Annual Report

2025-2026

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE

40 YEARS

Acknowledgement of Country

The Legal Practitioners' Liability Committee is located on the lands of the Wurundjeri people of the Kulin Nation. The LPLC wishes to acknowledge them as the traditional owners of the land. We pay our respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples across Australia as the traditional custodians of the lands on which we live, learn and work.





About the *Legal Practitioners' Liability Committee* (LPLC)

The Legal Practitioners' Liability Committee (the LPLC or we) is the professional indemnity insurer for Victoria's solicitors and barristers (legal practitioners) and to many of Australia's largest law firms.

The LPLC received its mandate under the *Legal Profession Uniform Law Application Act 2014 (Vic)* (the Act) and is an independent statutory entity, and specialised professional indemnity insurer of more than 26,400 legal practitioners.

We have been administering the Legal Practitioners' Liability Fund since 1986.

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

The LPLC's statutory insurance arrangements are based on the objectives regarding professional indemnity insurance under the Act, which are to:

- provide legal practitioners with approved professional indemnity insurance
- protect clients against the consequences of professional negligence of legal practitioners
- carry out tasks assigned by the Act
- enter into insurance and reinsurance arrangements
- help practitioners manage risk and avoid claims.

The LPLC is accountable to the responsible minister (the Victorian Attorney-General and Minister for Finance) under the *Financial Management Act 1994 (Vic)*.

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From the *Chair*



I am pleased to present the LPLC's 2025–2026 Annual Report in this milestone year, as we mark 40 years of service to the legal profession.

Where it began

Forty years ago, professional indemnity insurance for the legal profession was not compulsory. Each year, the Law Institute of Victoria sought cover from the London market, approaching underwriters willing to insure Victorian legal practitioners. By the early 1980s, this arrangement had become increasingly costly and uncertain. In 1986, the Solicitors' Liability Fund was established with a clear and enduring purpose: to enable the profession to insure itself.

In its first year, the organisation insured 6,000 practitioners (solicitors only). Today, the LPLC provides professional indemnity cover to more than 26,400 practitioners (solicitors and barristers) across the country. That growth reflects four decades of careful stewardship, deep professional expertise and a continuing commitment to supporting the profession when it is needed most.

Continued financial stability

The LPLC delivered a strong financial performance in 2025–2026, maintaining stable premiums and achieving an investment return of 6.01 per cent. This result supports the financial strength and resilience on which the profession depends.

The road ahead

In July 2025, the Committee approved a new Strategy to guide the LPLC through to the end of the 2028 financial year, providing clear direction for the years ahead. The five strategic pillars which underpin the Strategy are:

- **Our Clients, Their Consumers** – Elevate client experience to deliver outstanding service
- **Sustainable Performance** – Create greater value and sustainable financial performance for clients and consumers
- **Our People, Our Culture** – Foster a culture of connection, collaboration and continuous learning
- **Innovation and Progress** – Embrace innovation and evolve our services to meet client needs
- **Technology, Data and Digital** – Leverage the right technology and data-driven solutions to enhance efficiency and uplift digital capability.

The work of implementing the Strategy is under way, with further detail set out elsewhere in this report.

The Committee remains focused on ensuring the LPLC is financially resilient, operationally effective, and well-positioned to meet the changing needs of the profession. As we look ahead, our role is to preserve the strength of the organisation while continuing to support a profession that is itself evolving.

Thank you

It is a great honour to serve on the Committee, and I am grateful for the trust and support of my colleagues since joining in 2020. To be Chair in this milestone year has been a particular privilege.

I thank my fellow Committee members, our CEO Mary Maini and the leadership team, and every member of staff for their care, commitment and professionalism. The profession has relied on the LPLC for four decades, and I am confident it will continue to do so in the years ahead.



Michelle Dixon
Chair

From the *CEO*

"Giving peace of mind to the profession."



A year of focus, delivery and renewal

I am pleased to present my second Annual Report as Chief Executive Officer. The LPLC exists to protect legal practitioners and the clients who rely on their advice. In 2025–2026, our 40th year, that purpose remained clear and practical: to give peace of mind to the profession by providing broad insurance cover, superior claims management and targeted risk prevention.

While last year was a year of transition, this year was about focus and disciplined delivery. We began implementing our 2026–2028 Strategy, continued to strengthen the organisation, and kept close to the changing needs of the practitioners we insure. The environment in which legal practitioners work is becoming more complex. Our role is to ensure the LPLC remains responsive, financially sound and centred on the people it is designed to support.

At the end of 2025–2026, the LPLC insured more than 26,400 practitioners (solicitors and barristers), reinforcing the importance of being a specialised insurer that practitioners can rely on when they need it most.

Delivering the strategy

This was the first year of implementing our 2026–2028 (financial years) Strategy. The Strategy is built around the practitioners we insure, the people who depend on them, the team behind the cover, and the technology and data that increasingly shape professional practice. It is a practical strategy, designed to improve how we serve the profession and how we use insights from claims and risk to ensure our insurance arrangements meet the current and future needs of practitioners and consumers.

Our focus this year was on reinforcing foundations and establishing a structured and robust framework, enabling delivery of year one of our strategic plan. The LPLC's program supporting the 2026–2028 Strategy is aimed at modernising ways of working, business processes, and systems. It represents a mindset focused on innovation, empowering people, improving how we deliver value, and strengthening connections with our clients and stakeholders.

Operational performance

During 2025–2026, we made good progress across the areas that matter most to the organisation and the profession. The LPLC policy limit of $2.5 million, in place since 1 July 2025, provided practitioners and their clients with added protection. The fund delivered a strong investment return of 6.01 per cent, supporting the LPLC's ongoing financial resilience.

We also continued to improve the LPLC self-serve portal, making renewals simpler and more efficient for clients. Growth in insured practitioners, the finalisation of 634 claims and notifications, and continued in-person outreach to firms by our Prevention and Risk Services team, all reflect a year of steady operational progress and practical support for the profession.

From the *CEO*

"Giving peace of mind to the profession."

Working closely with the profession

A central part of our work is listening to the profession and sharing what we learn. We continue with our close collaboration with the Victorian Legal Services Board and Commissioner, the Law Institute of Victoria and the Victorian Bar (the Bar), using claims and risk insights to help identify emerging issues early.

Equally important is what we learn directly from practitioners across firms of all sizes and from the Bar. Their experience helps us understand where risk is changing, where support is needed, and how we can make our services more useful and accessible.

Supporting practitioners when it matters

Behind every figure in this report is a practitioner, a client and a matter that needed careful attention. Our Claims team continues to manage complex and sensitive matters with professionalism, judgement and care. Our Prevention and Risk Services team works alongside the profession to prevent claims from arising in the first place, through education, direct engagement and practical guidance.

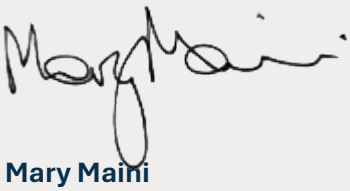
This combination of insurance, claims expertise, and prevention and risk services is what makes the LPLC distinctive. We are not only here to respond when something goes wrong. We are also here to help practitioners identify and manage risk earlier, so the profession and the community are better protected.

Looking ahead

The Chair's report reflects on the LPLC's history and the significance of our 40th year. From a CEO's perspective, the best way to honour that history is to ensure the organisation remains focused, capable and trusted for the years ahead.

Our ambition is clear: to be the insurer the profession turns to first. We will continue to earn and maintain that trust through excellent service, deep expertise and a willingness to adapt, as technology, legal practice and the insurance environment evolve. In doing so, we will give practitioners peace of mind in navigating an increasingly complex world with confidence.

I sincerely thank the Chair, the Committee, the Executive Leadership Team and every member of staff for their contribution this year. Their expertise, commitment and care underpin the organisation and the confidence the profession places in us.



Mary Maini
Chief Executive Officer

The LPLC Strategy *2026-2028*

"Giving peace of mind to the profession."

For 40 years, the LPLC has stood behind the legal profession. What began as cover for Victoria's solicitors now extends to Victorian barristers and many of Australia's largest national firms.

Today we provide professional indemnity cover to more than 26,400 legal practitioners, from sole practitioners and suburban practices to the country's largest commercial firms, and to every barrister at the Victorian Bar. Our purpose hasn't changed in this time and sits at the heart of our plan for the next three years.

What has changed are the conditions in which the profession practises.

Technology – artificial intelligence in particular – is reshaping how legal work is done, and the risks practitioners carry emerge and change faster than they once did. Seeing these changes early, and preparing for them, is part of how we protect the profession.

Operating as a statutory mutual, the LPLC is accountable to the profession it insures. This allows us to take a long view to reinvest in the LPLC's strength, and making decisions in the interests of practitioners and the people they serve. It is a model built for stability.

Our Strategy turns that stability into readiness in five areas.

Our clients, ***their consumers***

Staying close to the realities of practice, so our cover and support keep pace with the profession and protects the people who rely on it.

Sustainable ***performance***

Maintaining the financial strength that lets us stand with the profession for the next 40 years, as surely as the last.

Our people, ***our culture***

Continuing to invest in the expertise and judgement of our people, and building a culture that's curious, collaborative and ready for what comes next.

Innovation ***and progress***

Helping practitioners avoid claims, not only resolve them – and bringing fresh thinking to how we manage risk in a changing profession.

Technology, ***data and digital***

Building better systems and a sharper understanding of our data, to make working with the LPLC simpler and to recognise emerging risks sooner.

The Strategy does not change what the LPLC is. It simply sharpens what we do to ensure that whatever the next few years bring, the profession has one less thing to worry about.

The LPLC Strategy *2026-2028*

40 YEARS

Our *Purpose*

We give peace of mind to the legal profession and the community

Our *Vision*

We aim to be the leading professional indemnity insurer for legal practitioners in Australia

Our *Values*

Deliver our best
Be courageous
Better together
Do the right thing
Own it

STRATEGIC PILLARS

Our people, *our culture*



Foster a culture of connection, collaboration and continuous learning

Our *Priorities*

- Right capability to deliver on our purpose
- Engaging culture that encourages curiosity, growth and development

Outcome

Staff survey results increasing

Our clients, *their consumers*



Elevate client experience to deliver outstanding service

Our *Priorities*

- Listening to, knowing, understanding and adapting to our clients' needs
- Design and deliver service offerings to meet clients' needs
- Simplify how we work to better serve our clients

Outcome

Being known as the leading professional indemnity insurer for the legal profession

Innovation *and progress*



Embrace innovation and evolve our services to meet client needs

Our *Priorities*

- Turning data and insights into effective prevention, underwriting and claims management

Outcome

Moving at industry speed with capacity and capability to facilitate and action change

Technology, *data and digital*



Leverage the right tech and data-driven solutions to enhance efficiency and uplift digital capability

Our *Priorities*

- Uplift our technology, digital, data and capability

Outcome

Implementing the right technology to deliver better outcomes

Sustainable *performance*



Create greater value and sustainable financial performance for clients and consumers

Our *Priorities*

- Tailored pricing and underwriting to ensure the sustainability of the scheme

Outcome

Improved scheme sustainability

KEY ENABLERS

Client-focused culture, curious and experienced people equipped with the right tools and skills

Claims *Management*

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

Claims *Management*

The LPLC encourages insured practitioners to notify claims, and circumstances that may lead to claims, as soon as they become aware of them. This enables the LPLC's experienced claims solicitors to make an early assessment of an insured's potential exposure.

Some notifications are precautionary in nature and, in a number of situations, the underlying problem is resolved by the practitioner with advice from the LPLC.

Approximately 60 per cent of matters notified to the LPLC are or become claims. Where possible, these claims are resolved in-house by the LPLC's Claims team.

The LPLC's claims solicitors are skilled at evaluating complex scenarios, distilling key issues and moving matters from notification to resolution as proactively as possible.

Where it is appropriate to defend a claim, or when legal proceedings have been issued, external panel solicitors are retained to provide specialist legal advice and assistance.

Most litigated claims are resolved through agreement and/or at mediation. However, if necessary and appropriate, claims are defended in court.

Claims against solicitors

A total of 552 matters were notified to the LPLC by solicitors during the 2025–2026 policy year, comprising 288 claims and 264 notifications.

Case estimates totalled $60.04 million. Thirty-six files were opened against earlier policy years.

During the reporting period, there was a total of 575 matters closed for solicitors across the current and earlier policy years. Approximately 69 per cent of those matters were managed in-house by the LPLC's Claims team.

The number of matters opened in the 2025–2026 year increased by approximately 7 per cent.

Overall claims severity (the value of claims) was similar to the 2024–2025 policy year. Given the increase in the number of matters, this indicates a decrease in average claim severity.

MATTERS NOTIFIED

552

288 claims | **264** notifications

CASE ESTIMATES

$60.04m

36 files against earlier years

MATTERS CLOSED

575

Current and earlier policy years

69%

of closed matters handled by the LPLC's Claims team

MATTERS OPENED

+7%

increase in 2025/2026

Claims *Management*

Areas of high claims experience

2025–2026

PROPERTY AND CONVEYANCING

Approximately

28% Matters by number

26% Matters by cost

Property and conveyancing matters continue to account for the highest number (157) and highest cost ($15.4 million), although the cost decreased by approximately 40% from last year.

Stamp duty errors were the most frequent type of matters, caused by inadequate advice about deemed sub-sales, foreign purchaser surcharge duty and eligibility requirements for the spousal transfer exemption.

The highest-cost property matters arose from defective vendor statements. Other property matters involved drafting errors in contracts of sale and incorrect GST treatment.

COMMERCIAL

Approximately

18% Matters by number

24% Matters by cost

There has been a significant increase (40%) in terms of the cost of commercial matters when compared with the 2024–2025 policy year.

The highest number of matters arose in banking and finance, and mergers and acquisitions. The most common form of error occurred in the course of drafting agreements. Drafting errors included preparing clauses that were ambiguous or failed to have the desired effect. In some cases, a term of an agreement was inadvertently not included.

Claims also arose from the failure to register security interests on the Personal Property Securities Register.

COMMERCIAL LITIGATION

Approximately

15% Matters by number

15% Matters by cost

The cost of commercial litigation matters has doubled from the 2024–2025 policy year.

Common litigation errors giving rise to claims included a failure to take steps in compliance with court orders or managing court proceedings in a timely fashion. In some cases, practitioners provided inadequate advice to clients with respect to their prospects in the litigation. Practitioners failed to correctly advise on the relevant limitation period and/or failed to issue proceedings within time.

Errors by practitioners in the course of litigation can give rise to personal costs orders.

