

# Court of King's Bench of Alberta

**Citation: Sniper Pressure Services Ltd v Northbridge General Insurance Corporation,  
2026 ABKB 193**

**Date:** 20260313  
**Docket:** 2203 03354  
**Registry:** Edmonton

Between:

**Sniper Pressure Services Ltd**

Plaintiff/Appellant

- and -

**Northbridge General Insurance Corporation**

Defendant/Respondent

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**Reasons for Decision  
of the  
Honourable Justice Kelsey L. Becker Brookes**

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Appeal from the Memorandum of Decision by  
The Honourable Applications Judge L.A. Smart

Dated the 11<sup>th</sup> day of February, 2025  
(2025 ABKB 77, Docket: 2203 03354)

## I. Introduction

[1] The Appellant, Sniper Pressure Services Ltd. (“Sniper”), appeals the Applications Judge’s Decision dismissing its application to remove Ken Haluschak and Bryan & Company LLP (referred to collectively as “Haluschak”) as counsel for Northbridge General Insurance Company (“Northbridge”).

[2] Sniper seeks an order disqualifying Haluschak from acting on either the subrogated claims or the Defence claims based on conflict of interest.

## II. Summary of Facts

[3] Sniper owned land and a commercial building in Woodlands County. The roof of the building collapsed on March 4, 2020. A second roof collapse occurred on January 17, 2022. Sniper was insured with Northbridge for both losses.

[4] With respect to the first roof collapse, Sniper sued the alleged tortfeasors for \$5,000,000 in damages. Northbridge paid approximately \$2,000,000 to Sniper and, in turn, Northbridge commenced proceedings as against the alleged tortfeasors for its subrogated claims arising from the loss. Sniper commenced this action against Northbridge claiming \$650,000 which is alleged to be due to it under its insurance claims.

[5] With respect to the second roof collapse, Northbridge sued the alleged tortfeasors for \$2,670,000 for its subrogated claims arising from the loss. Northbridge commenced a separate action against CEP Forensic Inc. (“CEP”) for breach of contract and negligence for engineering services rendered, in which both Northbridge and Sniper are named Plaintiffs. Sniper commenced a second action against Northbridge, CEP and other alleged tortfeasors for \$6,500,000 in damages.

[6] Haluschak acts for Northbridge in the two subrogated claim actions and acts for Northbridge and Sniper in the subrogated action against CEP. Haluschak is also defending the action by Sniper against Northbridge for the amounts alleged owing under the insurance for the first roof collapse and the action by Sniper against Northbridge (and CEP and other alleged tortfeasors) for the second roof collapse.

## III. Decision Below

[7] The Applications Judge held that the bright line rule was not applicable in the current circumstances, because there was no retainer or solicitor-client relationship between Sniper and Haluschak. He noted that while it might be awkward for Sniper to work with Haluschak, there was no evidence of confidential information being compromised. He emphasized that the subrogated claim is brought by Northbridge in the name of Sniper, making Sniper a "nominal" plaintiff and concluded there was no basis to remove Haluschak as counsel for Northbridge in the defense against Sniper's claim

## IV. Standard of Review and the Record

[8] An appeal from an Applications Judge is a hearing *de novo*: *Kadco Construction Inc v Sterling Bridge Mortgage Corp*, 2021 ABCA 52 at para 11. The standard of review is correctness: *Bahcheli v Yorkton Securities Inc*, 2012 ABCA 166 at para 30.

## V. Issue

[9] Should Haluschak be removed as counsel for Northbridge on all three subrogated claims brought in Sniper's name?

## VI. Position of the Parties

[10] Sniper's position is that Haluschak is in a conflict of interest because Northbridge, as the insurer, has appointed the same counsel to pursue subrogated claims in the insured's name and simultaneously defend Northbridge against the insured's coverage and negligence claims arising from the same loss. Sniper argues conflict principles are not confined to formal solicitor-client relationships, though maintains Haluschak is in a solicitor-client relationship with Sniper, and relies on the bright line rule, the substantial risk test, confidentiality obligations and the duty of utmost good faith owed to an insured by their insurer.

