees are based on readily available information, and may include 2025, not 2026, due to timing of fee setting processes.

See LIF report for Indemnity Fee information.



LAWYERS
INDEMNITY
FUND

Expertise • Service • Results

2026 FEES & BUDGET REPORT

OVERVIEW AND RECOMMENDATION

The goal of the Lawyers Indemnity Fund (LIF) is to maintain a professional liability indemnification program for BC lawyers that provides broad coverage and reasonable limits at an affordable cost, and is delivered with exceptional claims, risk management, and underwriting service and advice.

Achieving this is made possible by maintaining a financially stable program over the long term, which is firmly grounded in the interests of both the public and the profession. Several factors influence the performance and cost of our program, and the annual fee recommendation derives from a thorough analysis of all relevant factors, including claims activity and development trends that comprise the bulk of operational risk.

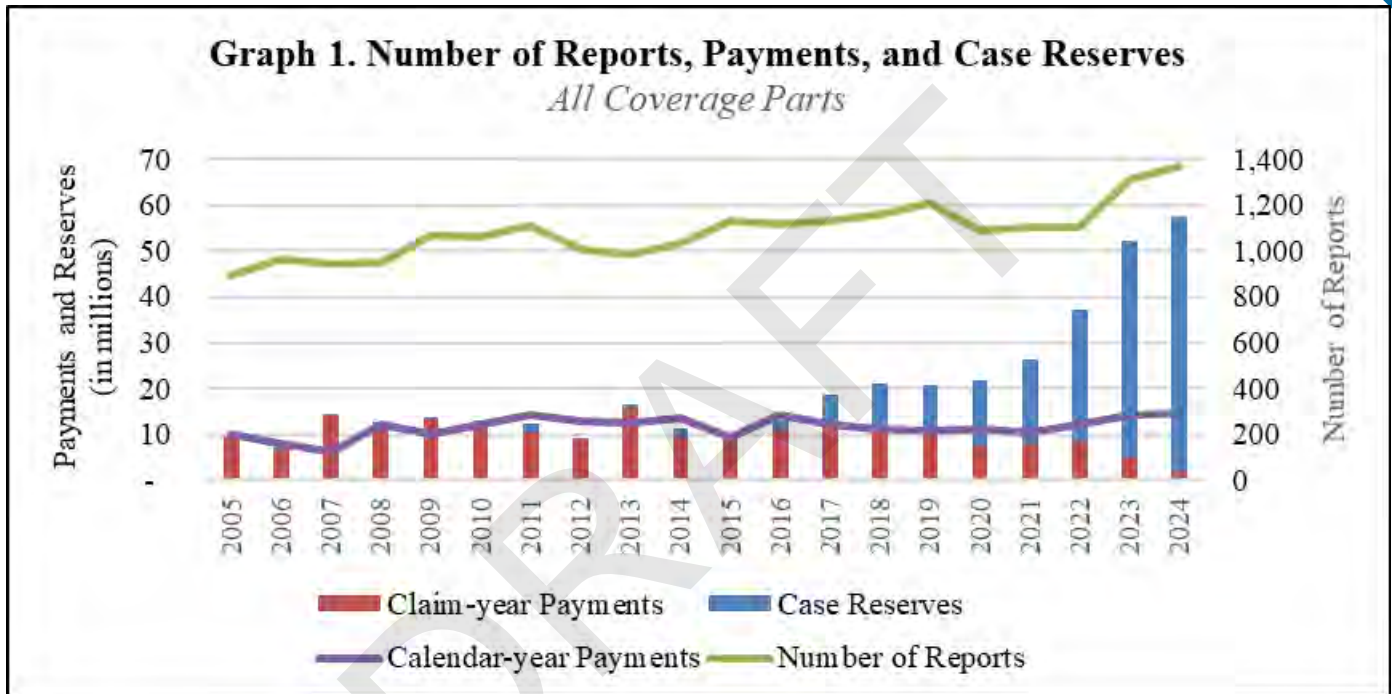
Graph 1 shows that the number of claims reported in 2023 and 2024 was higher than in previous years, and especially higher than the immediately preceding three-year period, which now appears to have been a short-term trough. Over the long-term, claim frequency is not above a reasonably expected range, and we anticipate that it will remain manageable within the normal course of business.

Regarding severity, we employ conservative reserving practices that have historically overestimated future claim liabilities. Accordingly, the increase in combined payments and reserves shown on Graph 1 represents a normal picture. As claims run their course and proven losses are filtered from precautionary estimates, we expect the ultimate claim severity for recent years will be materially lower than suggested by the graph. Barring sudden changes in the law or practice or increased economic pressures, long-term trends should not be significantly worse than inflation plus the growth in number of indemnified lawyers.

Graph 1 also shows payments on a calendar year basis, which categorizes payments according to when they were made regardless of when the claim was reported. 2023 and 2024 calendar year payments were at the high end of the usual range.

We were pleased to reach a record high proportion of claims being resolved by repair in 2024 – nearly 25% – thereby mitigating potential liabilities. Also, we aim to settle claims quickly and fairly, without compromising sound legal principles. LIF's claims counsel have an exceptional record of success in court actions; substantial and long-term value accrues to LIF and to the profession when we can create and promote positive precedents and avoid negative ones.

Overall, LIF is financially strong, and we recommend no change to the indemnity fee for 2026.



Frequency and Severity of Claims

Like 2023 before it, 2024 saw a record number of Part A claim reports. Our projection for 2025 is that total reports will be slightly higher than in 2024. The recent rise has our attention but, as can be seen on Graph 2, the long-term frequency trend has not materially shifted. Claims from certain areas of practice remain at elevated levels while others show the opposite. We will discuss trends in specific areas later in this report.

PART A

Errors & Omissions

PART B

Trust protection
for lawyer theft

PART C

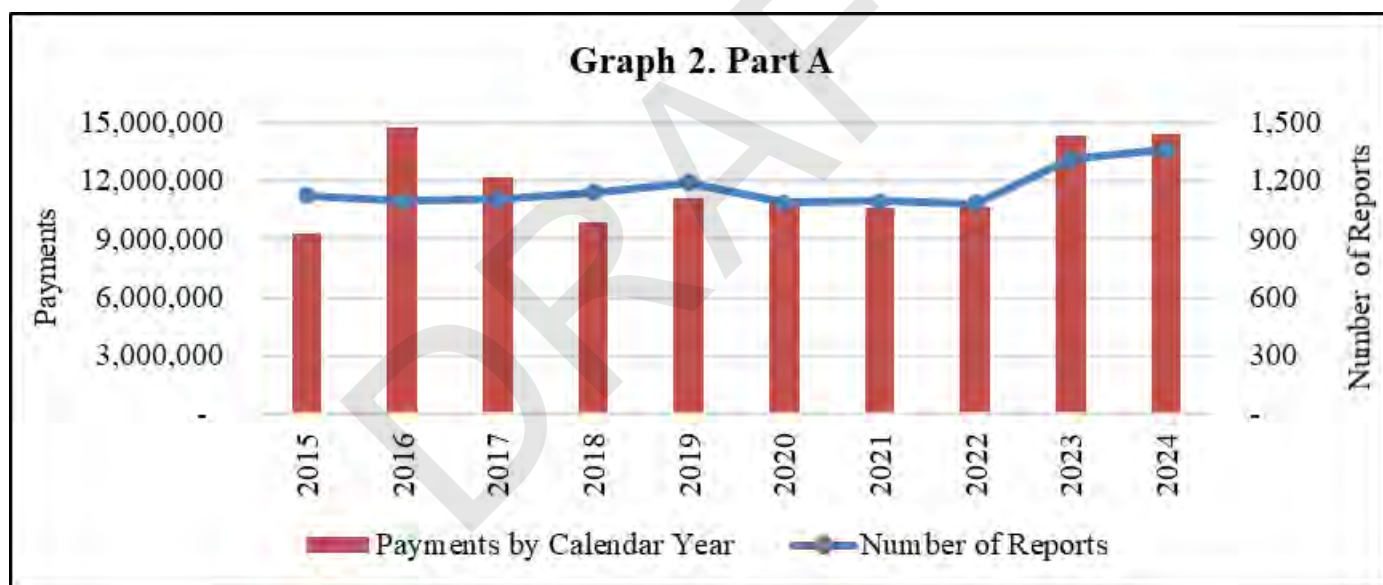
Trust shortages for social
engineering frauds