WILLS AND ESTATES

Approximately

10% Matters by number

7% Matters by cost

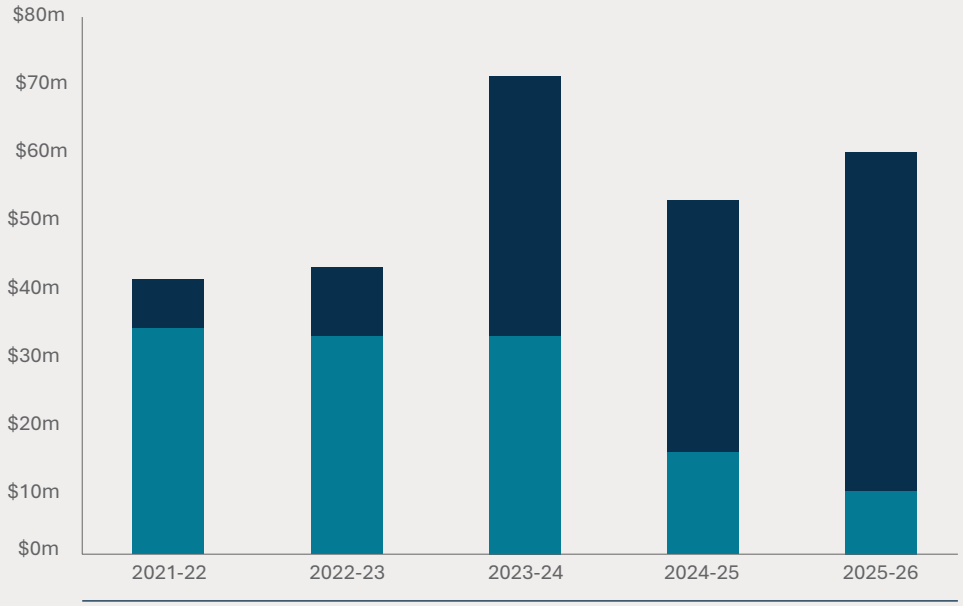
The number of wills and estates matters in 2025–2026 was 1.5 times higher than in 2024–2025, while the total cost of those matters doubled over the same period.

This reflects the fact the value of estates has grown, and Australia is in the midst of its largest intergenerational wealth transfer. There are two main causes for wills and estate matters, namely errors in the drafting and preparation of wills, and errors in the administration of estates.

SOLICITORS

Cost ($m) of paid and unpaid (estimated) matters

2021–2026

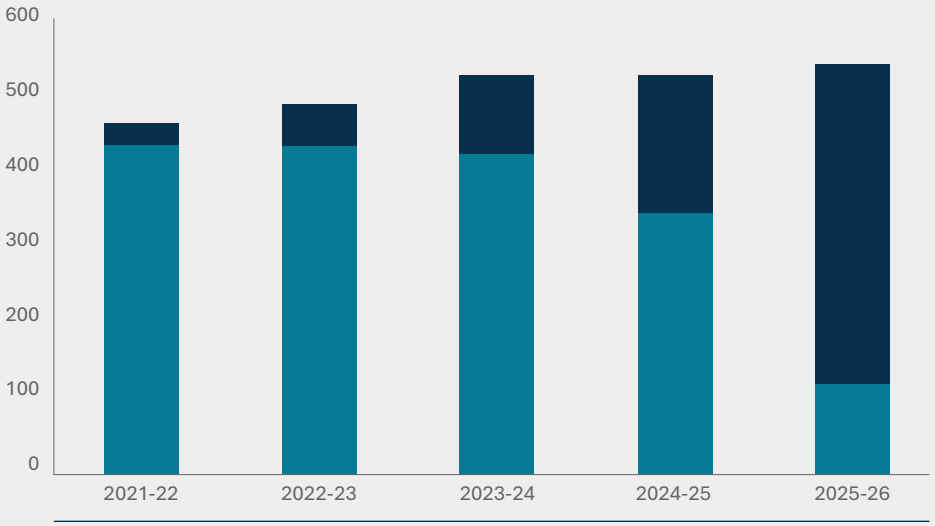


	2021-22	2022-23	2023-24	2024-25	2025-26
Paid	$33.66m	$32.41m	$32.52m	$15.05m	$9.21m
Unpaid	$7.16m	$9.94m	$38.42m	$37.53m	$50.84m
Total	**$40.82m**	**$42.35m**	**$70.94m**	**$52.58m**	**$60.05m**

SOLICITORS

Number of open and closed matters

2021–2026



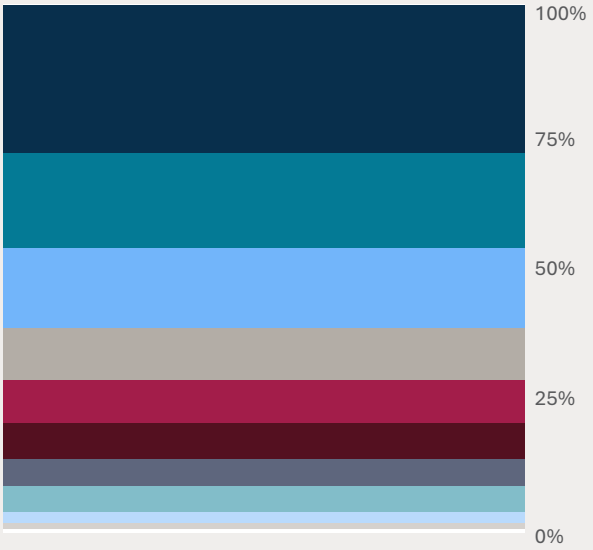
	2021-22	2022-23	2023-24	2024-25	2025-26
Closed	450	461	431	355	123
Open	23	42	110	189	429
Total	**473**	**503**	**541**	**544**	**552**

SOLICITORS

Percentage number of claims and notifications by area of practice

2025–2026

Property & Conveyancing	28%
Commercial	18%
Commercial Litigation	15%
Wills & Estates	10%
Family Law	8%
Personal Injury Litigation	7%
Miscellaneous	5%
Mortgage	5%
Small Business	2%
Lease	1%
Libel/defamation	1%

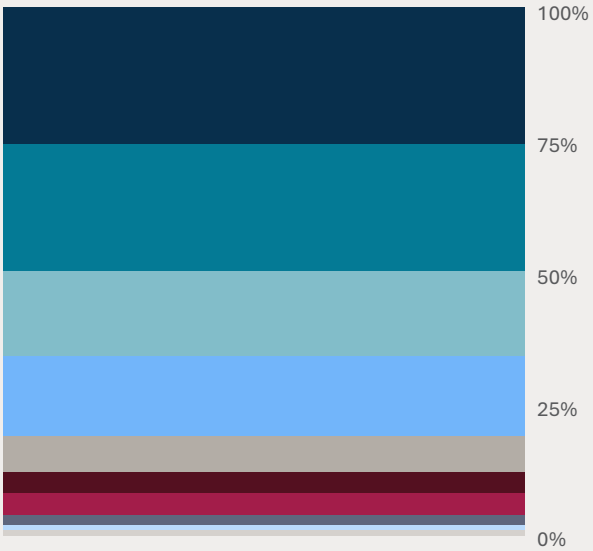


SOLICITORS

Percentage cost of claims and notifications by area of practice 2025–2026

2025–2026

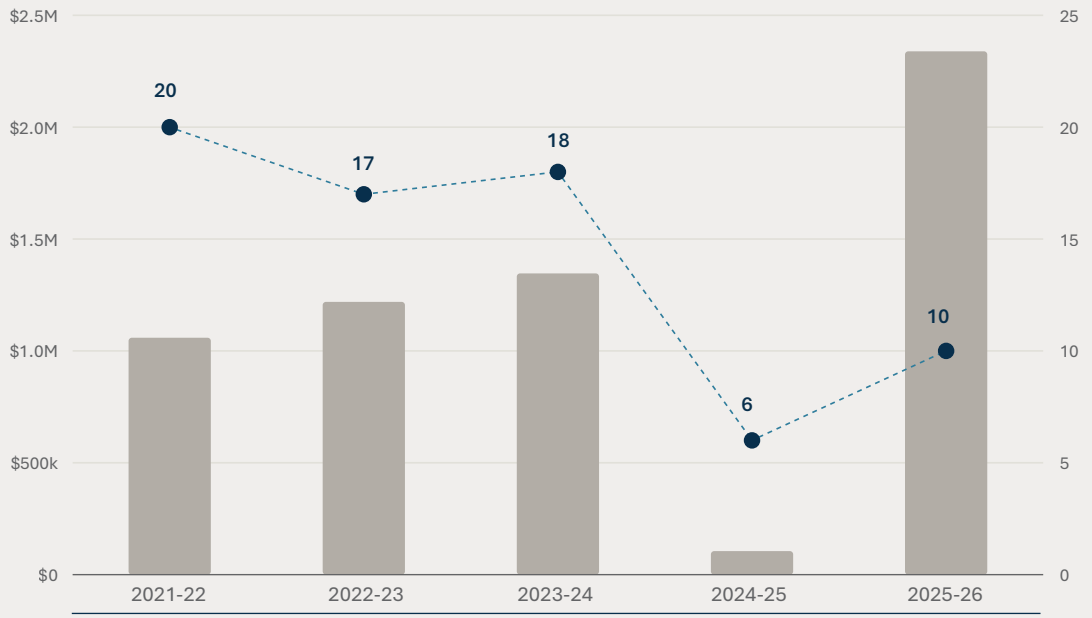
Property & Conveyancing	26%
Commercial	24%
Mortgage	16%
Commercial Litigation	15%
Wills & Estates	7%
Personal Injury Litigation	4%
Family Law	4%
Miscellaneous	2%
Small Business	1%
Lease	1%
Libel/defamation	0%



SOLICITORS

Number and costs of cyber matters

2025–2026



	2021-22	2022-23	2023-24	2024-25	2025-26
Count	20	17	18	6	10
Value	$1,058,975	$1,219,246	$1,346,227	$105,000	$2,339,056

While cyber matters declined in 2024-2025, the number rebounded in 2025-2026. Although the number of cyber matters remains less than five years ago, the value of cyber matters in 2025-2026 is the highest recorded, which is attributable to two large claims.

The increase in value of cyber claims demonstrates the volatility of these types of claims and reinforces why practitioners must remain vigilant, particularly in the area of property law, where cyber claims are the most prevalent.



Claims *Management*

Claims against barristers

A total of 64 matters were notified to the LPLC by barristers during the 2025–2026 policy year, comprising 26 claims and 38 notifications. Case estimates totalled $2.69 million.

During the reporting period, 59 matters across the current and earlier policy years were closed.

The cost of matters was down when compared with the 2024-2025 year despite the number of matters being higher than the previous year. This is attributable to lower severity across the portfolio in the 2025-2026 year.

Barristers' matters are mostly managed in-house by the LPLC's claims solicitors with very few referred to external panel solicitors.

The themes from matters notified by barristers this year were:

- revisited settlements of personal injury claims (including historical abuse settlements)
- claims for personal costs orders
- drafting errors in pleadings
- delays in completing the brief
- alleged inadequate representation at hearings
- missed limitation periods
- self-represented claimants dissatisfied with the outcome of their claim.

MATTERS NOTIFIED

64

26 claims | 38 notifications

CASE ESTIMATES

$2.69m

MATTERS CLOSED

59

COST OF MATTERS

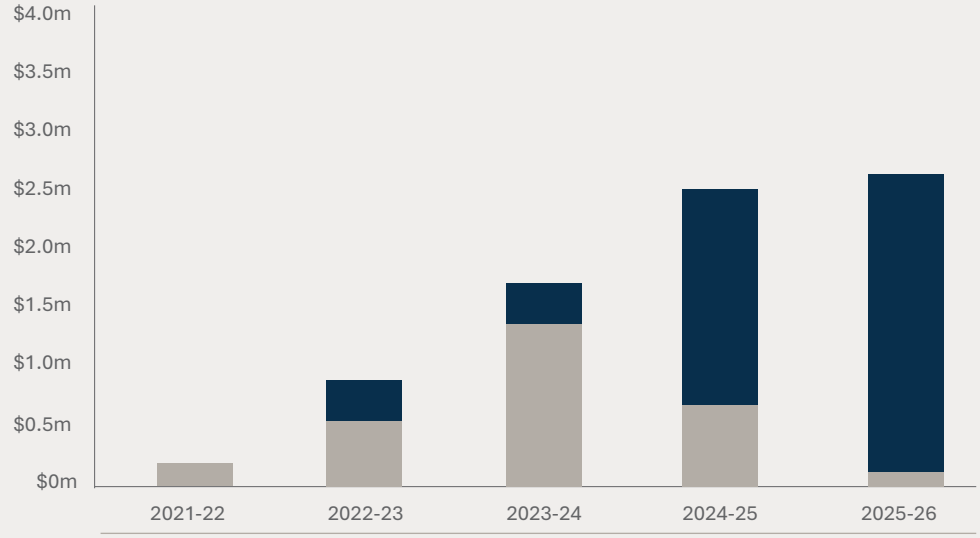
↓ from 2024-2025



BARRISTERS

Cost ($m) of paid and unpaid (estimated) matters

2021–2026

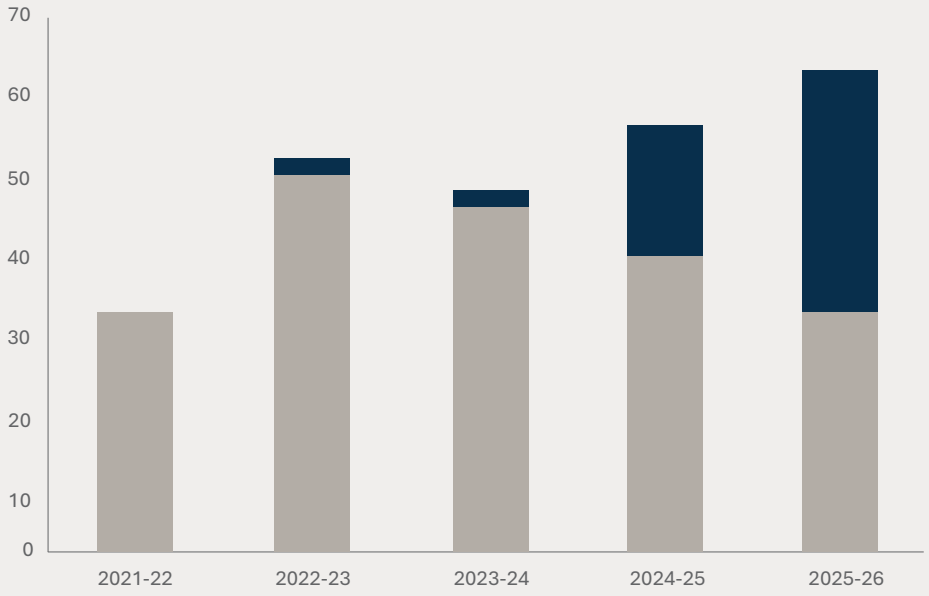


	2021-22	2022-23	2023-24	2024-25	2025-26
Paid	$200k	$580k	$1.4m	$710k	$110k
Unpaid	$0	$340k	$330k	$1.86m	$2.58m
Total	**$200k**	**$920k**	**$1.73m**	**$2.57m**	**$2.69m**