[11] Northbridge's position is, essentially, that Haluschak does not have a solicitor-client relationship with Sniper and, therefore, none of the principles relied upon by Sniper apply.

## VII. General Principles for Disqualification Applications

[12] The general "bright line" rule is that a lawyer, and by extension a law firm, may not concurrently represent clients adverse in interest without obtaining their consent, regardless of whether the client matters are related or unrelated: *R. v. Neil*, 2002 SCC 70 at para. 29 [*Neil*]; see also *National Railway Co v McKercher LLP*, 2013 SCC 39 at para 8 [*McKercher*].

[13] When the bright line rule is inapplicable, the question becomes whether the concurrent representation of clients creates a "substantial risk that the lawyer's representation of the client would be materially and adversely affected by the lawyer's own interests or by the lawyer's duties to another current client, a former client, or a third person": see *Neil* at para 31 and *McKercher* at para 8.

[14] Courts, in the exercise of their supervisory jurisdiction over the administration of justice in the courts have, inherent jurisdiction to remove law firms from pending litigation: (1) to avoid the risk of improper use of confidential information; (2) to avoid the risk of impaired representation; and/or (3) to maintain the repute of the administration of justice: see *McKercher* at para 61, recently applied in *Piikani Nation v McMullen*, 2025 ABKB 481 at para 76 [*Piikani*] and in *Habina v Saretsky*, 2024 ABKB 24 at para 23.

[15] The assessment of the third ground requires consideration of all relevant circumstances: *McKercher* at para 64; *Nova Oculus Canada Manufacturing ULC v Sather*, 2024 ABKB 517 at para 33.

[16] In *Piikani*, Justice Marion summarized the framework relating to the third ground:

[77] As summarized in *Hazelwood v Schlotter*, 2022 ABKB 739 at para 74:

[74] The Court must ask whether a fair-minded and reasonably informed member of the public would conclude that the proper administration of justice required the removal of the solicitor: *Beacon Hill Service (2000) Limited v Esso Petroleum Canada*, 2011 ABQB 138 at para 35, aff'd 2012 ABCA 269. The balance of interests informing whether to remove counsel of choice is rooted

in the particular facts; it must be “based on the realities of the situation”: *Beacon Hill Service (2000) Limited v Esso Petroleum Canada*, 2012 ABCA 269 at para 3. Courts will exercise a high degree of restraint before interfering with counsel of choice: *Kaiser (Re)*, 2011 ONCA 713 at para 21.

[78] When someone seeks to remove someone’s else’s counsel, where the moving party has no history of a solicitor-client relationship with that counsel, there generally must be evidence of impropriety or an appearance of impropriety that could “cast a shadow upon the integrity of the administration of justice”, or gives a “blatant appearance of unfairness or oppression”: *Koska (Bankrupt)*, 2000 ABQB 327 at paras 20-21, 23, citing *781332 Ontario Inc v Mortgage Insurance Co of Canada*, 1991 CanLII 7076 (ON SC) and *Everingham v Ontario*, 1992 CanLII 7681 (ON SC); *Mallory v Werkmann Estate*, 2015 ONCA 71 at para 32.

## VIII. Analysis

### a) Solicitor-Client Relationship

[17] Sniper argues Haluschak is in a solicitor-client relationship with Sniper because in the subrogated actions Sniper is the named Plaintiff, the claim being advanced is Sniper’s and Haluschak is the named lawyer of record, even though Northbridge retained Haluschak and is responsible for the legal accounts. Judgment will issue in Sniper’s name and Sniper is the party against whom a costs award would be made.

[18] In the alternative, Sniper argues it is a client of Haluschak’s by virtue of the broad definition of client in the Alberta Law Society Code of Conduct.

[19] Northbridge’s core submission is that Sniper is not a client of Haluschuk, as there was no retainer, instructions, billing, or independent advice given to Sniper, and no reasonable belief by Sniper that Haluschak represented Sniper.