PART A

Errors & Omissions

As mentioned, calendar year payments remain in a relatively consistent range, although the two most recent years are at the high end. The rate of cash outflow is obviously important to LIF's financial state, but it is of limited value as a predictive factor. As long as they are from existing reserves, larger annual payments present no material concern.

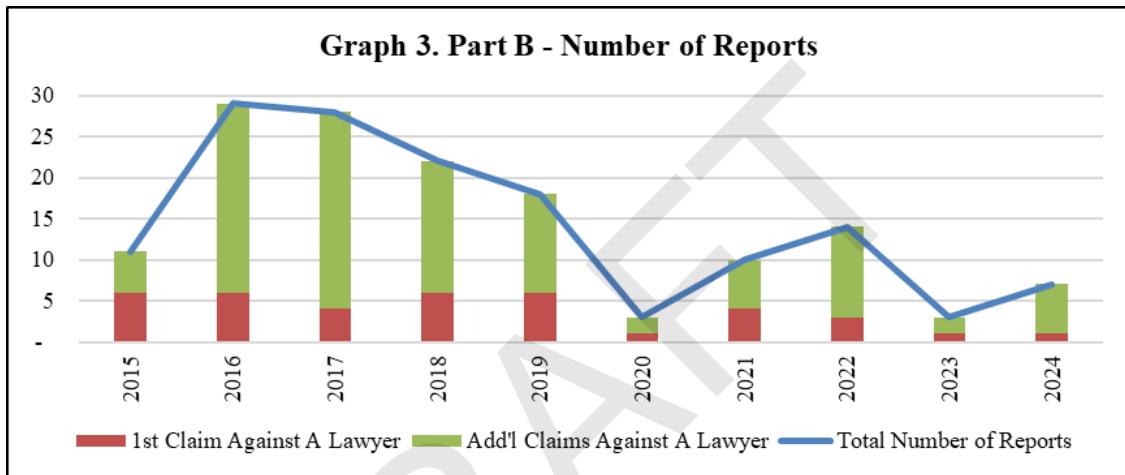
To the extent there is inflation in claims, whether from general economic factors, social inflation, migration toward higher-value errors, or increases in the hourly rates of outside counsel, we will first see indications in the claim year case reserves (the blue bars on Graph 1). The same inflation only manifests in calendar year payments years later.



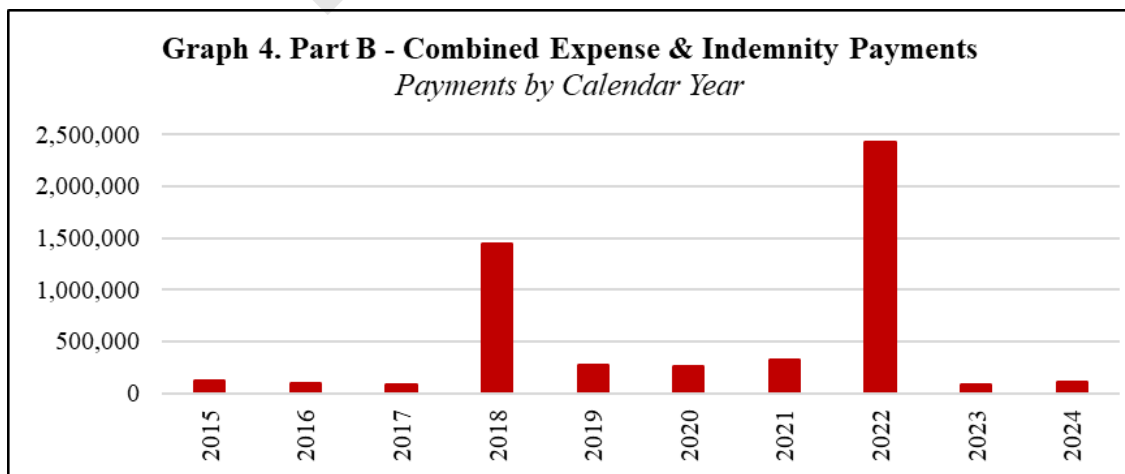
PART B

Trust protection for theft by a lawyer

Depicted on Graph 3, there are relatively few Part B claims and most reports pertain to lawyers against whom we already have a prior or concurrent Part B claim. We do not expect to identify frequency and severity trends in the sparse Part B statistics. Despite the nominally low frequency, we are alert to the potential for substantially higher levels of Part B claims activity and unnervingly large severities.



Part B frequency bears little relation to the amount ultimately paid. Graph 4 illustrates the extreme variability of Part B severity. For the 10 years from 2015 through 2024, we saw 29 lawyers responsible for 79 Part B claims with some amount paid or reserved for indemnity. Individual claims ranged from \$325 to \$961,937, averaging about \$82,000 per claimant. Two lawyers were each responsible for over \$2 million of claims, making up a combined 67% of all Part B claims over this 10-year period. While the variability in Part B claims makes it unwise to predict losses, it is also a convincing argument against complacency.

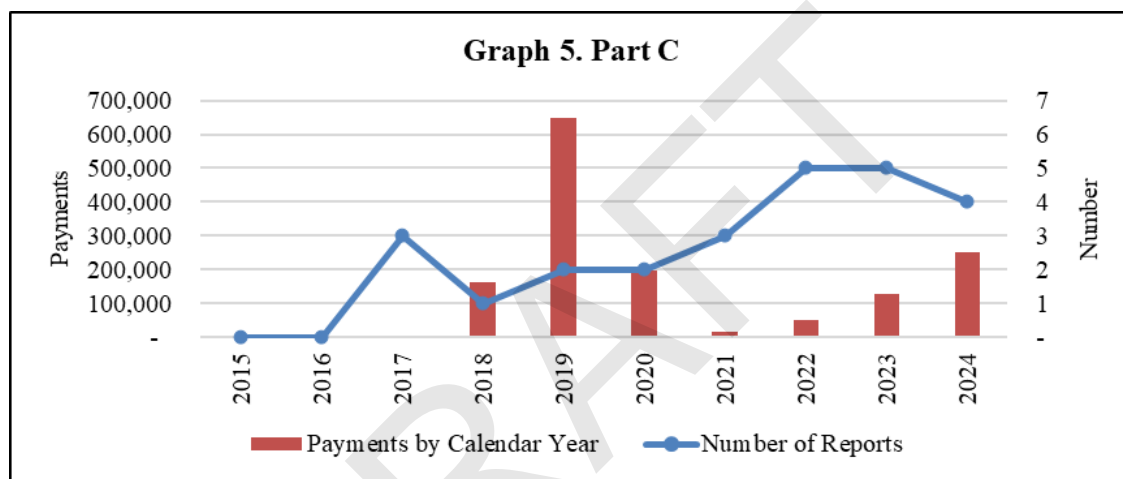


LIF pursues reimbursement from the lawyers involved and some recoveries have been wholly or substantially successful. The overall recovery rate is around 5% of amounts paid.