BARRISTERS

Number of open and closed matters

2021–2026



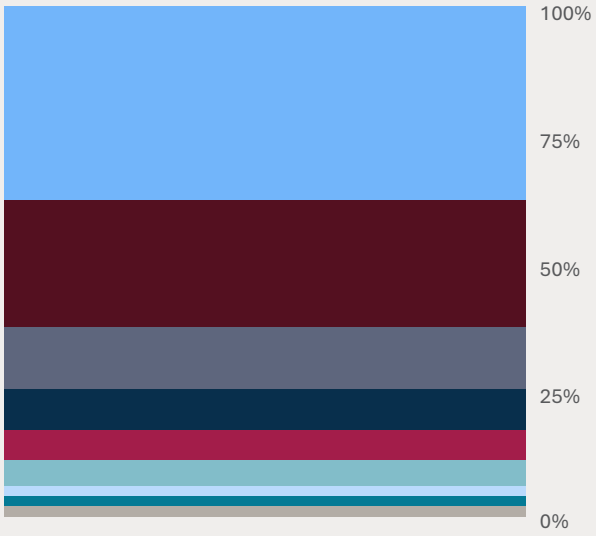
	2021-22	2022-23	2023-24	2024-25	2025-26
Closed	34	51	47	41	22
Open	0	2	2	16	42
Total	**34**	**53**	**49**	**57**	**64**

BARRISTERS

Percentage number of claims and notifications by area of practice

2025–2026

Litigation – Commercial	38%
Litigation – Personal injury	25%
Other	12%
Criminal	8%
Family	6%
Litigation – Building	5%
Property/Lease	2%
Commercial	2%
Wills/Estate	2%
Litigation – Property/Lease	0%

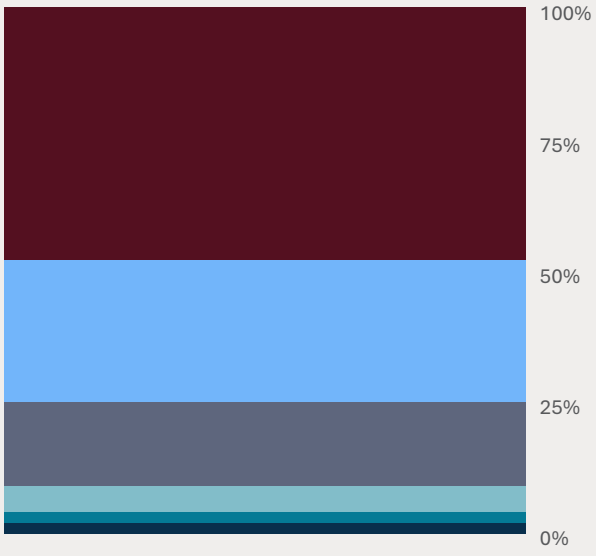


BARRISTERS

Percentage cost of claims and notifications by area of practice 2025–2026

2025–2026

Litigation – Personal injury	48%
Litigation – Commercial	27%
Other	16%
Litigation – Building	5%
Commercial	2%
Criminal	2%
Property/Lease	0%
Family	0%
Wills/Estate	0%
Litigation – Property/Lease	0%



Prevention and Risk *Management*

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

Prevention and Risk *Management*

Introduction

The LPLC's Prevention and Risk Services (PRS) team continues to deliver a comprehensive and proactive risk management program designed to assist legal practitioners in managing the risks of practice and preventing claims.

The PRS team is responsible for designing and delivering the LPLC's strategic risk prevention agenda. The PRS team's programs are based on claims data aimed at delivering client-centred, proactive risk management initiatives to support practitioners and reduce systemic risk across the legal sector.

Varied needs, tailored approaches

The PRS team provides support to a diverse group of firms insured by the LPLC. It provides a range of services, varied approaches and flexible delivery models. The PRS team produced a range of written content, practice support tools, and webinar education sessions to address persistent risks. We continued the LPLC's in-person outreach through firm visits, and presentations across a wide variety of forums.

The following provides an overview of the PRS team's key service delivery activities over the past year.

Raising awareness and keeping a risk focus front of mind

To raise awareness of changes to the law, technological developments and reinforce essential practice management skills, the PRS team:

- emailed risk management resources weekly to over 11,000 subscribers
- published articles on risk management topics with practical messages in the *Law Institute Journal*
- shared resources to a broader audience through the Victorian Legal Services Board and Commissioner (VLSB+C) *Commissioner Update*
- continued to support the broader legal profession by participating in a wide range of continuing professional development (CPD) and sector-specific events.

Supporting new firms

To support new firms in building strong risk management practices from the outset, the PRS team offers targeted resources and guidance for new firms. This includes conducting tailored online workshops for principals of new firms and running webinars focusing on legal technology and cyber security.



Prevention and Risk *Management*

Practice management education and resources

Educating practitioners on the causes of claims and their duty to oversee legal work is central to the LPLC's risk management strategy.

To achieve this, the PRS team:

- presented the risk management module of the compulsory Practice Management Course at the College of Law, Law Institute of Victoria (LIV) and Leo Cussen Centre for Law, required for practitioners applying for a principal practising certificate in Victoria
- presented risk management sessions to all graduates completing a Practical Legal Training course in Victoria
- conducted online workshops for all levels of practitioners on the key risk management processes that firms should have in place
- maintained an automated tool that firms can use to generate their own unique practice management plan with links to additional resources as required.

Education in specific areas of practice that cause claims

Review of claims data helps to identify specific risk issues for firms and practitioners. In addition to providing written communications, the PRS team provides free webinars from subject matter experts to educate practitioners about these issues.

The PRS team ran webinars and delivered presentations on cyber security across a range of forums, helping firms understand how cyber incidents occur and the practical steps that reduce their exposure.

With practitioners rapidly adopting artificial intelligence (AI), the PRS team presented alongside the Law Library of Victoria on the responsible use of AI in legal practice, and co-developed a factsheet to help practitioners verify AI outputs before relying on them.

The team's free webinars continued to grow in reach. The LPLC expanded its webinar capacity from 1,000 to 3,000 attendees, and sessions now attract an average of 1,200 registrations.

Specific assistance to firms

The PRS team continues to offer targeted support programs to firms identified at risk of receiving claims. These programs are designed to provide one-on-one support to firms most in need.

Where a firm experienced a cyber claim or a near-miss, the team met with the firm's management to review the incident and identify improvements.

Critical risk point guidance

Practitioners contact the LPLC when they have questions or are unsure what to do on a matter in which they are acting or proposing to act. The PRS team provides practical advice aimed at reducing risk and avoiding claims.

The team also managed a dedicated GST support service, a recognised area of risk for practitioners, delivered by an external consultant.

Stakeholder engagement

Throughout the 2025-2026 year, the LPLC continued to collaborate with LIV, the VLSB+C and other key stakeholders within the legal profession. The PRS team provided regular risk management content for publication in the VLSB+C's *Commissioner Update*, ensuring alignment between the LPLC's risk messaging and regulatory focus areas.

The team also worked with the LIV on law reform in areas central to claims prevention. This included advocating for Solicitor Certificates 3 and 4 to be made freely available to the profession and supporting reform of owner-builder laws.

The team's free webinars continued to grow in reach

3000 webinar capacity

1200 average registrations per session

Prevention and Risk *Management*

63	Educational webinars
95	In-firm visits for firm specific training
255	Practitioners utilised the automated practice management tool
301	Outreach contacts to newly established firms
683	Practitioner enquiries managed via phone/email
16	High-risk firms received one-on-one support
45	Publications sent to over 11,000 subscribers per publication



Supporting *AustLII*

The Australasian Legal Information Institute (AustLII) is the largest free-access provider of online Australian legal materials and an invaluable risk management resource for insured solicitors and barristers.

The AustLII databases are widely used by the profession and the Courts on a daily basis and contribute meaningfully to the cost-effective delivery of legal services and access to justice for the broader community.

The AustLII Foundation operates as a charity and relies heavily on public donations to fund its operations.

The LPLC has been a significant financial contributor to AustLII since 2007 to ensure it continues this vital work.

The LPLC and AustLII share the same ideal to serve the public interest and the LPLC again contributed $55,000 to support AustLII's work this year, now bringing our total financial contributions to AustLII since 2007 to more than $950,000.

We are proud of our association with AustLII.

$55,000
contributed this year

$950,000+
total contributions

The LPLC has been proudly supporting AustLII since 2007.



Continued focus on *Environmental, Social and Governance (ESG) matters*

ENVIRONMENTAL

Reduced energy use

Decreased overall energy usage significantly in 2025–2026. Total energy usage was approximately 20,994.34 kWh compared to 23,826.03 kWh in 2024–2025. Our office building is committed to sustainability and holds a NABERS rating of 4.5 overall, and 5.5 for water.

Reduced paper consumption

Through increased reliance on digital filing and correspondence. Paper consumption decreased to 2.5 A4 reams/Full-time Equivalent (FTE) from 3.1 FTE in the previous year.

Cloud-hosted infrastructure

Cloud-hosted infrastructure reduces energy consumption from servers and dedicated server room air conditioning.

SOCIAL

Prioritised staff wellbeing

As well as access to a comprehensive EAP program, staff have access to social and wellbeing events throughout the year.

Supported social enterprise

Our office received a weekly fruit supply through a social enterprise that provides employment for people impacted by the justice system.

AustLII support

Provided an annual financial contribution to AustLII. AustLII is Australia's online free-access resource that aims to improve access to justice through better access to legal information.

GOVERNANCE

Customer-focused service delivery

Including protection for the interests of consumers of legal services in the design and delivery of our insurance services.

Compliance

Strong compliance focus, with effective internal and external audit arrangements and regular testing against multiple compliance frameworks.

Risk management

Tailored and effective risk management framework with a centralised risk register, which undergoes regular review and maintains a clear line of sight to governance bodies.



Investments *2025-2026*

LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

Investments
2025-2026

The LPLC's primary investment objectives are:

- to achieve long-term real growth in the investment portfolio
- to ensure sufficient funds are available to meet liabilities when they fall due
- to generate returns that assist in maintaining competitive and stable premiums
- to maintain an appropriate capital adequacy and solvency level.

The fund seeks to achieve a return of Consumer Price Index (CPI) + 3 per cent over a rolling five-year period.

The Legal Practitioners' Liability Fund continued as a balanced fund with an average allocation of 60% to growth assets and 40% to cash, term deposits and high-quality Australian Government bonds. The LPLC maintains a diverse portfolio of investments to achieve its return and risk objectives.

The investment return for the 2025-2026 financial year was 6.01 per cent, with the fund's average return over the last five years being 5.03 per cent.

Investment markets were volatile across the year, with market returns fluctuating in response to interest rate divergence, stubborn inflation, geopolitical factors impacting oil and energy prices and continued strong performance of the technology sector (particularly around AI).

The majority of the LPLC's Australian and international equities funds yielded strong absolute returns over the 12 months. Equities were weighted in favour of international investments, with a lower exposure to Australian equities. The LPLC continued to invest in both hedged and unhedged funds within the international equities class to address currency fluctuation risk.

Returns in the property asset class improved across 2025-2026, as valuations and unit prices stabilised.

The LPLC's cash holdings earned returns through bank accounts under the Victorian Government Central Banking System.

Wills Towers Watson Australia Pty Ltd (WTW) were investment advisers to the Committee during the reporting period.

6.01%
Investment return for 2025–2026

AVERAGE ASSET ALLOCATION



60% Growth assets



40% Cash, term deposits and high-quality Australian Government bonds

Sustainability

The LPLC, through its investment advisers, considers material sustainability issues in all investment decisions.

Additionally, a sustainability scorecard is utilised on an annual basis to produce a Risk Exposure Score as an overall measure of portfolio sustainability. The score incorporates metrics for carbon footprint, climate impact and a basket of environmental, social and governance risks.

This year's score for the LPLC's equities and bonds portfolio was broadly in line with the market benchmark.

For unlisted and alternative funds, the LPLC relies upon sustainability assessments from our investment adviser for the approach to Environmental, Social and Governance (ESG) integration and stewardship of individual fund managers. This is due to the absence of industry-wide sustainability benchmarking data for these asset classes.

Our focus on sustainability reporting from our investment adviser enables the Committee to be more informed about the existence of ESG risk within the portfolio and to become more deliberate over time in making investment decisions with positive ESG features.

During the year, the LPLC maintained an Environment, Social and Governance Policy, a Climate Action Plan and embedded ESG responsibility into Committee Charters.

Investments
2025-2026

Fund Managers

Funds were held with the following managers:

AUSTRALIAN EQUITIES

- Vanguard Australian Shares Index Fund

INTERNATIONAL EQUITIES

- GQG Partners Global Equity Fund
- Real Index Global Share Fund
- Aikya Emerging Market Opportunity Fund
- Fulcrum Australian Diversified Absolute Return Fund
- Vanguard Ethically Conscious Index Fund
- Vanguard Ethically Conscious Index Fund (Hedged)
- Vanguard International Shares Index Fund
- Brown Advisory Global Share Fund

PROPERTY

- Dexus Wholesale Property Fund
- Barwon Institutional Healthcare Property Fund
- Lighthouse Infrastructure Fund Trust

INFRASTRUCTURE

- Palisade Diversified Infrastructure Fund
- Palisade Impact Fund

BONDS

- Vanguard Australian Government Bond Index Fund

CASH

- Cash at bank is invested via the State Central Banking System
- Term deposits are held with Westpac and National Australia Bank



The Legal Practitioners' *Liability Committee*



Michelle Dixon

Chair of the Committee

Michelle is a partner of Maddocks, an Australian law firm with offices in Melbourne, Sydney and Canberra. She was the firm's CEO between 2014 and 2020.

Michelle is an experienced non-executive director. She is a member of the Maddocks Board and the Chair of Munro Asset Management Limited, and a past board member of organisations including In-Life Independent Living, The Nature Conservancy and Global Sisters.

A strong advocate for women in leadership, Michelle's contribution to the profession has been recognised by numerous awards.

Michelle was appointed to the Committee in 2020.



