

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
(CLLAS)**

**Minutes of the meeting of the Audit Committee held by videoconferencing on
February 11, 2021, 9:30 a.m. Toronto time.**

Present:

Gordon Goodman (Chair)
Margaret McNee
Michael Swartz

Cassels Brock & Blackwell LLP
McMillan LLP
WeirFoulds LLP

Also Present:

Ken Crofoot (CLLAS Chair)
Elaine Hultzer
Tess Collins
Julie-Linda Laforce
Patrick Mahoney
Cecilia Jeganathan

Goodmans LLP
Deloitte
Deloitte
Axxima
Office of the General Manager
Office of the General Manager

1. Constitution of Meeting

The Chair, Gordon Goodman, called the meeting to order.

2. Secretary of the Meeting

Cecilia Jeganathan acted as Secretary.

3. Approval of the Minutes of the Audit Committee

It was moved by Margaret McNee and seconded by Gordon Goodman that the minutes of the October 21, 2020 meeting of the Audit Committee be approved. The motion was carried unanimously.

4. Report of the Actuary

Julie-Linda Laforce presented the Report on the Valuation of Policy Liabilities as at December 31, 2020.

The expected loss costs for 2020/2021 for each layer were discussed. The arrangement between CLLAS and Colchester for 2020/2021 and the Loss Portfolio Transfer (LPT) to Colchester on June 30, 2012 were highlighted. It was noted a 3.55% assumption was selected to determine the ULAE provision as of December 31, 2020; a decrease from 3.95% as of December 31, 2019. The provision for ULAE at December 31, 2020 is \$2,356,000 and is entirely retained by CLLAS.

Other changes in assumptions, including the decrease in the discount rate from 1.90% to 0.45%, which was selected based on the market yield of CLLAS' fixed income portfolio classified as available for sale per IFRS 9 at December 31, 2020, were identified. There were no changes in methodology for the valuation at December 31, 2020. The impact of the change in loss development factors, ULAE load and discount rate led to a decrease of \$313,000 in the net discounted claim liabilities. A premium deficiency of \$30,774 at December 31, 2020 was recorded and the deferred policy acquisition expense asset at that date was \$0.

Actuarial Valuation Peer Review Report submitted by PricewaterhouseCoopers LLP as at December 31, 2020 was discussed. Other than a few minor editorial changes to the Appointed Actuary Report recommended, it was noted the work of the Appointed Actuary for valuation of policy liabilities and reinsurance assets is within the range of accepted actuarial practice, as established by CIA.

5. Report of the General Manager

Patrick Mahoney discussed the financial results of CLLAS and highlighted the key items in the balance sheet, income statement and the notes to the financials. The surplus management and adequacy note in the audited financials relating to minimum capital test (MCT) and total reserve and guarantee funds required in accordance with sections 99 & 100 of the Alberta Insurance Act were discussed.

He also highlighted some of the key pages of the P&C-1.

It was noted that, to date, CLLAS has experienced no significant impact from COVID-19.

6. Audit Findings Report

Elaine Hultzer and Tess Collins reported on the audit and advised that an unqualified opinion would be issued.

A change made to the audit plan was noted; Deloitte no longer identifies premium income as a significant risk. There were no other changes to the audit plan.

She advised that Deloitte's actuary had reviewed and tested the work of the appointed actuary and this review concluded that assumptions were reasonable and estimates of claims and premium liabilities were within the range of accepted actuarial practice.

It was also noted that during the audit no misstatements were identified.

On the motion of Michael Swartz, seconded by Margaret McNee, it was unanimously resolved to recommend to the Board that the Financial Statements at December 31, 2020 be approved.

At this point, management left the meeting and Deloitte met in-camera with the Audit Committee members.

7. Termination of Meeting

There being no other business, the meeting was terminated.

Chair

Secretary