[20] Northbridge maintains statutory subrogation does not create a solicitor-client relationship, citing the lack of Canadian authority supporting such a view. Furthermore, although subrogated actions are procedurally brought in Sniper’s name and Haluschak is listed as lawyer of record, this does not mean they act as Sniper’s counsel; the designation is simply a procedural requirement to identify the lawyer who prepared and filed the pleadings.

[21] The Court has inherent jurisdiction to disqualify and remove lawyers who have a conflict of interest. This jurisdiction stems from the fact lawyers are officers of the court and their conduct in legal proceedings may affect the administration of justice.

[22] Lawyers in Alberta are bound by the Alberta Law Society Code of Conduct. While the Court is not similarly required to apply the Code of Conduct, it is recognized as an expression of a professional standard relating to a matter before the Court and should be considered an important statement of public policy; *MacDonald Estate v Martin*, 1990 CanLII 32 (SCC), [1990] 3 SCR 1235 at para 21.

[23] Under the Code of Conduct, a “client” “includes a client of a lawyer’s firm, whether the lawyer handles the client’s work or not, and may include a person who reasonably believes that a lawyer-client relationship exists, whether or not that is the case at law”.

[24] The Code of Conduct Commentary, the purpose of which is to assist lawyers in applying the Code of Conduct, recognizes that a solicitor-client relationship is often established without formality, e.g. an express retainer or remuneration is not required for a solicitor-client relationship to arise.

[25] In *Jeffers v Calico Compression Systems*, 2002 ABQB 72 at para 8 [*Jeffers*], the Court recognized that it is not necessary for a person to formally retain a lawyer by way of letter or other document before a solicitor-client relationship can be found. The question is whether a reasonable person in the position of a party with knowledge of all the facts would reasonably form the belief that the lawyer was acting for a particular party.

[26] The Court in *Jeffers* went on to identify certain *indicia* which may or may not determine the existence of a solicitor-client relationship, making clear that not all *indicia* need be present. These *indicia* include: a contract or retainer; a file opened by the lawyer; meetings between the lawyer and the party; correspondence between the lawyer and the party; an account rendered by the lawyer to the party; an account paid by the party; instructions given by the party to the lawyer; the lawyer acting on the instructions given; statements made by the lawyer that the lawyer is acting for the party; a reasonable expectation by the party about the lawyer's role; legal advice given; and legal documents created for the party.

[27] Many of these *indica* are present here, although we must recognize these actions remain at the early stages procedurally. For Haluschak to effectively conduct the subrogated actions on behalf of Northbridge, close collaboration between Haluschak and Sniper will be required. This may include engaging in meetings and correspondence with Sniper and preparing legal documents in Sniper's name. In turn, Sniper is obliged to cooperate with Northbridge by providing disclosure and evidence required for the prosecution of the subrogated claim.

[28] These are all *indicia* of a solicitor-client relationship. Other *indicia*, such as an executed retainer agreement or accounts rendered and paid are absent and militate against finding of a solicitor-client relationship.

[29] But if the question is whether a reasonable person *in Sniper's position* with knowledge of all the facts would reasonably form the belief that Haluschak was Sniper's lawyer (which echoes the language in the Code of Conduct), I am unable to conclude that is the case here. The question is asked from the perspective of Sniper; it is not "What would a third party think, reading the pleadings?"

[30] Sniper was unable to produce any authority for the proposition that s 546 of the *Insurance Act*, RSA 2000, Chapter I.3 automatically creates a solicitor-client relationship between counsel to a subrogating insurer and the insured.

[31] There is no evidence Sniper misunderstood who retained Haluschak or that the purpose of the Haluschuk's retainer with Northbridge was to conduct the subrogated claim for Northbridge's benefit, in Sniper's name. Therefore, I conclude that no solicitor-client relationship between Haluschuk and Sniper has been established.

#### **b) Duty of Utmost Good Faith**

[32] What then is the nature of the relationship between Haluschak and Sniper, if it is not a solicitor-client relationship?