Danny Barlow

Committee Member | Chair, Remuneration and Nominations Committee

Danny has practised as a solicitor in Victoria since being admitted to practice in 1996. He is currently a director of Dawes & Vary Riordan, a large regional law firm with multiple offices in various towns including Shepparton, Kyabram, Rochester and Tatura.

Danny practises primarily in agribusiness, commercial litigation and employment law. In addition to his legal practice, Danny is a former executive member of the Law Institute of Victoria, including serving as President in 2009. He has also served as a director of the Law Council of Australia. He remains a member of the Ethics Committee of the Law Institute of Victoria. In addition to an honours degree in law from the University of Melbourne, Danny holds a Bachelor of Science from Charles Sturt University for which he was awarded the University Medal.

In 2023 Danny was awarded a life membership of the Law Institute of Victoria.

Danny was appointed to the Committee in 2018.



Justin Graham KC

Committee Member (from 24 March 2025)

Justin was appointed as senior counsel in 2020 and practises in commercial law at the Victorian Bar. With experience in a number of leadership positions, he is currently the President of a registered charity established in 1882, and has been a member on their board since 2019.

An Accredited Advocacy Instructor, Justin regularly presents at the Victorian Bar Readers' Course and as part of the Bar's Continuing Professional Development program. He served as a member of the Readers' Course Committee (responsible for content and delivery of Victorian Bar exam and readers' course) from 2017 to 2023 and as Chair of that Committee from 2021 to 2023.

Justin was appointed to the Committee in March 2025.

The Legal Practitioners' *Liability Committee*



Nicole Rich

Committee Member | Chair, Investment Committee

Nicole is the Executive Director, Regulatory Services and Director, Consumer Affairs Victoria at the Victorian Department of Government Services.

She has previously worked as an executive at Victoria Legal Aid, Director Policy and Campaigns at the Consumer Action Law Centre, and as a lawyer across private practice and within the community legal sector. Nicole has also served on a number of public interest boards and committees including as Chairperson of CHOICE (2013–2017). Nicole was appointed to the Committee in March 2020.



Fiona Schutt

Committee Member

Fiona is the Chief Operating Officer at the Clean Energy Council.

With qualifications in accountancy and business administration and a focus on policy, strategy and influence, Fiona's career has included senior positions across both the public and private sectors. Fiona has many years of experience in organisational governance and has held board positions at Victoria University, Better Health Network, Bendigo Kangan Institute and Mambourin Disability Services.

As a leader, Fiona is passionate about achieving exponential value through high performance cultures and believes that when value identification, creation and optimisation is understood and driven by all employees, the greatest results are achieved. Fiona was appointed to the Committee in July 2023.



Lucy Terracall

Committee Member

Lucy is a partner at Corrs Chambers Westgarth and over a career spanning almost 20 years, has provided advice on insurance matters to some of Australia's largest financial institutions, ASX listed companies, multinational corporations, Commonwealth and State Government agencies.

A regular adviser on major infrastructure projects, Lucy has worked on insurance and risk issues for some of the largest and most complex Victorian-based projects over the past decade. Lucy also routinely acts for policyholders in coverage disputes. Lucy is affiliated with several professional organisations including Women in Insurance, the Law Institute of Victoria and the Victorian Women Lawyers' Association. Lucy was appointed to the Committee in July 2023.



Mark Valena

Committee Member | Chair, Audit and Risk Committee

Mark has held several leadership roles in the insurance and health sectors, serving as director, CEO and executive. In addition to his role on the Committee, Mark is a non-executive director of four other entities including a medical professional indemnity organisation, an allied health care provider, a health insurer and care organisation, and is also chair of a health technology company.

Mark brings a wealth of experience in insurance, including in professional indemnity. He has a deep understanding of strategy development, capital and financial management, reinsurance, and risk management. Mark was appointed to the Committee in January 2022.

Governance

The Legal Practitioners' Liability Committee

The Committee has the following functions:

- oversees and monitors the business of the LPLC
- determines the terms of, and submits policies of, professional indemnity insurance for legal practitioners in Victoria to the VLSB+C for approval
- determines premiums and excesses payable by law practices
- oversees the investment of the Legal Practitioners' Liability Fund (the Fund).

The Audit and Risk Committee

The Audit and Risk Committee comprised Mark Valena (Chair), Michelle Dixon, Fiona Schutt, and Justin Graham KC (until 22 April 2026).

The Audit and Risk Committee oversees the LPLC's:

- financial reporting
- finances and budgeting
- actuarial and reserving practices
- internal risk and control environment
- corporate governance and regulatory compliance
- internal and external audits.

The Investment Committee

The Investment Committee comprised Nicole Rich (Chair), Danny Barlow, Justin Graham KC (from 23 April 2026), and (until 22 April 2026) Fiona Schutt and Lucy Terracall.

The Investment Committee:

- oversees benchmarks, asset classes and asset allocation
- monitors the Fund's investment strategies and performance
- makes recommendations to the Committee on the appointment of fund managers and investment advisers.

The Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprised Danny Barlow (Chair), Michelle Dixon, and Nicole Rich.

The Remuneration and Nominations Committee:

- advises and makes recommendations to the full Committee in relation to nominations to the VLSB+C for appointment of the Chair and Committee members
- advises and makes recommendations to the full Committee in relation to the appointment, remuneration and performance review of the CEO
- oversees executive succession planning, executive remuneration and people matters.

Committee meeting attendance 2025-2026

The Committee meetings and subcommittee meetings attended by members are set out below. For the purposes of this table, 'eligible' refers only to Committee members who were appointed to the relevant subcommittee at the time of the meeting and were entitled to attend.

	Committee		Investment		Audit and Risk		Remuneration and Nominations	
Member	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Michelle Dixon	6	6	-	-	4	4	4	4
Danny Barlow	6	6	4	4			4	4
Justin Graham KC[1]	6	6	-	-	3	3	-	-
Nicole Rich	6	6	4	4	-	-	4	4
Fiona Schutt[2]	5	6	3	3	3	4	-	-
Lucy Terracall[3]	5	6	3	3	-	-	-	-
Mark Valena	5	6	-	-	4	4	-	-

[1]Justin Graham KC retired from the Audit and Risk Committee on 22 April 2026 and was appointed to the Investment Committee on 23 April 2026
[2]Fiona Schutt retired from the Investment Committee on 22 April 2026
[3]Lucy Terracall retired from the Investment Committee on 22 April 2026

Executive *Leadership Team*

Mary Maini

Chief Executive Officer

Mary joined the LPLC as Chief Executive Officer in January 2025. Mary brings a wealth of experience in the insurance sector with more than 30 years in regulatory and leadership roles. Mary has led business divisions in insurance and has experience in regulation, strategic consulting, customer service, health services, risk and assurance, strategy, pricing, organisational change, digital and transformation delivery. She has led both private and public sector teams across the insurance industry with leadership roles in general, casualty and life insurance sectors.

Mary also led the regulatory division of motor accident insurance in NSW, one of the schemes regulated by the State Insurance Regulatory Authority NSW and successfully implemented once in a generation reforms.

As a leader, Mary is passionate about leading diverse teams, empowering people to reach their full potential, and through collaboration, leveraging innovations across industries to make a difference to people's lives and the community. Mary has served on several private boards, is a qualified lawyer and a graduate of the Australian Institute of Company Directors.

Martin Dohnt

Chief Financial Officer

Martin joined the LPLC as Chief Financial Officer in January 2014 and manages the LPLC's Insurance and Finance team covering accounting, finance and payroll functions, as well as insurance applications and renewals.

Prior to commencing at the LPLC, Martin worked in the financial services industry for over 20 years, holding senior finance management positions at Defence Force Credit Union and ASG Friendly Society.

Jodie Potts

Executive General Manager, Claims and Prevention and Risk Services

Jodie was appointed Executive General Manager, Claims and Prevention and Risk Services in August 2025, having previously been the Head of Claims since 2018. Jodie leads both the Claims and PRS teams.

Prior to joining the LPLC, Jodie was a partner in the professional indemnity team of Moray & Agnew in Melbourne. Jodie is an experienced insurance litigator with strong property and commercial dispute resolution experience, having acted for many years in private legal practice for Australian and international insurers across a wide range of business classes.

Paul Quayle

Chief Information and Transformation Officer

Paul was appointed Chief Information and Transformation Officer in mid-2025, following three and a half years as the LPLC's Chief Operations Officer.

Prior to joining the LPLC, Paul's leadership career spanned the healthcare, transport, technology and education sectors, including five years as Chief Operations Officer of a private healthcare company in New Zealand.

Paul has a passion for sustainable, people-centric business, and is a strong advocate for the use of technology and data in achieving business goals.

As Chief Information and Transformation Officer, Paul leads organisation-wide transformation initiatives and oversees all technology, digital, and data functions.

Executive *Leadership Team*

Kate Reid

General Counsel and Secretariat

Kate joined the LPLC as General Counsel and Secretariat in January 2025. Previously, Kate held various roles at Corrs Chambers Westgarth over her 30-year career with the firm including as General Counsel, Professional Standards and Indemnity Counsel and Special Counsel in the Litigation team.

In her current role, Kate provides legal expertise in relation to the LPLC's corporate functions. This includes providing support to the Committee and the CEO, in fulfilling the organisation's governance, risk, and compliance responsibilities.

Tenille Saffin

General Manager, People and Culture

Tenille joined the LPLC as General Manager, People and Culture in January 2026, partnering with the Executive Leadership Team and people leaders to foster a positive workplace culture and deliver exceptional customer experiences. Tenille also leads the Communications and Events functions.

With a Master's in Workplace Relations and further studies in coaching, psychometrics, business and mediation, Tenille brings a comprehensive, evidence based approach to people and culture management.

Before joining the LPLC, she held senior roles across professional services and law and is recognised as a change agent, receiving the 2023 Recalibrate Gender Equity – Individual Senior Manager Award for her contribution to advancing gender equity.

Candice Partridge

Executive General Manager, Insurance

Candice joined the LPLC as Executive General Manager, Insurance in March 2026 and is responsible for shaping and executing the strategy of the LPLC's insurance function. This includes product development, pricing, reinsurance and customer experience. Prior to commencing at the LPLC, Candice held senior roles in the life insurance sector, with over 25 years' experience across enterprise risk management, actuarial, pricing, product, marketing and finance roles. Candice is a Fellow of the Actuaries Institute, and a graduate of the Australian Institute of Company Directors.

Supplementary *Information*

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

Supplementary *Information*

Legislation administered by the Committee

The Legal Practice Act 1996 — 1 July 2005 to 11 December 2005.

The Legal Profession Act 2004 — 12 December 2005 to 30 June 2015.

The Legal Profession Uniform Law Application Act 2014 — from 1 July 2015.

Financial management regulations

The information specified in the Financial Management Regulations has been prepared and is available on request from the Attorney-General, Members of Parliament and the public.

Public Interest Disclosures

The LPLC is committed to the objectives of the *Public Interest Disclosures Act 2012* (Vic).

The LPLC recognises the value of transparency and accountability and will support the making of any disclosures pursuant to the *Public Interest Disclosures Act 2012* (Vic).

The LPLC has established procedures for protecting people against detrimental action that might be taken in reprisal for making public interest disclosures.

Our policy on how we handle public interest disclosures is available on our website.

Under this legislation, disclosures of improper conduct or detrimental action by Committee members or Committee staff should be made to the Independent Broad-based Anti-corruption Commission:

Independent Broad-based Anti-corruption Commission

Level 1, North Tower
459 Collins Street
Melbourne VIC 3000

Tel: 1300 735 135
Fax: 03 8635 6444

www.ibac.vic.gov.au

Compliance with the Building Act 1993 (Vic)

The LPLC does not own any buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* (Vic).

Categories of documents held by the LPLC

- Applications by legal practitioners for insurance
- Assessment notices
- Notifications by legal practitioners of claims or circumstances likely to give rise to claims
- Detailed information pertaining to notified matters including that used in defence of claims
- Board papers and minutes for the LPLC and its sub-committees
- Management records
- Administration records
- Employment records
- Accounting records
- Library material

Freedom of Information

The LPLC received no requests pursuant to the *Freedom of Information Act 1982* (Vic) for the reporting period.

Publications

The LPLC continues to publish relevant information on its website www.lplc.com.au

Supplementary *Information*

Occupational health and safety

The LPLC continued its commitment to occupational health and safety (OH&S) compliance during the reporting period and undertook a range of initiatives to support staff health, safety and wellbeing including Safetrac online compliance training, in-person training on the LPLC's suite of OH&S policies, complimentary flu vaccinations, and mindfulness/wellness activities.

The LPLC provides staff with access to an Employee Assistance Program to provide additional support by way of a work-based intervention program designed to enhance the emotional, mental and general psychological wellbeing of all employees and immediate family.

Six staff members are trained in mental health first aid and three staff are trained first aid officers.

Safe workplace practices are regularly considered and reported at staff meetings. The LPLC's Audit and Risk Committee also monitors OH&S risks on a quarterly basis.

There were no reported OH&S-related incidents in the reporting year.

Workforce data

The Committee undertakes an annual performance appraisal and salary review of the Chief Executive Officer. The Chief Executive Officer and people leaders conduct annual performance reviews of their respective direct reports.

Internal staff training sessions were held regularly throughout the year addressing a variety of topics including wellbeing, artificial intelligence, cyber security, and risk management. Staff members also attended a variety of virtual external courses and conferences relevant to their roles.

Staff members can raise grievances or other issues through the LPLC's new Human Resources Information System, through a confidential form on the LPLC's intranet, or privately with the Chief Executive Officer, General Counsel and Secretariat or the General Manager, People and Culture at any time. Alternatively, matters can be raised with a member of the Committee.

Workforce Snapshot 2025-2026

Includes employees who were active and paid up to the last full pay period in June 2026. For the purposes of this table, 'Ongoing' includes permanent employees and executives employed on fixed-term contracts.

Type	Current year headcount	Current year FTE*	Prior year headcount	Prior year FTE*
Ongoing	32	31.1	26	25
Fixed-term contract	6	6	2	1.6
Casual	2	1.03	-	-
Total	**40**	**38.13**	**28**	**26.6**

*FTE - Full-time equivalent

Supplementary *Information*

Environmental issues

The LPLC has an environmental management plan (EMP) which assists in managing the environmental impact of day-to-day business activities.

Monitoring the EMP is the responsibility of all members of the Executive Leadership Team.

The plan covers the 2025–2026 reporting year and covers energy consumption, waste generation and paper consumption.

Energy consumption

Total energy usage for the 2025-2026 year was 20,994.34kWh, a significant reduction from 23,826.03 kWh in 2024-2025. The energy used per square metre of office area was 30.29kWh, compared to 35.62kWh in 2024–2025.