PART C

Trust shortages from bad cheques and social engineering fraud

Part C was added to the program in 2012 for trust shortages caused by paying out on bad “certified” cheques. Coverage for social engineering scams in the form of funds transfer frauds (FTF) was added in 2017 and now comprises almost all Part C claims. FTF claims are usually discovered and reported immediately and, although we’ve been successful in getting banks to claw back most of the funds, we sometimes do make indemnity payments. Graph 5 provides a 10-year history of claims and payments.



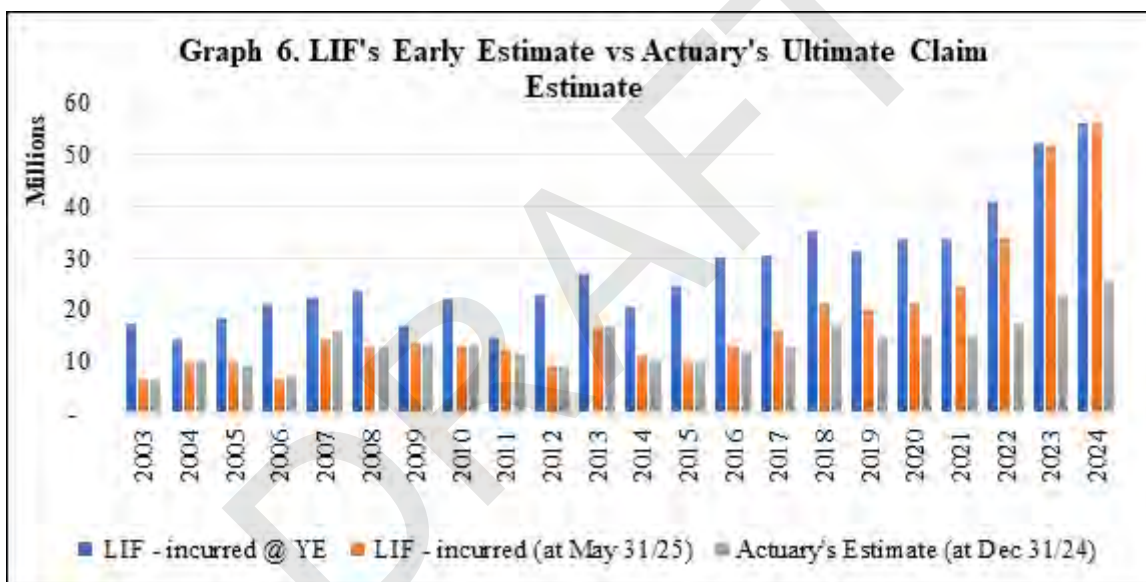
Like Part B, the volume of Part C claims is too small to allow a credible trend analysis. However, we expect FTF attempts to become more prevalent, potent, and complex because they are directly linked to the ever-growing scourge of cybercrime. Insurance is only part of the response to this crime. To help lawyers remain vigilant to these risks and avoid losses, we have spoken at numerous conferences and produced multiple risk management resources, and we will continue to do so.

Enhancing Part C Coverage

Effective January 1, 2026, we propose to broaden Part C coverage to eliminate the \$2 million profession-wide annual aggregate and reduce the deductible from 35% of the loss to 30%. The profession-wide limit has the potential to be very unfair to lawyers who report claims later in the year after the aggregate has been exhausted by claims reported earlier. Reducing the deductible will slightly adjust the balance between LIF and the lawyer for paying these claims. Lawyers will continue to have significant “skin in the game” and reason to be risk aware and vigilant. The deductible for FTF events where secondary verification was done and for bad cheque scams is currently and will remain at 15%.

LIF'S CONSERVATIVE RESERVING PRACTICE

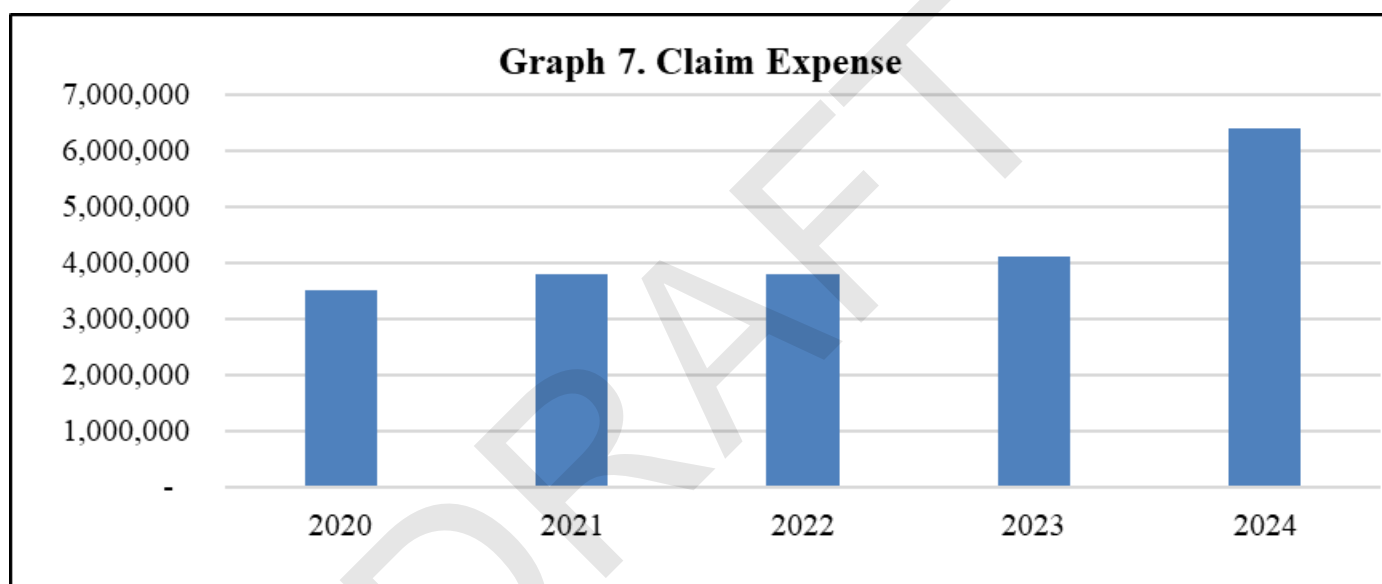
LIF's reserving convention errs on the side of conservative. Graph 6 shows, on a *claim year* basis, a 20-year history of favourable development of aggregate claims. LIF's incurred values (combined reserves and payments) at each year-end are shown in blue, and the orange columns are the incurred values as of May 31, 2025. The grey represents the Actuary's current estimates of where each year's total claims will ultimately finish – in other words, where he projects the orange columns are likely to end up.



