

COLCHESTER REINSURANCE LIMITED

PERIODIC REPORTING PACKAGE

FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

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PREPARED BY: AON INSURANCE MANAGERS (BARBADOS) LTD

ACCOUNT EXECUTIVE: LEANNE KNIGHT

COLCHESTER REINSURANCE LIMITED
UNAUDITED BALANCE SHEET AS AT JUNE 30, 2022
(EXPRESSED IN CANADIAN \$)

		JUNE 30, 2022	JUNE 30, 2021
ASSETS			
Cash at bank - premier accounts		1,480,717.13	759,059.38
Cash & cash equivalents	1	<u>1,480,717.13</u>	<u>759,059.38</u>
Royal Bank of Canada-Investments	2	37,523,865.36	38,264,870.53
Accrued interest receivable	3	205,381.95	204,433.27
Provision for Losses Recoverable	4	8,104,845.00	7,342,050.00
Deferred Reinsurance Premiums	5	0.00	0.00
Prepaid expenses	6	<u>7,894.00</u>	<u>8,003.00</u>
		<u>45,841,986.31</u>	<u>45,819,356.80</u>
TOTAL ASSETS		<u><u>47,322,703.44</u></u>	<u><u>46,578,416.18</u></u>
Insurance balances payable		0.00	0.00
Accrued expenses	7	105,869.00	106,908.41
Accounts payable		0.00	0.00
Claims payable		<u>455,747.14</u>	<u>48,580.65</u>
		<u>561,616.14</u>	<u>155,489.06</u>
RESERVES			
Unearned Premium Reserve	9	0.00	0.00
Outstanding losses	8	10,519,778.00	9,015,913.00
Outstanding losses - I.B.N.R.	8	<u>13,622,486.00</u>	<u>12,537,888.00</u>
		<u>24,142,264.00</u>	<u>21,553,801.00</u>
SHAREHOLDERS EQUITY			
Share capital-common shares		1,100.00	1,100.00
Class A preference shares		3,314,000.00	3,314,000.00
Earned surplus at start of year		20,920,154.64	20,798,983.81
Net profit/(loss) for the period		<u>(1,616,431.34)</u>	<u>121,170.83</u>
		<u>22,618,823.30</u>	<u>24,235,254.64</u>
Accum. Other Comprehensive Income		0.00	633,871.48
TOTAL SHAREHOLDERS EQUITY		<u><u>22,618,823.30</u></u>	<u><u>24,869,126.12</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u><u>47,322,703.44</u></u>	<u><u>46,578,416.18</u></u>

COLCHESTER REINSURANCE LIMITED

UNAUDITED STATEMENT OF INCOME FOR THE PERIOD JULY 1 2021 TO JUNE 30, 2022 (EXPRESSED IN CANADIAN \$)

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2022	12 MONTHS TO JUNE 30, 2021
UNDERWRITING INCOME			
Premiums written	0.00	3,231,090.00	1,713,252.74
Unearned premium transfer	807,772.50	0.00	0.00
GROSS EARNED PREMIUMS	807,772.50	3,231,090.00	1,713,252.74
Reinsurers' ceded premiums	0.00	(2,434,608.81)	(1,539,730.92)
Deferred ceded premiums	(608,652.21)	0.00	0.00
Reinsurers' ceded premiums earned	(608,652.21)	(2,434,608.81)	(1,539,730.92)
	199,120.29	796,481.19	173,521.82
TOTAL UNDERWRITING INCOME	199,120.29	796,481.19	173,521.82
UNDERWRITING EXPENSES			
Net losses paid	431,175.24	833,984.55	543,027.63
Outstanding losses adjustment	1,378,824.00	1,503,865.00	238,913.00
Transfer to IBNR	(189,230.00)	1,084,598.00	(46,112.00)
Transfer to prov. for losses recoverable	46,549.00	(762,795.00)	(300,050.00)
NET INCURRED LOSSES	1,667,318.24	2,659,652.55	435,778.63
OTHER UNDERWRITING EXPENSES (see schedule)	20,085.00	81,112.00	77,250.00
TOTAL UNDERWRITING EXPENSES	1,687,403.24	2,740,764.55	513,028.63
UNDERWRITING PROFIT / (LOSS)	(1,488,282.95)	(1,944,283.36)	(339,506.81)
GENERAL AND ADMIN EXPENSES (see schedule)	65,957.42	243,486.93	219,412.76
	(1,554,240.37)	(2,187,770.29)	(558,919.57)
INTEREST INCOME & EXCEPTIONAL ITEMS			
Interest income	241,400.71	968,413.25	945,507.05
Profit/(loss) on sale of invts	(43,159.22)	(43,159.22)	22,572.24
Amortisation of investments	(77,020.13)	(239,382.65)	(169,500.01)
Investment management fees	(22,173.92)	(92,789.97)	(95,252.24)
Investment Custody Fees	(5,411.12)	(21,742.46)	(23,236.64)
	93,636.32	571,338.95	680,090.40
NET PROFIT/(LOSS) BEFORE TAX	(1,460,604.05)	(1,616,431.34)	121,170.83
INCOME TAX	0.00	0.00	0.00
DIVIDEND PAID	0.00	0.00	0.00
NET PROFIT/(LOSS) AFTER TAX	(1,460,604.05)	(1,616,431.34)	121,170.83