We exceeded our 2025–2026 target (which was to maintain the level achieved in the previous year), by decreasing our energy usage significantly.

Waste generation

The LPLC monitors the levels of waste generated by its operations and staff. Building management provides a commingled recycling service which has assisted greatly in reducing waste generated by the LPLC which is sent to landfill.

The LPLC reduces electronic waste generation through recycling electronic waste, including computers, used printer cartridges, redundant dictating equipment, mobile phones, landline phones and any other peripherals by using a not-for-profit recycling service, Byte Back.

Paper consumption

The LPLC has a policy to only use printers that are capable of double-sided copying, defaulting all communal printers to double-sided, and using electronic documents instead of paper whenever possible.

The majority of the LPLC's paper and cardboard waste is recycled through a secure paper recycling contractor who recovers 98.5 per cent of the material collected.

Paper use decreased to 2.5 reams/ FTE, down from 3.1/FTE the previous year. This decrease can be attributed to the increased uptake of working with digital files.

Transport

The LPLC does not operate a fleet of vehicles for business use and has a travel policy which includes the purchase of carbon credits for all air travel undertaken.

Competition policy

Until 11 December 2005 section 227A of the *Legal Practice Act 1996 (Vic)* provided:

'For the purposes of the *Trade Practices Act 1974* of the Commonwealth and Competition Code, the entering into and performance of a contract of professional indemnity insurance by a person or firm and the Liability Committee under sections 224, 225, 226 or 227 is authorised by this Act.'

From 12 December 2005 until 30 June 2015 section 3.5.5 of the *Legal Profession Act 2004* provides:

'For the purposes of the *Trade Practices Act 1974* of the Commonwealth and Competition Code, the entering into and performance of a contract of professional indemnity insurance by a law practice and the Liability Committee under this Part is authorised by this Act.'

From 1 July 2015 section 119 of the *Legal Profession Uniform Law Application Act 2014* provides:

'For the purposes of the *Competition and Consumer Act 2010* of the Commonwealth and Competition Code, the entering into and performance of a contract of professional indemnity insurance by a law practice and the Liability Committee is authorised by this Act'.

Consultants

Consultants each year provide specialist advice to assist with decision-making and risk management programs. During 2025–2026 total consultant expenditure as defined by the *Financial Management Act 1994* (Vic) was approximately $417,848.

Finity Consulting Pty Ltd — Actuaries

During the reporting year, Finity Consulting was engaged to provide pricing advice and other ad hoc actuarial consulting services.

Expenditure for the reporting period was $88,983. Finity Consulting has been retained again for the 2026-2027 period.

Supplementary *Information*

Cumpston Sarjeant — Actuaries

During the reporting year, the LPLC obtained half-yearly valuation reports of outstanding liabilities and other ad hoc actuarial advice from Cumpston Sarjeant.

The consulting fee paid to this firm for the reporting period was $61,070. Cumpston Sarjeant has been retained again for the 2026-2027 reporting period.

Willis Towers Watson — Investment advisors

During the year, Willis Towers Watson continued to be engaged as the LPLC's investment advisors, for which consulting fees of $267,795 were paid.

Contact details

Legal Practitioners' Liability Committee
Level 19, 140 William Street
MELBOURNE VIC 3000
ABN: 45 838 419 536
Telephone: (03) 9672 3800
www.lplc.com.au

Declarations of pecuniary interests

Declarations of pecuniary interests have been duly completed by Committee members and relevant staff.

Legal Practitioners' Liability Committee Financial Management Compliance Attestation Statement

I, Michelle Dixon, on behalf of the Responsible Body, certify that the Legal Practitioners' Liability Committee has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Michelle Dixon – Chair
2026

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise the LPLC's assessment of maturity against the requirements of the Asset Management Accountability Framework (the AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance's website.

The LPLC's target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting AMAF requirements, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and Accountability (requirements 1–19)
The LPLC has met or exceeded its target maturity level in this category.

Planning (requirements 20–23)
The LPLC has met or exceeded its target maturity level in this category.

Acquisition (requirements 24 & 25)
The LPLC has met or exceeded its target maturity level in this category.

Operation (requirements 26–40)
The LPLC has met its target maturity level in this category.

Disposal (requirement 41)
The LPLC has met its target maturity level in this category.

Financial *Reports*

For the Financial Year Ended 30 June 2026

LPLC LEGAL PRACTITIONERS' LIABILITY COMMITTEE | 40 YEARS

Financial Reports

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Declaration of Members of the Committee

Legal Practitioners' Liability Committee

Declaration by Committee members, Chief Executive Officer and Chief Financial Officer

The attached financial statements for the Legal Practitioners' Liability Committee have been prepared in accordance with Direction 5.2 of the Standing Directions of **the Minister for Finance under the *Financial Management Act 1994* (FMA)**, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of the Legal Practitioners' Liability Committee at 30 June 2026.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 9 September 2026.



Michelle Dixon
Chair



Mary Maini
Chief Executive Officer



Martin Dohnt
Chief Financial Officer

Dated this 9th day of September 202

Auditor-General's Report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Legal Practitioners' Liability Committee

Opinion	I have audited the financial report of the Legal Practitioners' Liability Committee which comprises the: • balance sheet as at 30 June 2026 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • declaration by committee members, chief executive officer and chief financial officer. In my opinion, the financial report presents fairly, in all material respects, the financial position of the Legal Practitioners' Liability Committee as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards - Simplified Disclosures.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the Legal Practitioners' liability Committee in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Committee's responsibilities for the financial report	The Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994,* and for such internal control as the Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Committee is responsible for assessing the Legal Practitioners' Liability Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor-General's Report (continued)

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Legal Practitioners' Liability Committee's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee • conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Legal Practitioners' Liability Committee's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Legal Practitioners' Liability Committee to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
15 September 2026

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2026

	Note	2026 ($)	2025 ($)
UNDERWRITING			
Premium revenue	2.2	62,251,368	56,602,596
Outwards reinsurance expense	3.2	(1,524,000)	(1,524,000)
Net earned premiums		**60,727,368**	**55,078,596**
Claims expense	3.3	(39,914,394)	(66,199,426)
Reinsurance and other recoveries	2.5	1,598,978	2,308,062
Net claims incurred	3.3	**(38,315,416)**	**(63,891,364)**
Movement in unexpired risk liability	5.3	8,153,714	(5,022,508)
Underwriting Result		**30,565,666**	**(13,835,276)**
Investment income	2.3	20,393,148	25,001,936
Other income	2.4	18,639	20,093
Employee benefit expenses	3.1.1	(7,055,204)	(5,435,622)
Depreciation and amortisation	4.1.3	(483,289)	(397,474)
Other operating expenses	3.4	(6,498,776)	(4,059,135)
Net Operating Result		**36,940,184**	**1,294,522**
Other Comprehensive Income/(Loss)		**-**	**-**
Total Comprehensive Income		**36,940,184**	**1,294,522**

Notes to and forming part of these financial statements are set out in pages 47 to 92.

Balance Sheet

As at 30 June 2026

	Note	2026 ($)	2025 ($)
CURRENT ASSETS			
Cash and cash equivalents	6.1	25,614,875	20,561,988
Receivables	5.1	1,448,986	1,557,760
Investments and other financial assets	4.2	81,115,794	84,078,313
Prepayments		447,083	339,199
Total Current Assets		**108,626,738**	**106,537,260**
NON-CURRENT ASSETS			
Investments and other financial assets	4.2	269,696,706	252,378,988
Receivables	5.1	4,859,000	3,606,000
Property, plant & equipment	4.1	2,842,845	2,049,481
Total Non-Current Assets		**277,398,551**	**258,034,469**
Total Assets		**386,025,289**	**364,571,729**
CURRENT LIABILITIES			
Outstanding claims liability	5.4.1	51,668,000	58,241,000
Payables	5.2	2,733,502	1,986,011
Unearned premium liability	5.3	70,876,000	73,857,000
Lease liability	6.3.1	461,703	305,277
Employee related provisions	3.1.2	818,035	609,068
Total Current Liabilities		**126,557,240**	**134,998,356**
NON-CURRENT LIABILITIES			
Outstanding claims liability	5.4.1	102,938,000	110,207,000
Lease liability	6.3.1	2,048,458	1,821,933
Employee related provisions	3.1.2	56,093	59,126
Total Non-Current Liabilities		**105,042,551**	**112,088,059**
TOTAL LIABILITIES		**231,599,791**	**247,086,415**
NET ASSETS		**154,425,498**	**117,485,314**
EQUITY			
Accumulated funds	8.1	154,425,498	117,485,314
TOTAL EQUITY		**154,425,498**	**117,485,314**

Notes to and forming part of these financial statements are set out in pages 47 to 92.

Cash Flow Statement

For the Financial Year Ended 30 June 2026

	Note	2026 ($)	2025 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Premium revenue received		79,268,464	73,228,333
Other income		20,565	22,141
Dividend received		160,348	146,011
Interest received		3,867,191	4,782,458
Distributions receipts		1,715,826	989,968
Interest paid on lease liabilities	6.3.1c	(133,300)	(136,493)
Claims paid		(55,199,407)	(48,835,238)
Outward reinsurance premium paid		(1,615,440)	(1,615,440)
Reinsurance and Other recoveries received		345,978	934,062
Payments to suppliers and employees		(23,012,347)	(19,303,009)
Net cash from operating activities		**5,417,878**	**10,212,793**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4.1.3	(562,751)	(52,492)
Sale of investments		33,579,074	3,531,013
Purchase of investments		(36,000,000)	(4,997,392)
Sale/(purchase) of other financial assets		2,962,519	(7,038,115)
Net cash used in investing activities		**(21,158)**	**(8,556,986)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion of lease liabilities	6.3.1c	(343,833)	(273,446)
Net cash used in financing activities		**(343,833)**	**(273,446)**
Net increase in cash held		5,052,887	1,382,361
Cash and cash equivalents at beginning of period		20,561,988	19,179,627
Cash and cash equivalents at end of period	6.1	**25,614,875**	**20,561,988**

Notes to and forming part of these financial statements are set out in pages 47 to 92.

Statement of Changes in Equity

For the Financial Year ended 30 June 2026

	Note	Accumulated funds ($)	Total ($)
At 1 July 2024		116,190,792	116,190,792
Net result for the year		1,294,522	1,294,522
At 30 June 2025		**117,485,314**	**117,485,314**
Net result for the year		36,940,184	36,940,184
At 30 June 2026	8.1	**154,425,498**	**154,425,498**

Notes to and forming part of these financial statements are set out in pages 47 to 92.

Notes to the Financial Statements

For the year ended 30 June 2026

1. About this report

The reporting entity is the Legal Practitioners' Liability Committee (LPLC). The Legal Practitioners' Liability Committee is a public entity established under the *Legal Profession Act 2004* (from 1 July 2015 *The Legal Profession Uniform Law Application Act 2014*). The Committee administers the transactions of the Legal Practitioners' Liability Fund. The Legal Practitioners' Liability Committee is specifically regulated out of the *Commonwealth Insurance Act* and is not regulated by the Australian Prudential Regulatory Authority.

The LPLC has the power to impose a levy in the event of insolvency. The assets, liabilities and financial transactions of the Legal Practitioners' Liability Fund are reported in this financial report.

A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

Its principal address is:

Legal Practitioners' Liability Committee
Level 19, 140 William Street
Melbourne, Vic 3000

Basis of Preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These financial statements are in Australian dollars, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The LPLC makes estimates and assumptions in respect of certain key assets and liabilities. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas in which critical estimates are applied are described below.

Notes to the Financial Statements

For the year ended 30 June 2026

1. About this report (continued)

The ultimate liability arising from claims made under insurance contracts.

Provision is made at the year-end for the outstanding claim liability at the balance date and for projected reinsurance recoveries in applicable years. The estimated cost of claims include direct expenses to be incurred in settling claims. The Fund takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions it is likely that the final outcome will prove to be different from the original liability established. For assumptions and methods used refer to Note 8.7.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in Note 7.

These financial statements cover the Legal Practitioners' Liability Committee as an individual reporting entity and include all the controlled activities of the Committee.

Amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

Compliance Information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AASs which includes interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or events is reported.

Income Tax

The Fund is exempt from income tax pursuant to item 5.2 of section 50-25 of the *Income Tax Assessment Act 1997*.

Going Concern

The financial statements were prepared on a going concern basis. The Committee considered this view notwithstanding the net current assets deficiency as at 30 June 2026 of $17,930,502 (2025: $28,461,096). The net current assets deficiency includes unearned premium liability of $70,876,000 (2025: $73,857,000) and the majority of which will be brought to account as income in the 2026/27 year. The LPLC has a surplus in net assets of $154,425,498 as at 30 June 2026. Budgets prepared for the year ending 30 June 2027 indicate that the entity is expected to generate a surplus from its activities. Additionally, the LPLC has sufficient financial reserves to continue as a going concern. On this basis the Committee members believe the going concern basis is appropriate for preparation of the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2026

2. Funding delivery of our services

Introduction

The LPLC is the professional indemnity insurer to Victorian legal practices and the insurer to many national law firms. In addition, the LPLC provides a comprehensive program of risk management services to legal practices that insure with us.

To enable the LPLC to fulfil its values and provide outputs, it receives income (predominantly premium revenue).

Structure

2.1	Summary of income that funds the delivery of our services	49
2.2	Premium revenue	50
2.3	Investment income	50
2.4	Other income	51
2.5	Reinsurance and Other recoveries	51

2.1 Summary of income that funds the delivery of our services

	Note	2026 ($)	2025 ($)
Premium revenue	2.2	62,251,368	56,602,596
Investment income	2.3	20,393,148	25,001,936
Other income	2.4	18,639	20,093
Reinsurance and Other recoveries	2.5	1,598,978	2,308,062
Total Income		**84,262,133**	**83,932,687**

Premiums from direct business arise from contracts when a policy holder transfers significant insurance risk to an insurer.

The recognition of investment income, other income and reinsurance and other recoveries are disclosed at notes 2.3, 2.4 and 2.5 respectively.

Notes to the Financial Statements

For the year ended 30 June 2026

2. Funding delivery of our services (continued)

2.2 Premium Revenue

	2026 ($)	2025 ($)
Gross Written Premiums	67,424,082	61,930,089
Movement in Unearned Premium	(5,172,714)	(5,327,493)
Net Premium Revenue	**62,251,368**	**56,602,596**

Premium revenue comprises amounts charged to solicitors and barristers, excluding amounts collected on behalf of third parties, principally stamp duties and goods and services tax.