It typically takes 4 or 5 years to see 85-90% of claims closed for a given year, which explains the difference between the orange (LIF-incurred) and grey (Actuary's estimate) depicted on Graph 6. The most recent years still have many open claims with uncertain outcomes. Several years from now, when only a few files remain open, the gap will have narrowed or disappeared. Claims severity is increasing but unlikely to be rising as dramatically as suggested by the orange bars in Graph 6.

EXTERNAL COUNSEL FEES

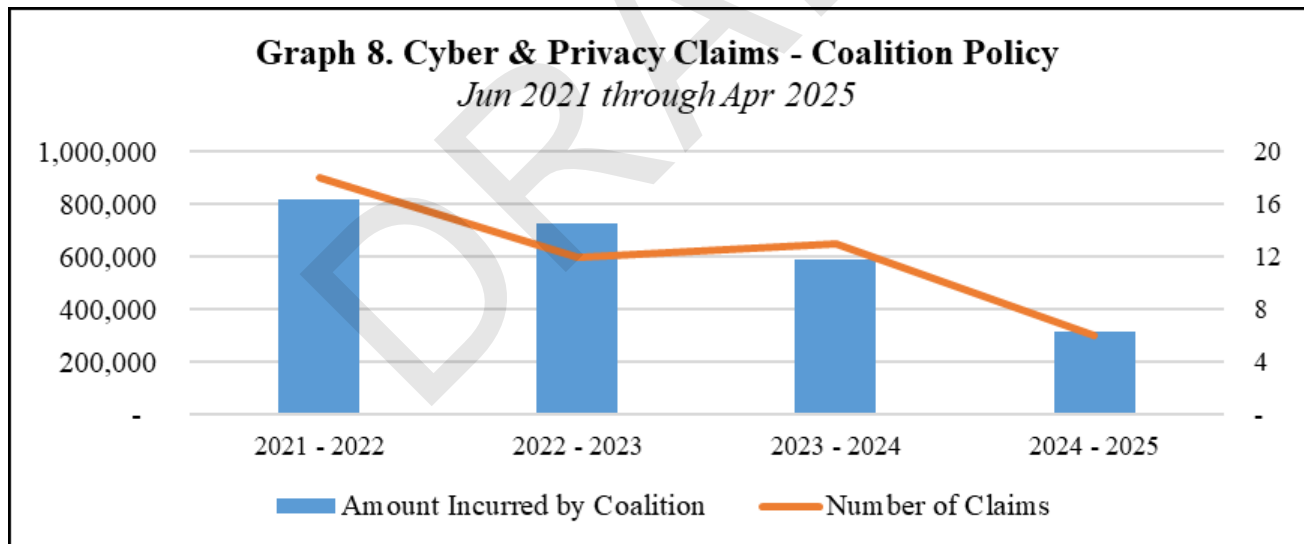
At the subcommittee's 2024 meeting, a question was raised regarding the impact of rising hourly rates charged by external counsel retained by LIF. Graph 7 shows that the increased rates have had an effect on overall costs beginning last year, and we expect this to continue.



CYBER AND PRIVACY BREACH CLAIMS

Since June 1, 2021, insurance that provides BC lawyers with protection against a broad range of cyber and privacy risks has been arranged with Coalition, Inc. With the exception of a relatively few firms, all BC firms are covered by the policy. The premium for the insurance is fully funded by the annual indemnity fee. LIF acts as an intermediary only and bears no responsibility for claims handling or payments.

The first policy term had poor loss experience relative to Coalition's expectations. The result was a substantial premium increase at the next renewal, which was reduced by removing the funds transfer fraud cover – LIF reinstated cover for this risk under Part C – and increasing the lawyer's deductible. Subsequent years have seen better claims experience. Renewal rate increases have correspondingly lessened, but the costs are still climbing. The effective per-lawyer cost of this policy rose from \$112 in 2021 to \$178 for 2025.



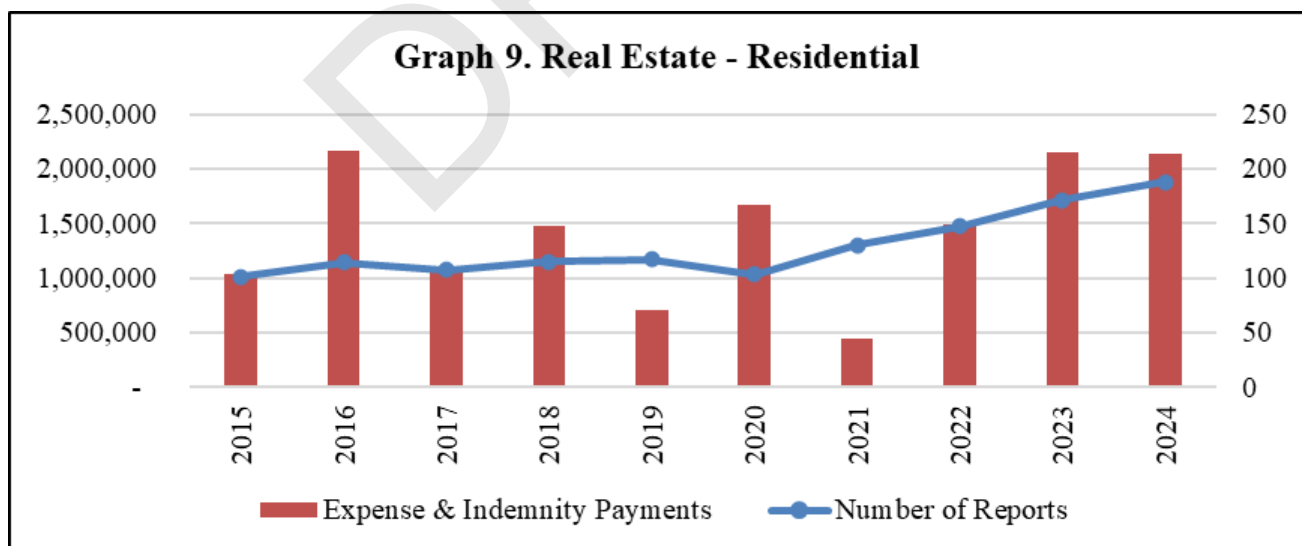
We believe the Coalition policy remains a prudent base coverage for all BC law firms, and the group plan with minimal underwriting and administration is the most cost-effective delivery method. Firms are encouraged to arrange excess cyber/privacy coverage on their own.