[33] In oral argument, Haluschak conceded that he is representing Sniper, acting for Sniper and serves as Sniper’s legal counsel on the subrogated claims. But he maintains he is not in a solicitor-client relationship with Sniper. While certain indicators of a solicitor-client relationship are present, I have concluded this relationship does not satisfy the definition of solicitor-client either at common law or under the Code of Conduct.

[34] Sniper argues that the nature of the relationship between Sniper and Northbridge gives rise to a duty of utmost good faith. They rely on the principle that the duty of utmost good faith applies to all insurance contracts, unless altered by legislation: *Andrusiw v Aetna Life Insurance Co. of Canada*, 2001 CanLII 61004 (AB KB), [2001] AJ No 789 (QB) at para 56. This principle obligates both parties to an insurance contract to engage with absolute honesty and fairness in their interactions. Each party is expected to refrain from prioritising its own interests to the detriment of the other: *General Principles of Canadian Insurance Law*, 3rd Ed., Barbara Billingsley, p 48. The duty of utmost good faith does not, however, rise to the level of a fiduciary duty.

[35] Sniper maintains that, although the duty of utmost good faith does not establish a solicitor-client relationship, it plays an important role in insurance litigation. According to Sniper, the duty of utmost good faith prevents insurers from arranging cases in a way that might put counsel in a position of divided loyalty when representing both the insurer and the insured for the same claim.

[36] Northbridge argues the duty of utmost good faith is irrelevant to counsel disqualification, that it governs contract performance, not solicitor-client relationships.

[37] While I recognize that the relationship between Sniper and Haluschak is unique and may give rise to some duty or obligation, I am not prepared in these circumstances to find that the duty of utmost good faith which governs the performance of insurance contracts extends to the relationship between Sniper and Haluschak.

### **c) Bright Line Rule**

[38] The bright line rule is that a lawyer, and by extension a law firm, may not concurrently represent clients adverse in interest without obtaining their consent, regardless of whether the client matters are related or unrelated: *R v Neil*, 2002 SCC 70 [*Neil*] at para 29.

[39] Sniper’s position assumes the existence of a solicitor-client relationship. Alternatively, Sniper argues that it is the substance of the representation, rather than its procedural form, that matters. Since Sniper has not provided consent, this situation amounts to concurrent representation of adverse interests under the bright line rule, and accordingly, the rule applies.

[40] Northbridge’s position is that the rule does not apply because Haluschak has only one client, Northbridge, and Sniper is a non-client adversary. This is essentially what the Applications Judge concluded.

[41] Having decided the relationship between Haluschak and Sniper is not a solicitor-client relationship, I concur with the Applications Judge’s Decision that the bright line rule does not apply in this situation.

### **d) Substantial Risk Test**

[42] When the bright line rule is inapplicable, the question becomes whether the concurrent representation of clients creates a “substantial risk that the lawyer’s representation of the client

would be materially and adversely affected by the lawyer's own interests or by the lawyer's duties to another current client, a former client, or a third person": *Neil*, at para 31.

[43] The substantial risk test is also addressed in the Code of Conduct. Rule 3.4-1 states that "A lawyer must not act or continue to act for a client where there is a conflict of interest, except as permitted under this Code." The associated Commentary provides that a conflict of interest exists when there is a substantial risk that a lawyer's loyalty to or representation of a client would be materially and adversely affected by the lawyer's own interest or the lawyer's duties to another client, a former client, or a third person.

**i. Confidentiality**

[44] Sniper argues that there is a risk of improper use of confidential information. Haluschak maintains he has not received confidential information from Sniper that could be attributed to a solicitor-client relationship relevant to the current matter. What confidential information Haluschak has or has not received from Sniper is, however, not in evidence.

[45] This is not a situation where a lawyer is in possession of confidential information from a party who was a former client. Those cases are distinguishable. Here, we are attempting to proactively address the risk of confidential information coming into the hands of a lawyer who is also acting, in a limited capacity, for a party adverse interest.

[46] I remind myself that when a party seeks to remove another party's counsel, where the moving party has no history of a solicitor-client relationship with that counsel, there generally must be evidence of impropriety or an appearance of impropriety that could "cast a shadow upon the integrity of the administration of justice", or gives a "blatant appearance of unfairness or oppression": see Justice Marion's decision *Piikani* para 78.