Premium revenue is recognised in the Comprehensive Operating Statement when it has been earned. Premium revenue is recognised in the Comprehensive Operating Statement from the attachment date over the period of the contract.

The proportion of premium received or receivable not earned in the Comprehensive Operating Statement at the reporting date is recognised in the Balance Sheet as an unearned premium liability.

2.3 Investment income

	2026 ($)	2025 ($)
Net fair value gains on financial assets at fair value through profit or loss - refer to note 7.3 and 4.2	4,554,474	11,051,305
Managed fund distributions	11,676,425	8,628,459
Other investment income	400,401	332,022
Dividend income	160,348	146,011
Interest income	3,601,500	4,844,139
Total Investment Income	**20,393,148**	**25,001,936**

Managed fund distributions are accrued and include declared investment distributions. Any managed fund distribution income relating to the current period that is not received during the accounting year is accrued to that accounting year. Managed fund distributions represent the income arising from investments in financial assets and are recognised when the right to receive payment is established.

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Other investment income includes management fee rebates received from managed investment funds.

Notes to the Financial Statements

For the year ended 30 June 2026

2. Funding delivery of our services (continued)

2.4 Other income

	2026 ($)	2025 ($)
Seminar Income	18,639	20,093
Total Other Income	**18,639**	**20,093**

Seminar income is income received for seminars, webinars and workshops held during the financial year. Seminars, webinars and workshops are aimed at assisting practitioners to avoid risks and minimise their exposure to claims. Income is recognised when the seminar, webinar or workshop has been completed.

2.5 Reinsurance and other recoveries

	2026 ($)	2025 ($)
Increase in reinsurance recoveries	1,254,212	1,374,000
Other recoveries	344,766	934,062
Total reinsurance and other recoveries	**1,598,978**	**2,308,062**

Movement in reinsurance recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported are recognised as revenue. Reinsurance recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Other recoveries comprise insurance costs recovered from third parties by the LPLC under the insurance contract.

Notes to the Financial Statements

For the year ended 30 June 2026

3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by Legal Practitioners' Liability Committee in delivering services and outputs. In section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are disclosed.

Structure

3.1	Expenses incurred in delivery of services	52
3.2	Outwards reinsurance expense	54
3.3	Claims expense	55
3.4	Other operating expenses	55

3.1 Expenses incurred in delivery of services

	Note	2026 ($)	2025 ($)
Employee benefit expenses	3.1.1	7,055,204	5,435,622
Outwards reinsurance expense	3.2	1,524,000	1,524,000
Net claims incurred	3.3	38,315,416	63,891,364
Other operating expenses	3.4	6,498,776	4,059,135
Total expenses incurred in delivery of services		**53,393,396**	**74,910,121**

3.1.1 Employee benefit expenses in the comprehensive operating statement

	2026 ($)	2025 ($)
Defined contribution superannuation expense	636,174	529,619
Employee expenses	6,419,030	4,906,003
Total Employee benefit expenses	**7,055,204**	**5,435,622**

Employee benefit expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

Notes to the Financial Statements

For the year ended 30 June 2026

3. The cost of delivering services (continued)

3.1.2 Employee-related provisions

Provision is made for the Fund's liability for employee benefits arising from services rendered by employees to balance date and recorded as an expense during the period the services are delivered.

	2026 ($)	2025 ($)
CURRENT PROVISIONS		
Annual Leave	361,936	181,519
Long Service Leave	330,528	334,414
Provisions for on-costs	125,571	93,135
Total current provisions for employee benefits	**818,035**	**609,068**
NON CURRENT PROVISIONS		
Long Service Leave	47,483	50,084
Provisions for on-costs	8,610	9,042
Total non-current provisions for employee benefits	**56,093**	**59,126**
Total provisions for employee benefits	**874,128**	**668,194**

Wages and salaries, annual leave and sick leave

The liability for wages and salaries are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Legal Practitioners' Liability Committee expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Legal Practitioners' Liability Committee does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Notes to the Financial Statements

For the year ended 30 June 2026

3. The cost of delivering services (continued)

3.1.2 Employee-related provisions (continued)

Long Service Leave (LSL)

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Legal Practitioners' Liability Committee does not expect to settle the liability within 12 months because it will not have an unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value - if expected to wholly settle within 12 months: or
- present value - if not expected to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL Liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction through profit and loss.

3.2 Outwards reinsurance expense

	2026 ($)	2025 ($)
Outwards reinsurance expense	1,524,000	1,524,000
Total	**1,524,000**	**1,524,000**

Premium paid to reinsurers is recognised as an expense in accordance with the expected pattern of risk. Where applicable, a portion of outwards reinsurance premium is treated at the reporting date as a prepayment. Reinsurance recoveries are recognised as revenue for claims incurred.

Notes to the Financial Statements

For the year ended 30 June 2026

3. The cost of delivering services (continued)

3.3 Claims expense

Claims expense recognises the estimated cost of claims incurred for the current year, less or plus any adjustment for the improvements/deterioration in prior policy/accounting years.

	2026 Current Year $	Prior Years $	Total $	2025 Current Year $	Prior Years $	Total $
Gross claims expense	50,836,000	(9,133,606)	41,702,394	67,930,000	(2,186,574)	65,743,426
Discount movement	(57,000)	(1,731,000)	(1,788,000)	934,000	(478,000)	456,000
	50,779,000	**(10,864,606)**	**39,914,394**	**68,864,000**	**(2,664,574)**	**66,199,426**
Reinsurance and other recoveries revenue						
Reinsurance and other recoveries revenue	(39,019)	(1,694,959)	(1,733,978)	-	(2,606,062)	(2,606,062)
Discount movement	-	135,000	135,000	-	298,000	298,000
	(39,019)	(1,559,959)	(1,598,978)	-	(2,308,062)	(2,308,062)
Net claims incurred	**50,739,981**	**(12,424,565)**	**38,315,416**	**68,864,000**	**(4,972,636)**	**63,891,364**

Current year amounts relate to risks borne in the current financial year. Prior periods' amounts relate to a reassessment of the risks borne in all previous financial years.

3.4 Other operating expenses

	2026 ($)	2025 ($)
Administration Expenditure	5,749,901	2,930,294
Consulting & Professional Services Expenditure	748,875	1,128,841
Total other operating expenses	**6,498,776**	**4,059,135**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as expenses in the reporting period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery

Introduction

The Legal Practitioners' Liability Committee controls assets and investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources utilised by the LPLC for delivery of those outputs.

Significant judgement: Classification of investments as 'key assets'

The LPLC has made the judgement that investments and other financial assets are key assets utilised to support the LPLC's objectives and outputs.

Fair Value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1	Property, plant and equipment	56
4.2	Investments and other financial assets	60

4.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net Carrying amount	
	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Plant and equipment at fair value	536,715	466,996	(406,617)	(380,887)	130,098	86,109
Leasehold improvements	455,213	-	(23,054)	-	432,159	-
Right-of-use assets: building, plant and equipment [(a)]	3,223,694	2,496,911	(943,106)	(533,539)	2,280,588	1,963,372
Net carrying amount	**4,215,622**	**2,963,907**	**(1,372,777)**	**(914,426)**	**2,842,845**	**2,049,481**

(a) As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.8.

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Subsequent Measurement

Plant and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment, which is deemed to be a proxy for the fair value and deemed to be appropriate given the short useful lives of the assets.

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery (continued)

4.1 Property, plant and equipment (continued)

The following tables are right-of use assets included in the PPE balance, presented by subsets of property, and plant and equipment.

4.1.1 Total right of use assets: building, plant and equipment

	Gross carrying amount 2026 $	Accumulated depreciation 2026 $	Net carrying amount 2026 $	Gross carrying amount 2025 $	Accumulated depreciation 2025 $	Net carrying amount 2025 $
Leased plant and equipment [a]	146,382	(92,708)	53,674	146,382	(63,434)	82,948
Leased building [a]	3,077,312	(850,398)	2,226,914	2,350,529	(470,105)	1,880,424
Net carrying amount	**3,223,694**	**(943,106)**	**2,280,588**	**2,496,911**	**(533,539)**	**1,963,372**

	Leased building $	Leased plant and equipment $
Opening Balance - 1 July 2025 [a]	1,880,424	82,948
Additions	726,783	-
Depreciation	(380,293)	(29,274)
Closing Balance - 30 June 2026	**2,226,914**	**53,674**

(a) As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.8.

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery (continued)

4.1 Property, plant and equipment (continued)

4.1.1 Total right of use assets: building, plant and equipment (continued)

Right-of-use assets acquired by lessees - initial measurement

The LPLC recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any incentives received
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use asset - Subsequent measurement

Right-of use assets are subsequently measured at cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability.

The LPLC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment of right-of-use assets is determined and accounted for in accordance with AASB 136 *Impairment of Assets*.

Impairment of right-of-use assets

The LPLC has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Impairment of property, plant and equipment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds the recoverable amount. Where an asset's carrying value exceeds its recoverable amount the difference is written off in the Comprehensive Operating Statement as an "other economic flow", except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less cost to sell. Recoverable amount for assets held primarily to generate cash inflows is measured at the higher of the present value of future cash inflows expected to be obtained from the asset and fair value less costs to sell.

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery (continued)

4.1 Property, plant and equipment (continued)

4.1.2 Depreciation and amortisation

All property, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The depreciation rates used for current and prior years are:

Asset	Useful life (Years)
Leased Building	7
Leasehold Improvements	5 to 7
Plant & Equipment	2 to 10

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.

4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment

	Plant and equipment 2026 $	Leased building, plant and equipment 2026 $	Leasehold Improvements 2026 $	Total property and plant and equipment 2026 $
Opening balance	86,109	1,963,372	-	2,049,481
Additions	107,538	726,783	455,213	1,289,534
Disposals/Write-off	(12,881)	-	-	(12,881)
Depreciation	(50,668)	(409,567)	(23,054)	(483,289)
Closing balance	**130,098**	**2,280,588**	**432,159**	**2,842,845**

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery (continued)

4.1 Property, plant and equipment (continued)

4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment (continued)

	Plant and equipment 2025 $	Leased building, plant and equipment 2025 $	Total property and plant and equipment 2025 $
Opening balance	**69,974**	**2,324,489**	**2,394,463**
Additions	52,492	-	52,492
Disposals/Write-off	-	-	-
Depreciation	(36,357)	(361,117)	(397,474)
Closing balance	**86,109**	**1,963,372**	**2,049,481**

4.2 Investments and other financial assets

	2026 ($)	2025 ($)
CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS		
Term Deposits:		
Australian dollar term deposits > three months	81,115,794	84,078,313
Total current investments and other financial assets	**81,115,794**	**84,078,313**
NON-CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS		
Managed Unit Trusts		
- Overseas Equities	81,082,918	84,565,772
- Property Funds	31,024,635	28,176,574
- Infrastructure Funds	35,906,477	26,631,510
- Australian Equities	33,999,286	28,637,338
- Diversified Funds	23,840,422	21,277,747
- Government Securities	63,842,968	63,090,047
Total Non-current investments and other financial assets	**269,696,706**	**252,378,988**
Total investments and other financial assets	**350,812,500**	**336,457,301**

Notes to the Financial Statements

For the year ended 30 June 2026

4. Key assets available to support output delivery (continued)

4.2 Investments and other financial assets (continued)

Investments and other financial assets

For financial assets that are held for trading or designated at fair value through the profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset and this gain or loss is recognised in the Comprehensive Operating Statement.

Net market values have been determined as follows:

1. Units in managed equity funds by reference to the unit redemption price at the end of the reporting period as determined by the respective constitutions governing each fund.
2. Units in infrastructure funds by reference to the unit redemption price at the end of the reporting period as determined by the respective constitutions governing each fund.
3. Units in a managed property fund by reference to unit redemption price at the end of the reporting period which is 98% of the current asset value which has been the basis of recent sales.

Asset backing general insurance liabilities

As part of its investment strategy the Fund actively manages its investment portfolio to ensure that the investments mature in accordance with the expected pattern of future cash flows arising from general insurance liabilities.

The Fund has determined that investments and other financial assets are held to back general insurance liabilities and their accounting treatment is described above. As these assets are managed under the Fund's Risk Management Statement on a fair value basis and are reported to the Committee on this basis, they have been valued at fair value through profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2026

5. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the LPLC's operations.

Structure

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5.3	Unearned premium liability	63
5.4	Outstanding claims liability	64

5.1 Receivables

	2026 ($)	2025 ($)
CONTRACTUAL		
Accrued investment income	1,310,751	1,557,760
Receivable – Lease incentive	137,023	-
Receivable – Other income	1,212	-
Total current receivables	**1,448,986**	**1,557,760**
Reinsurance receivable	4,859,000	3,606,000
Total Non-current receivables	**4,859,000**	**3,606,000**
Total receivables	**6,307,986**	**5,163,760**

Contractual receivables are classified as financial instruments and categorised as "financial assets at amortised cost". They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest rate method, less any impairment.

Reinsurance receivable is realised once the policy year is fully developed. As such there is significant uncertainty of timing for this item. Based on actuarial estimates it is not expected that this item will be realised in the next twelve months.

Notes to the Financial Statements

For the year ended 30 June 2026

5. Other assets and liabilities (continued)

5.2 Payables

	2026 ($)	2025 ($)
CONTRACTUAL		
Supplies and services	725,014	283,195
STATUTORY		
GST Payable	1,053,906	836,272
Other taxes payable	954,582	866,544
Total Payables	**2,733,502**	**1,986,011**
Represented by:		
Current Payables	**2,733,502**	**1,986,011**

Payables consist of:

- Contractual payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for supplies and services provided to Legal Practitioners' Liability Committee prior to the end of the financial year that are unpaid, and arise when Legal Practitioners' Liability Committee becomes obliged to make future payments in respect of the purchase of those supplies and services.
- Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

5.3 Unearned premium liability

	2026 ($)	2025 ($)
Unearned premium liability 1 July	73,857,000	63,507,000
Earning of premiums written in previous periods	(60,557,666)	(55,230,174)
Deferral of premium contracts written in period	65,730,380	60,557,666
Unexpired risk liability recognised for year ending 30 June (note 7.5.1)	(8,153,714)	5,022,508
	70,876,000	**73,857,000**

Notes to the Financial Statements

For the year ended 30 June 2026

5. Other assets and liabilities (continued)

5.3 Unearned premium liability (continued)

Deferral of premium contracts

Deferral of premium contracts includes consideration received in advance from practitioners in respect of the upcoming insurance period. This deferred premium balance will be recognised as premium revenue in the forthcoming financial period.