PRACTICE RISKS

Real estate

Residential real estate claims continue to generate a significant number of claims, and this practice area consistently ranks in the top 3 for frequency and severity of reports. Transactions often move at a furious pace and, combined with increasing complexity, changing legislation, and increasingly sophisticated fraud schemes, real estate lawyers find themselves exposed to a higher risk of claims. The following factors have contributed to the increase in the last three years:

- the overheated residential property market that began in 2021 – a more active market results in more claims;
- the foreign buyer's tax, which has given rise to 71 claims (including 8 in 2024), with a total paid of \$6.25 million and an incurred of \$12.4 million;
- failed compliance with the land owner transparency registry filing requirements, which has given rise to 26 claims (including 8 in 2024);
- 7 value fraud claims (mortgages exceeding the values of the property mortgaged) in 2024, which we have not seen since 2012; and
- 3 real estate identity frauds in 2024 with a total incurred of \$150,000.

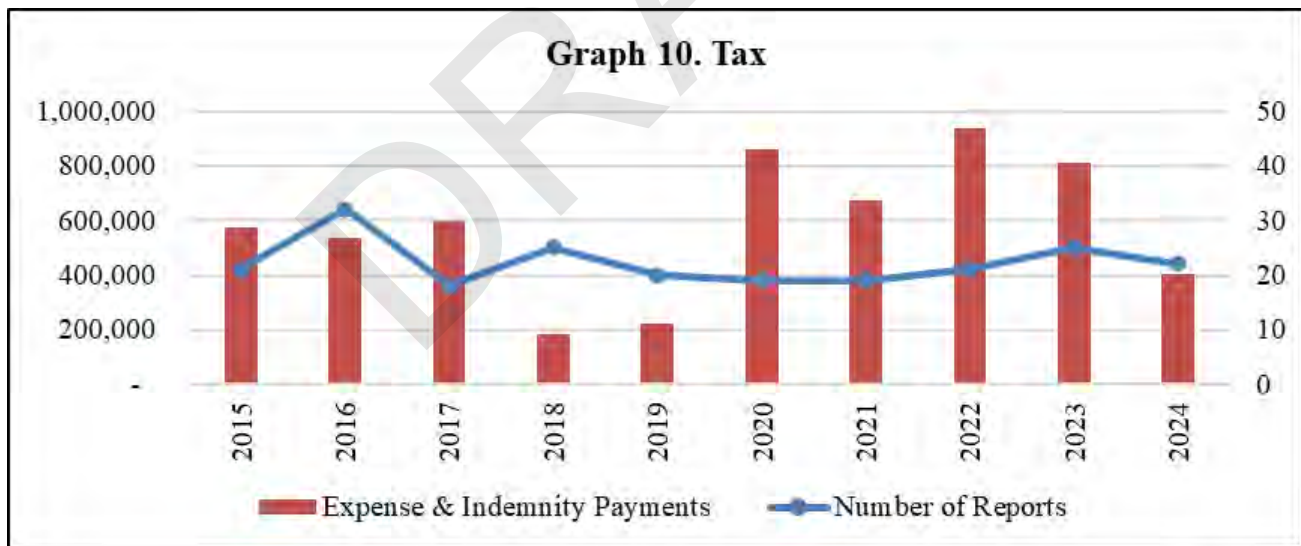


PRACTICE RISKS

Tax

The frequency of tax claims is relatively steady; but payments have been increasing in the last four years with a dip last year that is likely an anomaly.

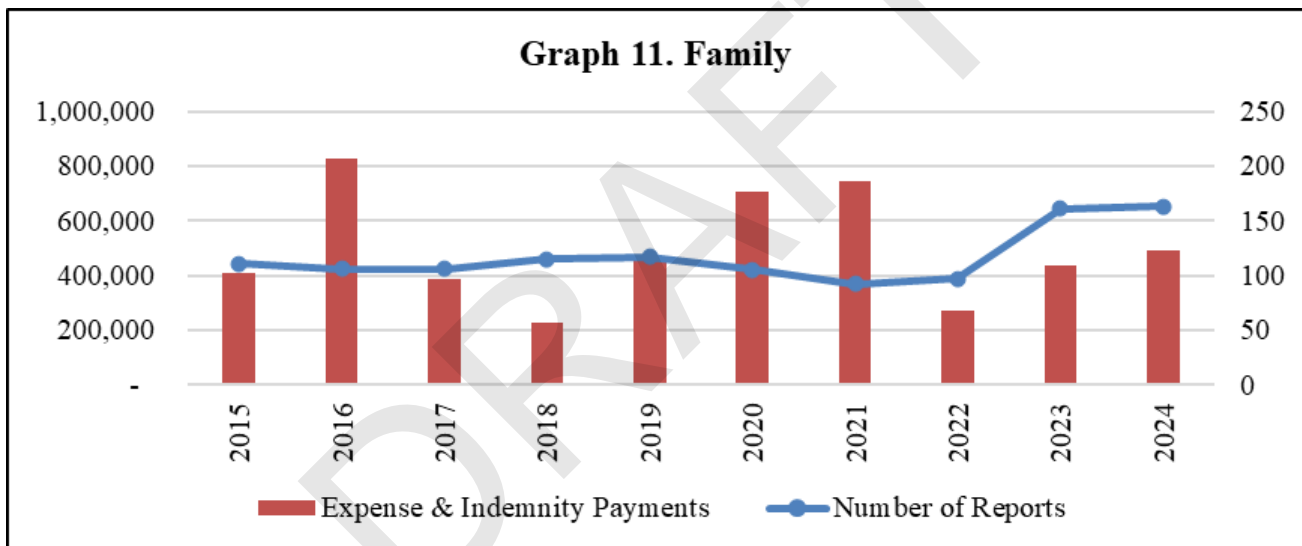
We expect significant losses in this practice area in the future for two main reasons: repair avenues that saved us hundreds of thousands of dollars in the past were shut down by the Supreme Court of Canada's 2022 decision in *Canada (Attorney General) v. Collins Family Trust*; and the general anti-avoidance rule (GAAR) in the Income Tax Act has been amended to have broader application and now imposes a penalty on the taxpayer of 25% of the intended tax benefit if GAAR is found to apply. The amendments alter GAAR in fundamental ways, and it is now much more difficult to plan a transaction or give an opinion that a transaction is not subject to GAAR. The penalty requires tax lawyers and their clients to reflect carefully on whether obtaining the tax benefit is worth the risk. We expect that not all lawyers will engage in that reflection, which will lead to taxpayers facing penalties, which in turn will lead to lawyers facing claims.