COLCHESTER REINSURANCE LIMITED

ANALYSIS OF EXPENSES AS AT JUNE 30, 2022 FOR THE PERIOD JULY 1 2021 TO JUNE 30, 2022

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2022	12 MONTHS TO JUNE 30, 2021
UNDERWRITING EXPENSES			
Brokerage commission	20,085.00	81,112.00	77,250.00
	<u>20,085.00</u>	<u>81,112.00</u>	<u>77,250.00</u>
GENERAL & ADMIN EXPENSES			
Management fees	22,845.33	87,460.55	89,000.00
Directors fees	4,212.00	15,445.88	14,517.45
Audit fees	7,275.00	29,394.15	28,253.42
Tax consultancy fees	1,545.00	1,595.86	1,915.00
Actuarial fees	10,188.08	45,756.32	46,121.59
Insurance Costs - D&O	6,375.00	25,500.00	10,106.25
Secretarial fees	7,937.46	14,968.35	7,250.10
Licence fees	3,947.00	15,897.56	16,973.52
Bank and L.O.C charges	965.05	4,016.73	1,620.96
Communication expenses	667.50	3,451.53	3,654.47
	<u>65,957.42</u>	<u>243,486.93</u>	<u>219,412.76</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. CASH ON DEPOSIT

Royal Bank - Canadian Dollar Call Account	61,321.49
Royal Bank - Premier Canadian Dollar Account	1,419,395.64
	<u>1,480,717.13</u>

2. INVESTMENTS

Investment at cost	38,133,632.53
Amortization	(609,767.17)
Portfolio at amortized cost	<u>37,523,865.36</u>

3. ACCRUED INTEREST RECEIVABLE

Investments - RBC	205,381.95
	<u>205,381.95</u>

4. PROVISION FOR LOSS RECOVERABLES (DISCOUNTED)

Canadian Lawyers Liability Assurance Society

U/W Year	CASE RESERVES	IBNR	TOTAL
2004/2005	0.00	0.00	0.00
2005/2006	0.00	0.00	0.00
2006/2007	0.00	0.00	0.00
2007/2008	0.00	0.00	0.00
2008/2009	0.00	0.00	0.00
2009/2010	0.00	0.00	0.00
2010/2011	0.00	0.00	0.00
2011/2012	0.00	53,496.00	53,496.00
2012/2013	0.00	69,715.00	69,715.00
2013/2014	0.00	82,006.00	82,006.00
2014/2015	0.00	72,123.00	72,123.00
2015/2016	0.00	225,740.00	225,740.00
2016/2017	0.00	193,279.00	193,279.00
2017/2018	0.00	488,322.00	488,322.00
2018/2019	0.00	836,798.00	836,798.00
2019/2020	0.00	1,331,198.00	1,331,198.00
2020/2021	0.00	1,950,186.00	1,950,186.00
2021/2022	0.00	2,801,982.00	2,801,982.00
	<u>0.00</u>	<u>8,104,845.00</u>	<u>8,104,845.00</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