Unexpired Risk Liability

At each reporting date the Fund assessed whether the unearned premium liability is sufficient to cover all the expected future cash flows relating to the future claims against current insurance contracts. This assessment is referred to as the Liability Adequacy Test.

If the present value of the expected future cash flows relating to future claims plus the additional risk margin to reflect the inherent uncertainty in the central estimate exceeds the unearned premium liability less any related intangible assets and deferred acquisition costs then the unearned premium liability is deemed to be deficient. The Fund applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the outstanding claims liability, see note 5.4.

The entire deficiency, gross and net of insurance, is recognised immediately in the Comprehensive Operating Statement. The deficiency is recognised first by writing down any related intangible assets and then related deferred acquisition costs, with any excess being recorded in the balance sheet as an unexpired risk liability.

5.4 Outstanding claims liability

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims made at the reporting date under general insurance contracts issued by the Fund, with an additional risk margin to allow for the uncertainty in the central estimate.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees and other costs that can only be indirectly associated with individual claims, such as claims administration expense.

The expected future payments are discounted to present value using a risk free rate.

A risk margin is applied to the outstanding claims liability, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate of the outstanding claims liability.

Notes to the Financial Statements

For the year ended 30 June 2026

5. Other assets and liabilities (continued)

5.4 Outstanding claims liability (continued)

5.4.1 Net outstanding claims liability

	2026 ($)	2025 ($)
Central estimate of claims still to be paid, net of reinsurance recoveries	144,290,000	157,727,000
Discount to present value	(12,952,000)	(11,164,000)
	131,338,000	**146,563,000**
Present value of claims handling costs	13,133,000	11,432,000
Risk Margin	10,135,000	10,453,000
Gross Outstanding claims liability	**154,606,000**	**168,448,000**
Reinsurance recoveries on outstanding claims liability	(4,859,000)	(3,606,000)
Net Outstanding claims liability	**149,747,000**	**164,842,000**
Gross Outstanding claims liability	154,606,000	168,448,000
Current	51,668,000	58,241,000
Non-current	102,938,000	110,207,000
Gross Outstanding claims liability	**154,606,000**	**168,448,000**

5.4.2 Risk margin applied

Risk margin applied	**11.000%**	**11.000%**

5.4.3 Reconciliation of movement in discounted outstanding claims liability

	2026 ($)	2025 ($)
Brought forward	168,448,000	149,684,000
Decrease in claims incurred/recoveries anticipated over the year	(9,133,606)	(2,186,574)
Incurred claims	50,836,000	67,930,000
Claims payments during the year	(53,756,394)	(47,435,426)
Movement in net present value adjustment	(1,788,000)	456,000
Carried forward	**154,606,000**	**168,448,000**

Notes to the Financial Statements

For the year ended 30 June 2026

5. Other assets and liabilities (continued)

5.4 Outstanding claims liability (continued)

5.4.4 Claims development table ($m)

Policy Year	2022	2023	2024	2025	2026	Total
Estimate of ultimate claim cost at end of policy year	50.511	51.629	60.488	59.644	52.603	
One year later	47.016	47.661	68.093	49.254	-	
Two years later	40.307	45.542	68.796	-	-	
Three years later	39.898	41.556	-	-	-	
Four years later	40.056	-	-	-	-	
Current estimate	40.056	41.556	68.796	49.254	52.603	252.265
Cumulative payments	(33.859)	(32.995)	(33.921)	(15.760)	(9.317)	(125.852)
Undiscounted claims	6.197	8.561	34.875	33.494	43.286	126.413
Discount						(12.952)
Inflation to future values						7.458
Present value of claims handling expenses						13.133
Undiscounted central estimate prior years						10.419
Risk margin						10.135
Total Outstanding Claims						**154.606**

5.4.5 Net present value adjustment to outstanding claims

	2026 ($)	2025 ($)
Opening Balance	11,164,000	11,620,000
Prior Year	1,731,000	478,000
Current Year	57,000	(934,000)
Closing Balance	**12,952,000**	**11,164,000**

Notes to the Financial Statements

For the year ended 30 June 2026

6. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by the Legal Practitioners' Liability Committee during its operations, along with interest expenses (the cost of borrowing) and other information related to financing activities of the Committee.

Structure

6.1	Cash flow information and balances	67
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6.3	Leases	69

6.1 Cash flow information and balances

Cash and cash equivalents, comprise cash at bank. The LPLC's bank accounts are held in the Central Banking System (CBS) under the Standing Directions 2018.

For cash flow statement presentation purposes, cash and cash equivalents include cash at bank which is reconciled to the Balance Sheet as follows:

	2026 ($)	2025 ($)
Cash and Cash Equivalents disclosed in the balance sheet	25,614,875	20,561,988
Balance as per cash flow statement	**25,614,875**	**20,561,988**

Notes to the Financial Statements

For the year ended 30 June 2026

6. How we financed our operations (continued)

6.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.2.1 Total commitments payable

Nominal amounts 2026	Less than 1 year	1-5 years	Total
Other commitments payable	307,720	457,511	765,231
Total commitments (inclusive of GST)	**307,720**	**457,511**	**765,231**
Less GST recoverable	27,975	41,592	69,567
Total commitments (exclusive of GST)	**279,745**	**415,919**	**695,664**

2025	Less than 1 year	1-5 years	Total
Other commitments payable	294,080	758,612	1,052,692
Total commitments (inclusive of GST)	**294,080**	**758,612**	**1,052,692**
Less GST recoverable	26,735	68,966	95,701
Total commitments (exclusive of GST)	**267,345**	**689,646**	**956,991**

Other commitments payable include an ongoing agreement with Willis Towers Watson for the provision of investment advice and future investments in funds.

Notes to the Financial Statements

For the year ended 30 June 2026

6. How we financed our operations (continued)

6.3 Leases

6.3.1 Right-of use assets

The LPLC leases property and equipment. The lease contracts are typically made for fixed periods of 5-7 years with an option to renew the lease after that date.

	2026 ($)	2025 ($)
CURRENT LEASE LIABILITIES		
Lease Liabilities	461,703	305,277
Total Current Lease Liabilities	**461,703**	**305,277**
NON-CURRENT LEASE LIABILITIES		
Lease Liabilities	2,048,458	1,821,933
Total Non-Current Lease Liabilities	**2,048,458**	**1,821,933**
Total Lease Liabilities	**2,510,161**	**2,127,210**

FUTURE LEASE PAYMENTS		
Not longer than 1 year	599,077	424,733
Longer than 1 year but not longer than 5 years	2,289,570	2,098,079
Minimum future lease payments	**2,888,647**	**2,522,812**
Less future finance charges	(378,486)	(395,602)
Present value of minimum lease payments	**2,510,161**	**2,127,210**

6.3.1 (a) Right-of-use assets

Right-of-use assets are presented in note 4.1.1.

6.3.1 (b) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2026 ($)	2025 ($)
Interest expense on lease liabilities	133,300	136,493
Depreciation of right-of-use assets	409,567	361,117
Total amount recognised in the Comprehensive Operating Statement	**542,867**	**497,610**

Notes to the Financial Statements

For the year ended 30 June 2026

6. How we financed our operations (continued)

6.3 Leases (continued)

6.3.1 (c) Amounts recognised in the Cash Flow Statement

The following amounts are recognised in the Cash Flow Statement for the year ending 30 June 2026 relating to leases:

	2026 ($)	2025 ($)
Interest expense on lease liabilities	133,300	136,493
Principal payments on lease liabilities	343,833	273,446
Total Cash outflow for leases	**477,133**	**409,939**

For any new contracts entered into, the LPLC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the LPLC assesses whether the contract meets three key evaluations which are:

a) Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the LPLC and for which the supplier does not have substantive substitution rights;

b) Whether the LPLC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the LPLC has the right to direct the use of the identified asset throughout the period of use; and

c) Whether the LPLC has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Notes to the Financial Statements

For the year ended 30 June 2026

6. How we financed our operations (continued)

6.3 Leases (continued)

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the LPLC's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments (including in-substance fixed payments) less any lease incentive receivable

b) variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable under a residual value guarantee; and

d) payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the Comprehensive Operating Statement if the right-of-use asset is already reduced to zero.

Presentation of right-of-use assets and lease liabilities

The LPLC presents right-of-use assets as 'property plant equipment' (refer to note 4.1). Lease liabilities are presented as 'lease liability' in the balance sheet.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements

Introduction

The LPLC is exposed to risk from its activities and outside factors. In addition it is necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the LPLC related mainly to fair value determination.

The Fund's principal financial instruments comprise of unquoted unit trusts and cash and cash equivalents. The main purpose of these financial instruments is to ensure that there is sufficient ability to meet the obligations under the policies of insurance that have been issued. These instruments are managed by the Investment Committee who utilise the services of our external advisor - Willis Towers Watson.

Structure

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7.5	Unexpired Risk Liability	82

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Fund's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.1 Financial instruments specific disclosures (continued)

Categories of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the LPLC to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The LPLC recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits

Financial assets at fair value through net result

Equity instruments that are held for trading are classified as fair value through the net result. Investments and other financial assets are required to be measured at fair value through net result unless they are measured at amortised costs or fair value through other comprehensive income.

However, as an exception to those rules above, the LPLC may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis.

The LPLC recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.1 Financial instruments specific disclosures (continued)

Categories of financial instruments

Financial assets at fair value through the net result

Financial assets are categorised as fair value through net result at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through net result are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

Financial liabilities at amortised cost

Financial liabilities measured at amortised costs are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The LPLC recognises the following liabilities in this category:

- payables (excluding statutory payables)
- lease liabilities

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group or similar assets) is derecognised when:

- the right to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Fund has transferred its rights to receive cash from the asset and either (a) has transferred substantially all the risk and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.1 Financial Instruments: Categorisation

	Carrying amount $	Net gain /loss $	Total interest Income/ (expense) $
2026 FINANCIAL ASSETS AT AMORTISED COST			
Cash and deposits	25,614,875	-	802,431
Term deposits	81,115,794	-	2,767,752
Accrued investment income	1,310,751	-	-
Reinsurance receivable	4,859,000	-	-
Total financial assets at amortised cost	**112,900,420**		**3,570,183**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Managed unit trusts	269,696,706	4,554,474	31,317
Total financial assets at fair value through profit or loss	**269,696,706**	**4,554,474**	**31,317**
FINANCIAL LIABILITIES AT AMORTISED COST			
Payables (a)	725,014	-	-
Lease liabilities	2,510,161	-	(133,300)
Total contractual financial liabilities	**3,235,175**	-	**(133,300)**

Note: (a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.1 Financial Instruments: Categorisation (continued)

	Carrying amount $	Net gain /loss $	Total interest Income/ (expense) $
2025 FINANCIAL ASSETS AT AMORTISED COST			
Cash and deposits	20,561,988	-	662,774
Term deposits	84,078,313	-	3,232,132
Accrued investment income	1,557,760	-	-
Reinsurance receivable	3,606,000	-	-
Total financial assets at amortised cost	**109,804,061**	**-**	**3,894,906**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Managed unit trusts	252,378,988	11,051,305	949,233
Total financial assets at fair value through profit or loss	**252,378,988**	**11,051,305**	**949,233**
FINANCIAL LIABILITIES AT AMORTISED COST			
Payables (a)	283,195	-	-
Lease liabilities	2,127,210	-	(136,493)
Total contractual financial liabilities	**2,410,405**	**-**	**(136,493)**

Note: (a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.1 Financial instruments specific disclosures (continued)

7.1.2 Impairment loss

Impairment of financial assets under AASB 9

The LPLC records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment includes the LPLC's contractual receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The LPLC applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The LPLC has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the LPLC's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the LPLC has determined that the closing loss allowance at the end of the financial year is nil.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense.

Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

There are no contingent assets.

Contingent Liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
    - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
    - the amount of the obligations cannot be measured with sufficient reliability.

The LPLC is involved in a matter arising in the ordinary course of its business. The matter remains subject to uncertainty as to liability and quantum. Having regard to the information available at the reporting date, the LPLC has not recognised a provision in respect of this matter. The financial effect, if any, cannot presently be estimated reliably. The LPLC will continue to monitor the matter and reassess its accounting treatment as further information becomes available.

7.3 Fair value determination

This section sets out information on how the LPLC determined fair value measurements in accordance with the requirements of AASB 13 *Fair Value Measurement* for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through profit and loss.
- Property, plant and equipment.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.3 Fair value determination (continued)

Fair Value Hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- **Level 1 —** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Legal Practitioners' Liability Committee has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7.3.1 Fair value determination of assets and liabilities

Financial assets:

The financial instruments recognised at fair value in the Balance Sheet have been analysed and classified using a fair value hierarchy reflecting the significance of inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- **Level 1 —** the fair value of financial instrument with standard terms and conditions and traded in active markets are determined with reference to quoted market prices;
- **Level 2 —** the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3 —** the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

There are no changes in valuation techniques throughout the period to 30 June 2026. For all assets measured at fair value, the current use is considered the highest and best use.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.3 Fair value determination (continued)

7.3.1 Fair value determination of assets and liabilities (continued)

Financial assets measured at fair value

	Level 1 $	Level 2 $	Level 3 $	Total $
30-Jun-26				
FINANCIAL ASSETS				
- Units in managed funds	-	269,696,706	-	269,696,706
30-Jun-25				
FINANCIAL ASSETS				
- Units in managed funds	-	252,378,988	-	252,378,988

Included in Level 2 are the managed equity funds and the managed property fund. Their market value has been determined as per note 4.2.

There have been no transfers between levels during the period.

7.4 Insurance contracts – risk management and procedures

The financial condition and operation of the Fund are affected by a number of key risks including insurance risk, interest rate risk and credit risk.

Notes on the Fund's policies and procedures in respect of managing these risks are set out in this note.

a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Fund has an objective to control insurance risk thus reducing the volatility of operating profit. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profit from insurance business is affected by market factors, particularly the movement in asset values.

The Committee and Executive Management of the Fund have developed, implemented and maintain a sound and prudent Risk Management Strategy (RMS).

Key aspects of the processes established in the RMS to mitigate risk include:

- The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.4 Insurance contracts – risk management and procedures (continued)

- Actuarial models, using information from the management information systems, are used to inform the calculation of premiums and monitor claim patterns.
- Past experience and statistical methods are used as part of the process.
- Reinsurance is used to limit the Fund's exposure to catastrophes.
- The mix of assets in which the Fund invests is driven by the nature and term of its insurance liabilities.

b) Terms and conditions of insurance

The terms and conditions attached to insurance contracts affect the level of insurance risk accepted by the Fund. All direct insurance contracts are entered into on a standard form basis.

c) Concentration of risk insurance

In the event of a catastrophe, the Legal Practitioners' Liability Fund carries a stop loss insurance policy to cover the payment of total claims made during the year ended 30 June 2026 in excess of $83m up to $133m.

d) Development of claims

There is a possibility that changes may occur in the estimate of our obligations at the end of a contract period. The table in note 5.4.4 shows the estimate of total claims outstanding for each underwriting year at successive year ends with the current year being an estimate provided by our external actuarial consultant.

e) Interest rate risk

None of the financial assets or liabilities arising from insurance or reinsurance contracts entered into by the Fund are directly exposed to interest rate risk.