PRACTICE RISKS

Family Law

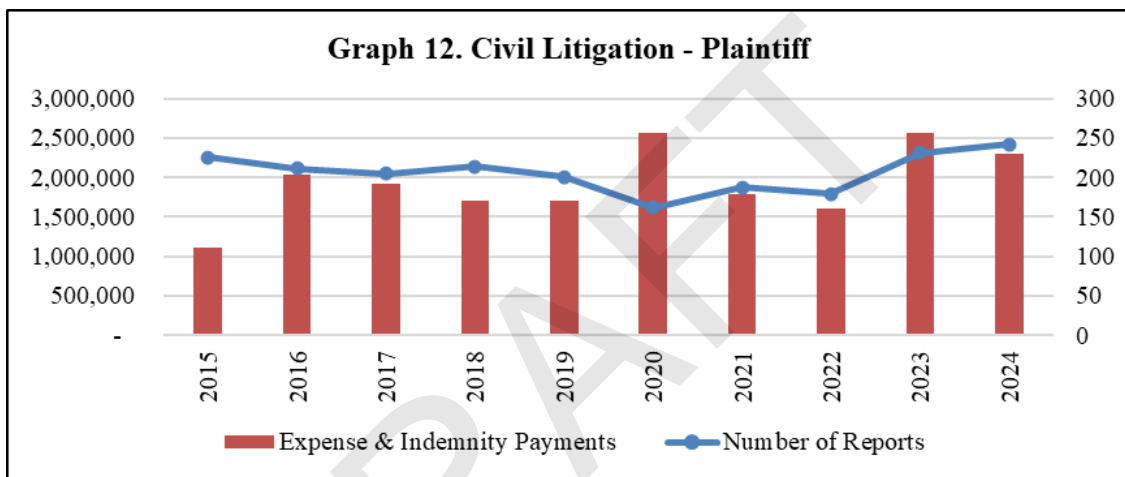
We received a record number of family claims in 2023, which continued apace into 2024. We believe this substantial increase stems largely from the greater volume of work during and after the pandemic due to increased marital conflict arising from the lockdown. The current economic uncertainty and the increasing complexity of family matters are expected to keep family claims at present levels. We also expect family claims from MVA plaintiff lawyers who have started to move into new practice areas, including family law, in which they lack experience.



PRACTICE RISKS

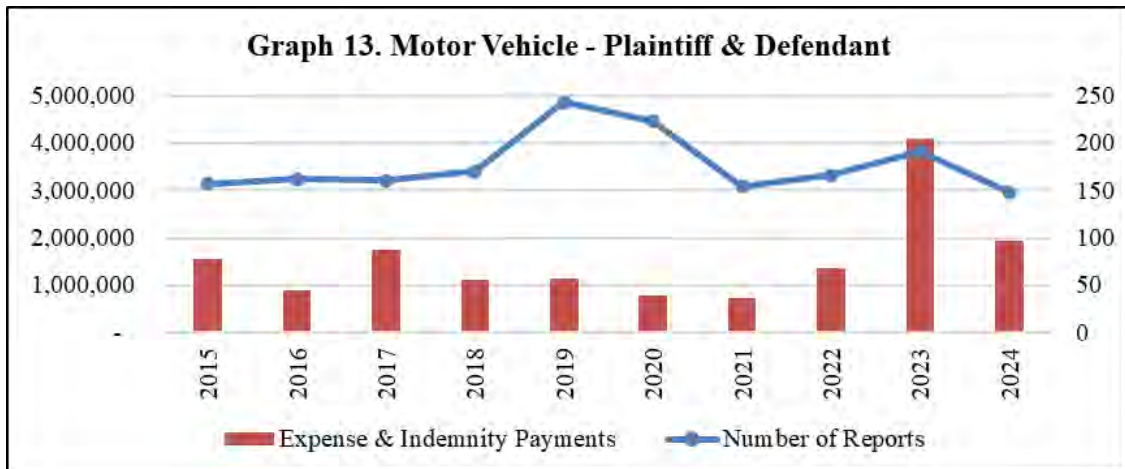
Civil Litigation - Plaintiff

Plaintiff-side civil litigation generated the highest number of claims in 8 out of the last 10 years and is consistently one of the top 3 areas of law for calendar-year payments. 18% of all claims reported in 2023 and 2024, and increasing levels of payment, arise from this practice area.



Motor Vehicle - Plaintiff & Defendant

We anticipate a decreasing volume of claims from MVA practice due to the implementation of no-fault insurance in BC in 2021. We have already seen a drop in the number of claims and we expect this to continue.



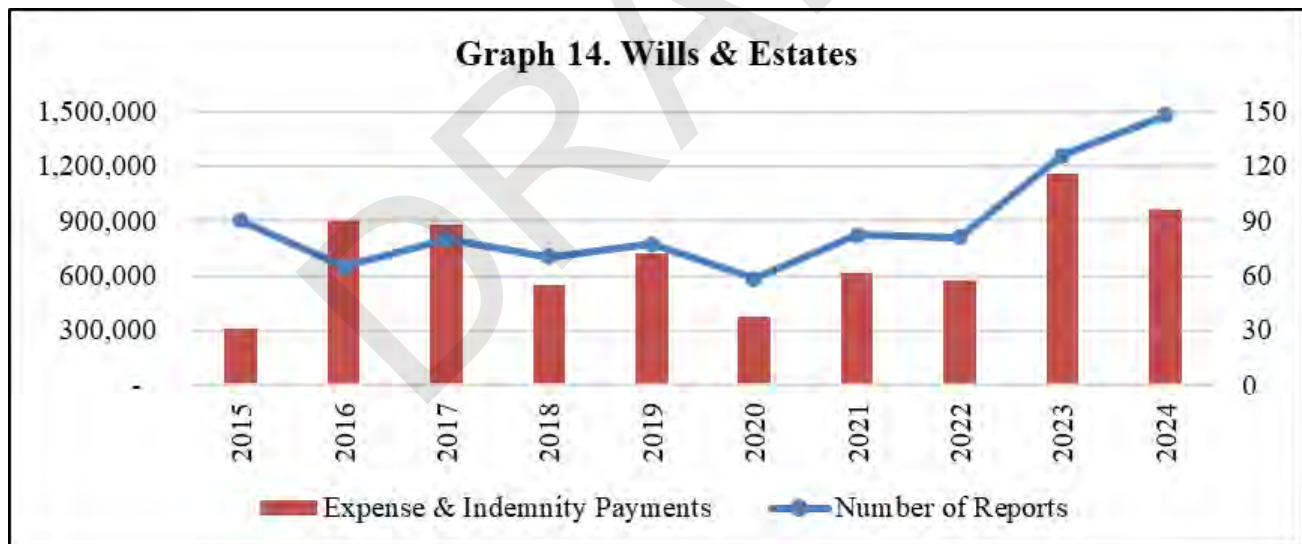
PRACTICE RISKS

Wills and Estates

Last year, wills and estates claims hit another record-high in frequency, and this area was again a significant source of payments. These increases are due to the following factors:

- BC's aging population and the passing on of substantial wealth, including high-value real estate, to the next generation;
- a 2023 decision of the BC Property Taxation Branch to start applying the anti-avoidance rule under the *Property Transfer Tax Act* to certain estate planning transactions. This initiative has given rise to 35 claims (including 10 in 2024), with a total incurred at \$2.6 million; and
- the entry into this practice area of plaintiff MVA lawyers who lack the necessary experience.