[47] In the subrogated actions, Haluschak will need to work with Sniper representatives for document productions. This will require reviewing Sniper's records for materiality and relevancy, as well as identifying any records which are privileged. Haluschak will need to prepare Sniper's corporate representative for questioning, lead Sniper's evidence at trial and rely on Sniper's evidence to advance the subrogated claims.

[48] I do not agree that intervention by the Court should be delayed until there is evidence that confidential information has been misused. If a sufficiently related relationship exists, as here, it can be inferred that relevant confidential information was or will be shared.

[49] Confidentiality and conflict obligations can apply even when the party involved is not a former or current client. The substantial risk test is clear that a disqualifying conflict may arise when counsel owes a duty to a third party (as opposed to a current or former client).

[50] In my view, it is not enough to say the risk of improper use of confidential information is not an issue, when there is no evidence of the use of ethical walls or other limitations in the retainer. Sniper is placed in the untenable position of either treating Northbridge as their lawyer and disclosing confidential information related to the insurance contract and the insured event or withholding information and failing in its responsibility to cooperate with insurer's lawyer.

**ii. Impaired representation**

[51] Sniper's position is that the substantial risk test is satisfied due to Haluschak's dual role, arguing this arrangement creates a genuine and significant risk that the quality of representation could be compromised by conflicting loyalties. Specifically, Sniper argues Haluschak may

acquire sensitive information about Sniper through witness preparation, which could later be used against Sniper during cross-examination in the coverage disputes. Sniper submits the risk is inherent to the situation and not merely hypothetical, leading to the finding that there is a substantial risk of impaired representation and potential misuse of information.

[52] Northbridge argues the risk is speculative and unsupported by admissible evidence.

[53] I am satisfied there is a real and substantial risk of compromised representation in this situation. The fact there is no solicitor-client relationship between Sniper and Haluschak is no answer. The substantial risk test includes situations where the lawyer's representation of the client would be materially and adversely affected by the lawyer's own interests or the lawyer's duties to another current client, a former client, or a third person.

[54] I concluded that as counsel for the subrogating insurer conducting the recovery actions in the name of Sniper a relationship between Haluschak and Sniper is created; as such, Haluschak has legal and ethical responsibilities towards Sniper.

[55] In the coverage action and the recovery action related to the second roof collapse, Haluschak acts directly against Sniper, defending Northbridge by attacking Sniper. He will be cross-examining Sniper's representative, challenging their credibility and eliciting admissions harmful to Sniper. He will be privy to the litigation positions of each party and the strengths and weaknesses of each party's case.

[56] Haluschak's dual role poses a genuine and unavoidable risk of compromised representation for Sniper due to the outlined situation. Northbridge faces no risk; in fact, they benefit from it. The party at a disadvantage is Sniper, and this is the issue we are seeking to resolve.

### **iii. Maintain the integrity and repute of the administration of justice**

[57] Ultimately, when the Court is asked to exercise its inherent jurisdiction to disqualify counsel, it must consider whether a fair-minded and reasonably informed observer would determine that the proper administration of justice necessitates the removal of the solicitor.

[58] Haluschak owes a fiduciary duty to Northbridge and is bound by both legal and ethical responsibilities to Sniper. He is pursuing Northbridge's subrogated claims in Sniper's name to optimise recovery from third-party tortfeasors, while simultaneously representing Northbridge in the coverage action against Sniper, aiming to restrict coverage. Haluschak will have unique access to Sniper's records and representatives, while at the same time acting against Sniper in several related matters.

[59] There is no appreciable risk to Northbridge arising from these circumstances; rather, it is Sniper that faces the real potential for prejudice. While Sniper is required to act as the nominal plaintiff in the subrogated proceedings for the benefit of Northbridge, this compulsory involvement should not entail exposing Sniper to a compromised legal position in related or concurrent actions. The necessity of Sniper's participation in furthering Northbridge's interests must not override the imperative to safeguard Sniper's independent legal interests in other claims.