Insurance and reinsurance contracts are entered into annually. At the time of entering into the contract all terms and conditions are negotiable or, in the case of renewals, renegotiable.

f) Credit risk

Financial assets and liabilities arising from insurance and reinsurance contracts are stated in the balance sheet at the amount that best represents the maximum credit risk exposure at balance date.

The LPLC manages credit risk through the maintenance of a well-diversified investment portfolio, with advice provided by an external investment advisor and oversight provided by LPLC's Investment Committee. Significant levels of concentration in the LPLC's investment portfolio are as follows: Vanguard Investments Australia Limited (comprising four managed funds) 31.92%, National Australia Bank (term deposits) 11.54% and Westpac Banking Corporation (term deposits) 10.01% and 100% of cash.

Notes to the Financial Statements

For the year ended 30 June 2026

7. Financial instruments, contingencies and valuation judgements (continued)

7.5 Unexpired risk liability

When the amount of the premium pool to be collected for the next insurance year is set, it is 'subsidised' on the basis that a proportion of the LPLC's retained equity is offset against the premium pool which would otherwise have been collected. As a result the unearned premium liability is deficient as at 30 June 2026.

At each reporting date the Fund assessed whether the unearned premium liability is sufficient to cover all the expected future cash flows relating to the future claims against current insurance contracts. This assessment is referred to as the Liability Adequacy Test.

If the present value of the expected future cash flows relating to future claims plus the additional risk margin to reflect the inherent uncertainty in the central estimate exceeds the unearned premium liability less any related intangible assets and deferred acquisition costs then the unearned premium liability is deemed to be deficient. The Fund applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the outstanding claims liability, see note 5.4.

The entire deficiency, gross and net of insurance, is recognised immediately in the Comprehensive Operating Statement. The deficiency is recognised first by writing down any related intangible assets and then related deferred acquisition costs, with any excess being recorded in the balance sheet as an unexpired risk liability.

7.5.1 Unexpired risk liability

	2026 ($)	2025 ($)
Unexpired risk liability as at 1 July	13,299,334	8,276,826
Recognition of (reduced)/additional unexpired risk liability in the period	(8,153,714)	5,022,508
Unexpired risk liability as at 30 June	**5,145,620**	**13,299,334**

7.5.2 Calculation of deficiency

Unearned premium liability relating to insurance contracts	65,730,380	60,557,666
Central estimate of present value of expected future cash flows arising from future claims	62,772,000	65,102,000
Risk Margin of 14.5%	8,104,000	8,755,000
	70,876,000	73,857,000
Net deficiency	**5,145,620**	**13,299,334**

The process of determining the overall risk margin is discussed in Note 5.3 and 5.4. As with outstanding claims the overall risk margin is intended to achieve a 75% probability of adequacy.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of the financial report.

Structure

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8.1 Reserves

	2026 ($)	2025 ($)
Accumulated Funds at the beginning of the year	117,485,314	116,190,792
Operating Income for the year	36,940,184	1,294,522
Accumulated Funds at the end of the year	**154,425,498**	**117,485,314**

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.2 Remuneration of auditors

	2026 ($)	2025 ($)
VICTORIAN AUDITOR-GENERAL'S OFFICE		
- auditing the financial report	110,200	90,200
Total remuneration of auditors	**110,200**	**90,200**

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Fund's financial report:

	2026 ($)	2025 ($)
Payable as at 30 June	110,200	90,200
	110,200	**90,200**

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Responsible Minister, Committee Member and Accountable Officer in the Fund are as follows:

Attorney-General	The Hon. Sonya Kilkenny, MP	1 July 2025 to 30 June 2026
Accountable Officer	Ms Mary Maini	1 July 2025 to 30 June 2026
Committee Member - Chair	Ms Michelle Dixon	1 July 2025 to 30 June 2026
Committee Member	Mr Justin Graham	1 July 2025 to 30 June 2026
Committee Member	Mr Daniel Barlow	1 July 2025 to 30 June 2026
Committee Member	Ms Nicole Rich	1 July 2025 to 30 June 2026
Committee Member	Mr Mark Valena	1 July 2025 to 30 June 2026
Committee Member	Ms Lucy Terracall*	1 July 2025 to 30 June 2026
Committee Member	Ms Fiona Schutt	1 July 2025 to 30 June 2026

**Lucy Terracall resigned as a Committee Member on 21 July 2026.*

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.3 Responsible persons (continued)

Remuneration

Remuneration received or receivable by the Committee members and Accountable Officer in connection with the management of the Legal Practitioners' Liability Committee during the reporting period was in the range:

$	2026 No.	2025 No.
0 - 9,999 (a)	1	2
20,000 -29,999	-	1
30,000 - 39,999	4	1
40,000 - 49,999	1	3
60,000 - 69,999	1	-
70,000 - 79,999	-	1
220,000 - 229,999	-	1
240,000 - 249,999	-	1
490,000 - 499,999	1	-
Total numbers	**8**	**10**
Total Remuneration	**$752,848**	**$740,654**

(a) Includes Committee members employed in public service roles and ineligible to receive remuneration.

Amounts relating to Ministers are reported in the Annual Financial Report of the State. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au.

8.4 Remuneration of executives

The number of senior executive service members, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

- **Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods and services.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.4 Remuneration of executives (continued)

- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term benefits** include long service leave, other long service benefits or deferred compensation.
- **Termination benefits** include termination of employment payments, such as severance packages.

Remuneration of the senior executive service (including Key Management Personnel disclosed in Note 8.5)[a]

	Total remuneration 2026 $	Total remuneration 2025 $
Total remuneration	**2,307,027**	**2,114,264**
Total number of executives	**14**	**15**
Total annualised employee equivalents[b]	**12.8**	**11.9**

(a) The total number of senior executive service members includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.5 Related parties

The Legal Practitioners' Liability Committee (LPLC) is a public entity established under the *Legal Profession Act 2004* (from 1 July 2015 *The Legal Profession Uniform Law Application Act 2014)*.

Related parties of the Legal Practitioners' Liability Committee include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over); and
- all cabinet ministers and their close family members.

Significant transactions with government-related entities.

During the year the LPLC had the following government-related entity transactions:

- there were no significant transactions with government related entities, other than statutory payments relating to stamp duty on insurance premiums and Goods and Services Tax (GST).

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.5 Related parties (continued)

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and *Superannuation Act 1968* and is reported within the State's Annual Financial Report.

Compensation of KMP's

	Total remuneration 2026 $	Total remuneration 2025 $
Total compensation[(a)]	**2,307,027**	**1,340,343**

(a) Note that KMP's are also reported in the disclosure of remuneration of executives (note 8.4)

Transactions and balances with key management personnel and other related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Members of Key Management personnel and their related parties who are practising solicitors and barristers are required, pursuant to the *Legal Profession Uniform Law Application Act 2014*, to enter into a contract of insurance, on standard terms and conditions, with the Legal Practitioners' Liability Committee.

In the ordinary course of business the LPLC provides Committee members with a Deed of Indemnity. The Deed indemnifies the Committee member against all liabilities, penalties, losses, damages, expenses and costs that the member may sustain or incur in the capacity of a member of the Committee.

8.6 Subsequent events

There were no material events after balance sheet date and to the date of authorisation of this report that require disclosure.

There were no other material matters or circumstances after balance date and to the date of authorisation of this report that require disclosure.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.7 Actuarial assumptions and methods

Under 17.6.1c of AASB 1023, the following describes the method and main assumptions that have the greatest effect on the calculated insurance liabilities provisions.

The Legal Practitioners' Liability Fund has provided professional indemnity insurance to solicitors since 1/1/86, and to barristers since 1/7/05. Claims incurred development and payment patterns derived from the average experience for solicitors over the last 5 complete policy years were assumed to apply to solicitor and barrister claims outstanding at 30/6/26.

Development year	Ultimate claims incurred as % of current estimate	Payments to end of year, as % of ultimate claims
0	84.7%*	13.2%
1	87.7%	39.9%
2	92.2%	62.7%
3	95.2%	77.6%
4	97.2%	86.6%
5	98.6%	91.9%
6	99.4%	95.2%
7	100.0%	97.1%
8	100.0%	98.3%
9	100.0%	99.0%

** Ratio of ultimate claims incurred for the 2026 policy year includes 50% weight given to average costs per $m GFI.*

Other main assumptions used in calculating insurance provisions and their sources are:

- Discount rates based explicitly on medium term Commonwealth bond yields
- Claim administration expenses of 10% of net claim payments based on forecasted expenses of the LPLC
- Wage inflation based on Victorian government forecasts and observed trends in costs per $m GFI
- A specific class of claims, having undergone extensive review by the LPLC and external advisors, has been identified for separate treatment in the valuation of the LPLC's claims liability as at 30 June 2026. These claims have a high degree of uncertainty due to being in their infancy, which prevents any top level actuarial extrapolations or adjustments. Accordingly, they have been held at the face value of management's estimates in determining the LPLC's claims liability as at 30 June 2026.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.7 Actuarial assumptions and methods (continued)

Claims incurred estimates are made by applying the above claims incurred development ratios to current claims incurred data and applying wage inflation and payment patterns. Outstanding claims at 30 June 2026 are estimated by deducting payments to date.

Gross payments in 2025-26 for solicitors are estimated by determining an average, inflation adjusted claims incurred estimate per $m of gross fee income (GFI) from the last 5 complete policy years and applying to expected GFI in 2025-26.

Gross payments in 2025-26 for barristers are estimated as a ratio of solicitor claims incurred.

Premium liabilities are determined by applying wage inflation and payment patterns and allowing for reinsurance and overhead claim administration expenses.

The calculations used to estimate outstanding claim and unexpired premium liabilities for solicitors were repeated as at each prior balance date back to 31 December 1987 and compared with the actual outcomes estimated at 30 June 2026. Log normal distributions were fitted to the resulting percentages, and used to estimate the risk margins needed to provide varying probabilities of adequacy.

Sensitivity analysis as at 30/6/26

Risk variable	Base	Altered	Outstanding claims ($m)	Premium liability ($m)
Discount rate (% pa)	4.00% 4.00%	5.00% 3.00%	(2.791) 2.922	(1.689) 1.778
Claim administration expenses (% of claims)	10.00% 10.00%	11.00% 9.00%	1.312 (1.312)	
Wage inflation (% pa)	3.25% 3.25%	4.25% 2.25%	2.534 (2.507)	1.499 (1.458)
“Regular” solicitor claims per principal equivalent	4,821 4,821	5,303 4,339	1.023 (1.023)	3.648 (3.648)
Claims held at face value of management’s estimates 2025-26	$2.00m $2.00m	$3.0m $1.0m		1.088 (1.088)
“Large” claims	$20.4m $20.4m	$22.1m $18.7m		1.850 (1.850)

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.7 Actuarial assumptions and methods (continued)

Sensitivity analysis as at 30/6/25

Risk variable	Base	Altered	Outstanding claims ($m)	Premium liability ($m)
Discount rate (% pa)	3.75% 3.75%	4.75% 2.75%	(3.111) 3.259	(1.866) 1.965
Claim administration expenses (% of claims)	7.80% 7.80%	8.80% 6.80%	1.466 (1.466)	
Wage inflation (% pa)	3.25% 3.25%	4.25% 2.25%	2.538 (2.535)	2.030 (1.967)
"Regular" solicitor claims per principal equivalent	4,849 4,849	5,333 4,364	1.941 (1.941)	2.977 (3.929)
Claims held at face value of management's estimates 2024-25	$3.50m $3.50m	$5.0m $2.0m		1.678 (1.678)
"Large" claims	$18.0m $18.0m	$19.5m $16.5m		1.902 (1.902)

Under AASB 1023 17.7.1(b)(i), the insurer has to disclose sensitivity to insurance risk. The above table gives the changes in central estimates for changes in various risk variables.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.8 Changes in accounting policy

8.8.1 Right-of-use assets

The LPLC has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use assets arising from market leases, in accordance with the updated requirements under FRD 104.

Previously, the LPLC had measured all right-of-use assets arising from market leases using the revaluation model under AASB 13. Following the change in accounting policy, the LPLC will measure all right-of-use assets using the cost model. Right-of-use assets measured using the cost model are held at cost less accumulated depreciation and impairment and any adjustments for remeasurement of lease liability. Periodic revaluations are not required; however, the cost model requires annual impairment assessments in accordance with AASB 136.

Upon adoption of the cost model, the LPLC has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model.

Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

Impacts on Financial Statements

On transition to the cost model, there was no impact on the LPLC's financial statements. No impairment was identified by the LPLC for the right-of-use asset held as at 30 June 2026.

8.9 Australian Accounting Standards issued that are not yet effective

A number of Australian Accounting Standards, which have been issued or amended and are not yet effective have not been adopted for the annual reporting period ended 30 June 2026. Their details are disclosed below.

AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

The LPLC has assessed the transition requirements of AASB 17 Insurance Contracts and determined that it will apply the Premium Allocation Approach (PAA) to its single portfolio of professional indemnity insurance contracts. As a public sector entity, the LPLC is permitted to apply the PAA without undertaking the eligibility assessment otherwise required under AASB 17. The insurance contracts also have coverage periods of one year or less, which are consistent with the application of the PAA.

The LPLC will initially apply AASB 17 in its financial statements for the year ending 30 June 2027, with a transition date of 1 July 2025, using the Full Retrospective Approach.

Notes to the Financial Statements

For the year ended 30 June 2026

8. Other disclosures (continued)

8.9 Australian Accounting Standards issued that are not yet effective (continued)

AASB 17 requires the identification of groups of onerous contracts at a more granular level of aggregation than the level at which the liability adequacy test is performed under AASB 1023. Contracts measured using the Premium Allocation Approach (PAA) are presumed not to be onerous unless facts and circumstances indicate otherwise. In accordance with AASB 2022-9, the LPLC is not required to recognise onerous contract groups at initial recognition.

The LPLC has established its accounting policy and is currently finalising its assessment of the financial impact of the transition to the standard on the Statement of Financial Position as at the transition date, based on the LPLC's specific facts and circumstances.

LEGAL PRACTITIONERS' LIABILITY COMMITTEE

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