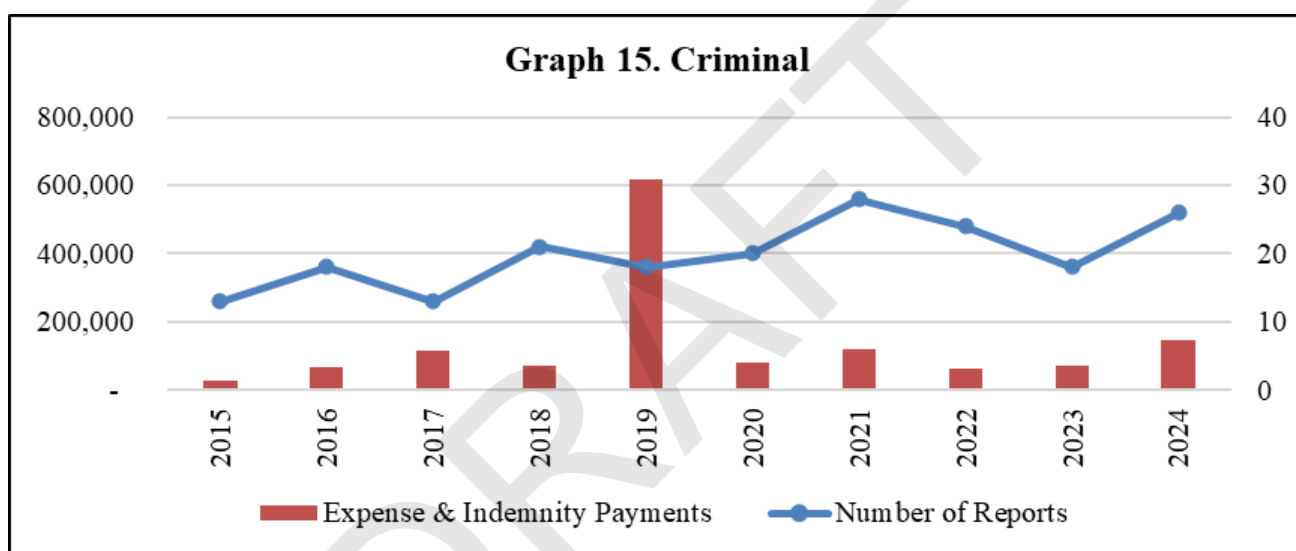
Just as Ontario experienced a near doubling of wills and estates claims in the last decade, we also foresee this practice area generating increasing losses. We have provided a wealth of loss prevention initiatives and presentations to the wills and estates bar and plan to continue these efforts.



PRACTICE RISKS

Criminal

Although criminal practice generates relatively few reports, we've seen a general increasing trend in frequency over the last 10 years. Claims in this area arise because of allegations of "ineffective assistance of counsel", and the upward trend continues into 2025.



FINANCIAL STRENGTH

Net Assets

LIF's net asset balance as at December 31, 2024 was \$153 million, up from \$149 million the previous year. \$17.5 million is specifically set aside for Part B trust protection claims. Therefore, the unrestricted net asset position of the fund was \$136 million.

Minimum Capital Requirements

LIF must maintain sufficient assets for anticipated liabilities and keep a margin for the potential adverse development within various assets and liabilities. The Minimum Capital Test (MCT) ratio is a solvency standard set by OSFI, which is the federal regulator for nationally-licensed insurers. LIF is not regulated by OSFI but uses the MCT as a benchmark, as do similar programs across Canada. LIF's MCT was calculated by the Fund's Actuary to be 265% at December 31, 2024. This figure is well above the 150% minimum that OSFI requires of insurers under its purview. LIF's recent history of MCT ratios is as follows:

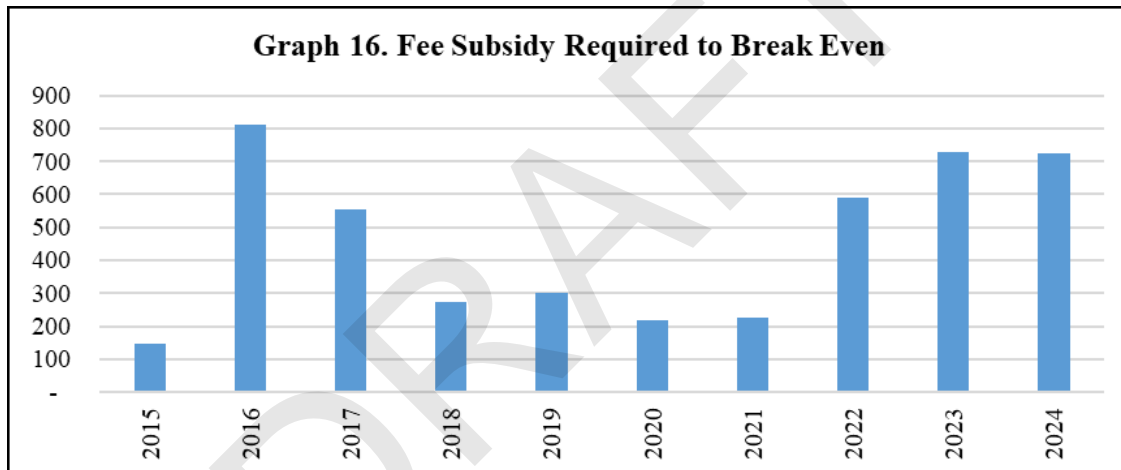
2017	2018	2019	2020	2021	2022	2023	2024
244%	222%	252%	274%	307%	260%	289%	265%

In addition to meeting its policy liabilities, the 265% enables us to: ride out the peaks and valleys of annual claims variations while maintaining stability in the annual fee; provide new coverages and initiatives in the interests of lawyers and their clients; and advance toward reducing the fee in future years, because higher-value net assets generate greater overall returns that subsidize program costs.

FINANCIAL STRENGTH

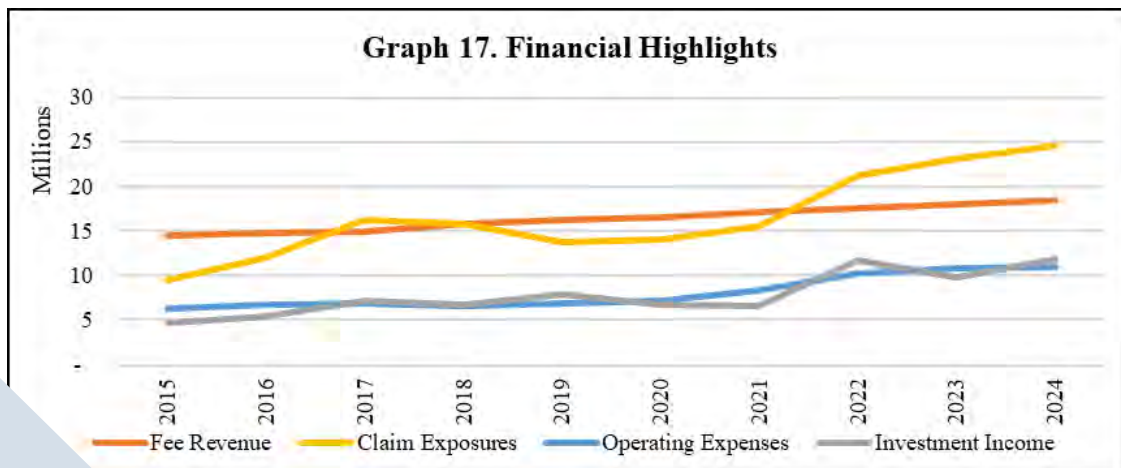
Subsidy from Investments

LIF invariably realizes an annual loss from its operations – program expenses always exceed fee revenues – but the contribution of investment income and unrealized investment gains keep the program financially sound. Graph 16 shows to what extent the annual fee has been subsidized by the investments for the program to break even. Because of the variability in claims, attempting to break even each year on fee revenue alone – by raising the fee – would result in assessments that are regularly excessive. The nature of LIF's business requires a substantial capital base and that capital, properly managed, will create investment income and gains. The Law Society has the luxury of using the investment returns to subsidize the annual fee and keep it consistent year over year.