[60] As stated in *Piikani*, in situations where there is no history of a solicitor-client relationship with that counsel, there generally must be evidence of impropriety or an appearance of impropriety that could "cast a shadow upon the integrity of the administration of justice" or

gives a “blatant appearance of unfairness or oppression”. In my assessment, Haluschuk’s dual role unequivocally creates a readily apparent risk of unfairness or oppression toward Sniper.

[61] A fair minded and reasonably informed observer would recognize that counsel cannot fulfill obligations to both parties simultaneously if counsel was permitted to continue to represent both parties.

#### e) Conclusion

[62] Although the bright line rule may not be applicable in this instance, the substantial risk test is nonetheless met.

[63] Involvement in document production in the subrogated actions gives counsel unrestricted access to Sniper’s records, including documents which maybe protected by privilege and would not otherwise be seen by opposing counsel. Similarly, preparing Sniper as a witness allows counsel to obtain unique insight into Sniper’s demeanor, explanations, and potential vulnerabilities. These insights could then be used to Sniper’s detriment if counsel later cross-examines Sniper with the goal of defeating or limiting coverage.

[64] In my view, the measures implemented or proposed are insufficient to adequately safeguard against the risk of relevant confidential information being disclosed to Haluschuk, fail to neutralise the litigation advantage gained through direct engagement with a Sniper representative, and do not ensure the preservation of the integrity and reputation of the administration of justice.

[65] With respect to the suggestion replacement counsel would be in the same position, I do not agree. Replacement counsel on the subrogated actions would not be able to use information obtained from Sniper in pursuance of the subrogated actions in defending the coverage action or the second roof collapse recovery action brought by Sniper, because they would not be acting for Northbridge on those actions.

### IX. Remedy

[66] Sniper submits disqualification of counsel is required to address concerns about the misuse of confidential information, potential compromise in representation due to conflicting interests, and to uphold public trust in the justice system. Northbridge maintains disqualification would improperly interfere with counsel of choice based on speculative risk.

[67] Courts will exercise a high degree of restraint before interfering with counsel of choice. A real and identifiable danger to the proper administration of justice must be shown before this right will be abrogated: *Piikani* at para 103. Where there is a need to prevent misuse of confidential information or a risk of impaired representation, disqualification is generally the only appropriate remedy. Similarly, disqualification may be necessary to protect the integrity and repute of the administration of justice: *McKercher* at paras 61 to 63.

[68] I have considered whether there are any factors militating against disqualification, such as delay in bringing the motion for disqualification, significant prejudice to the Northbridge’s interest in retaining its counsel of choice or ability to retain new counsel: *McKercher* at para 65.

[69] I am satisfied Sniper did not delay in bringing its application and the matters are all early enough on in the litigation process that Northbridge would not face significant prejudice in retaining replacement counsel.

[70] I have also considered that Haluschak accepted the conflicting retainer in good faith, relying on the advice of a practice advisor that the concurrent representation fell beyond the scope of the bright line rule and applicable law society restrictions: *McKercher* at para 65.

[71] In the circumstances, disqualification is necessary to prevent the risk of misuse of confidential information, avoid impaired representation due to divided loyalties, and to maintain public confidence in the administration of justice. A fair-minded and informed observer would conclude that counsel cannot properly discharge duties in this multiplicity of roles.

**X. Conclusion**

[72] The appeal is allowed, and Mr. Haluschak along with Bryan & Company LLP are removed as counsel of record for Northbridge in all three subrogated actions.

[73] If the parties cannot agree on costs within 30 days of this decision, the matter can be remitted to me for direction by way of written submissions not exceeding three pages, exclusive of authorities.

Heard on the 13<sup>th</sup> day of February, 2026.

**Dated** at the City of Edmonton, Alberta this 13<sup>th</sup> day of March, 2026.

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**Kelsey L. Becker Brookes**  
**J.C.K.B.A.**

**Appearances:**

Glenn Epp  
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for the Plaintiff/Appellant

Kenneth Haluschak  
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