Income and Expenses from All Sources Annually

As Graph 17 depicts, the total program income – from assessments and investments – closely mirrors the total program expenses – from operations and claims – annually.



2026 BUDGET

Revenue

To the end of April 2025, the portfolio had returns of -1.58% compared to the benchmark of 0.78% and less than the 5.5% budgeted for 2025.

Looking ahead to 2026, total LIF assessment revenues are budgeted at \$18.6 million. This is slightly below the 2025 budgeted fee revenue and is derived from the projected number of indemnified FTEs. As noted from our 2025 results to date, investment income projections are less certain; however, inherent risk is expected to be moderated by our diverse portfolio. For 2026, we project investment returns of \$15.6 million (5.5%) based on the recommendation of our investment advisors, George & Bell.

Indemnity Surcharge

LIF proposes to increase the annual indemnity surcharge from \$1,000 – where it has been for 40 years – to \$2,000. The surcharge applies up to 5 years after a paid indemnity loss. Increasing the surcharge enhances fairness between claims-free lawyers and those who draw from the fund as a result of negligence claims by shifting more of the contribution to overall program losses to those with paid indemnity claims. No adjustment has been made to budgeted revenues for this increase; its full effect won't be felt for five years.

Expenses

The estimated claims cost for 2026 claims is higher than usual at \$21.4 million. This encompasses all three Parts and is represents the present-day value of all future liabilities for 2026 claims, as estimated by the Actuary.

Operating expenses for 2026, excluding claim costs, are budgeted at \$13.2 million, an increase of \$.5 million, and 3.5% more than the 2025 budget (see Appendix A). The increase is largely attributed to higher investment management fees and increases to staff salaries including the Practice Advice department.

2026 INDEMNITY FEE RECOMMENDATION

The annual indemnity fee has been \$1,800 since 2018 and was \$1,750 for seven years prior to that. Taking all factors into account, we recommend maintaining the indemnity fee at \$1,800 for 2026, marking the 9th consecutive year at this value.

RESOLUTION

Be it resolved that the Indemnity Subcommittee recommend that:

- the indemnity fee for 2026 pursuant to section 30(3) of the Legal Profession Act be set at \$1,800;
- the part-time indemnity fee for 2026 pursuant to Rule 3-40(2) be set at \$900; and
- the indemnity surcharge for 2026 pursuant to Rule 3-44(2) be set at \$2,000; and
- the Part C \$2 million profession-wide annual aggregate be removed; and
- the Part C deductible, if no secondary verification, be reduced from 35% to 30% of the loss.

APPENDIX A

THE LAW SOCIETY OF BRITISH COLUMBIA
Lawyers Indemnity Fund
For the year ended December 31, 2026
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

	2026 Budget	2025 Budget	Variance	%
REVENUE				
Annual Assessment	18,618,900	18,683,000		
Investment Income	15,553,000	14,814,450		
Other Income	70,000	67,500		
TOTAL REVENUE	34,241,900	33,564,950	676,950	2.0%
INDEMNITY EXPENSE				
Actuaries, consultants and investment management fees	2,347,500	2,222,000		
Allocated office rent	361,450	361,450		
Contribution to program and administrative costs of General Fund	1,725,342	1,743,622		
Insurance	2,194,000	2,194,000		
Office and Legal	650,690	668,750		
Provision for settlement of claims	27,081,000	15,549,000		
Provision for ULAE	-	-		
Salaries, wages and benefits	4,313,106	4,028,597		
	38,673,088	26,767,419	11,905,669	44.48%
SPECIAL FUND WIND UP EXPENSES				
External Counsel Fee expenses	50,000	50,000		
LOSS PREVENTION EXPENSE				
Contribution to co-sponsored program costs of General Fund	1,506,933	1,420,966		
TOTAL EXPENSE	40,230,021	28,238,385	11,991,636	0.4
Net Contribution	(5,988,121)	5,326,565	(11,314,686)	

Task	Rule	Date
Memo to Executive Director	1-27 (0.3) – For each election, the Executive Director must establish a voting period of no less than one week closing no later than the close of business on November 14 of the year the election is held.	Thursday, September 4
Notice of Election and Call for Nominations	1-27 (0.5) – The Executive Director: (a) must oversee the election process and procedure, (b) may retain a contractor to assist in any part of an election, (c) must ensure votes remain a secret, (d) must ensure that the voting process enables the voter to clearly and unambiguously record the names of the candidate or candidates voted for, and (e) must take reasonable security measures to ensure that only members entitled to vote can do so.	Thursday, September 11
Preparation of Voter's list	1-26 (3) When an election is in progress, a member of the Society may request a voters list from the Executive Director. 1-26 (2.1) For the purpose of this Rule, an election is in progress from the day that nominations are opened until the last day that members are permitted to vote.	
Deadline for nominations	1-23 (c) – The nomination of a candidate for election as a Bencher is valid only if the nomination and consent are received by the Executive Director on or before October 15 before the election is to take place.	Wednesday, October 15
Electronic ballots to be made available and voting instructions sent	1-27 (1) – On or before the commencement of the voting period, the Executive Director must make available to each member of the Society entitled to vote in an election: (a) a ballot containing, in the order determined under Rule 1-28 [Order of names on ballot], the names of all candidates in the district in which the member is entitled to vote and stating the number of Benchers to be elected in that district and; (b) instructions on submitting the ballot and returning it to the Society in a way that will preserve the secrecy of the member's vote, and (f) biographical information received from the candidates.	Monday, November 10
Votes deadline	1-27 (3)(f) – For a ballot to be valid, the voter must submit it before the close of the voting period and by the means provided to the Executive Director. *	Monday, November 17
Votes counted	1-27 (0.4) – Votes received for a Bencher election held must be counted and results published on November 15 of the year the election is held.* 1-35 (1) The Executive Director must ensure that a permanent record is kept of the number of votes received by each candidate, and the candidates who are declared elected.	Tuesday, November 18**

*[1-42](#) - If the time for doing an act in this division falls or expires on a day when the Society office is not open during regular business hours, the time is extended to the next day that the office is open.

**At its January 23 meeting, the Executive Committee rescheduled the vote counting day to Tuesday, November 18, to avoid the voting deadline falling on a Sunday and to ensure staff can assist voters on the final day of voting.

September 5, 2025

Sent via email

Linda W. Russell
Chief Executive Officer
The Continuing Legal Education Society of BC

Dear Linda:

Brook Greenberg, KC
President

**Re: Appointment to the Board of Directors of the Continuing Legal
Education Society of BC**

Office Telephone
604.605.5394
Office Email
president@lsbc.org

I am pleased to advise that the Law Society of BC has appointed Karen Tse, KC (Kootenay County) to the Continuing Legal Education Society of BC's Board of Directors for a three-year term, effective September 4, 2025.

I am confident that the Continuing Legal Education Society of BC and its valuable work will be well-served by the contributions of Karen.

Yours truly,



Brook Greenberg, KC
President, Law Society of BC

- c. Laurel M. Courtenay, Chair, Continuing Legal Education Society of BC's Board of Directors
Gigi Chen-Kuo, Executive Director/Chief Executive Officer, Law Society of BC