5. DEFERRED REINSURANCE PREMIUMS

Reinsurers' Premium to be earned	(\$2,434,608.81*12/0)	0.00
		<u><u>0.00</u></u>

6. PREPAID EXPENSES

Annual Government Tax	US\$12,500 p.a.	7,894.00
D&O Insurance Premiums	CAD 25,500 p.a.	0.00
		<u><u>7,894.00</u></u>

7. ACCOUNTS PAYABLE/ACCRUED EXPENSES

Audit fees	29,100.00
Investment Fees	22,258.00
Investment Custody Fees	7,247.00
Brokerage Commission	20,085.00
Actuarial Fees	10,188.00
Director's Fees	15,446.00
Consultancy Fee - Tax	1,545.00
	<u><u>105,869.00</u></u>

8. OUTSTANDING LOSSES (DISCOUNTED)

Canadian Lawyers Liability Assurance Society

U/W Year	CASE RESERVES	IBNR	TOTAL
2004/2005	0.00	0.00	0.00
2005/2006	0.00	0.00	0.00
2006/2007	0.00	0.00	0.00
2007/2008	4,868,673	422,117.00	5,290,790.00
2008/2009	-	0.00	0.00
2009/2010	2,428,122	222,036.00	2,650,158.00
2010/2011	122,587	165,782.00	288,369.00
2011/2012	306,438	202,135.00	508,573.00
2012/2013	-	131,073.00	131,073.00
2013/2014	1,207,323	183,871.00	1,391,194.00
2014/2015	110,000	114,703.00	224,703.00
2015/2016	1,050,006	151,284.00	1,201,290.00
2016/2017	31,629	293,294.00	324,923.00
2017/2018	-	699,341.00	699,341.00
2018/2019	50,000	1,215,298.00	1,265,298.00
2019/2020	345,000	2,056,344.00	2,401,344.00
2020/2021		2,965,738.00	2,965,738.00
2021/2022		4,799,470.00	4,799,470.00
	<u><u>10,519,778.00</u></u>	<u><u>13,622,486.00</u></u>	<u><u>24,142,264.00</u></u>

9. UNEARNED PREMIUM RESERVE

Premiums	(\$3,231,090/12*0)	0.00
		<u><u>0.00</u></u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

10. LOSS/EQUITY RATIO

Loss Reserves	24,142,264.00
Shareholder Equity	22,618,823.30
Ratio	107%

An actuarial report is required to be submitted to the Supervisor of Insurance when the Loss Reserve/Equity Ratio exceeds 200%.

11. MARGIN OF SOLVENCY

Assets must exceed liabilities by:

- (1) (US\$125,000 in the first year of operation)
- (2) (US\$125,000, if premium Income of the previous year < US\$750,000)
- (3) (20% of premium income of the previous year, if premium income > US\$750,000 but < US\$5,000,000)
- (4) (US\$1,000,000 + 1/10 of premium income of the previous year, if premium income > US\$5,000,000)

Premiums Earned	173,521.82
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Minimum Solvency Margin re (2) above	155,050.00
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Total Assets	47,322,703.44	
Less: Non-admitted Assets		
Long Term Investments	0.00	
Prepayments	7,894.00	
Total Admitted Assets	47,314,809.44	
Total Liabilities	24,703,880.14	
Solvency Margin (Excess of Assets over Liabilities)		22,610,929.30
Excess over Minimum Solvency Margin		<u>22,455,879.30</u>

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2022
FOR THE PERIOD APRIL 1, 2022 TO JUNE 30, 2022

	Inward Reinsurance of CLLAS EOL 49Mx1M-33%	Inward Reinsurance of CLLAS Agg. Stop Loss 50Mx50M-5%	Inward Reinsurance of CLLAS ADD 50 to 89-011 60Mx160M-10%	Inward Reinsurance of CLLAS Excess Layers 60Mx160M-10%	Outward Retro. of Colchester EOL 5Mx4M-33%	Outward Retro. of Colchester EOL 40Mx10M-23%	Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100%	Outward Retro. of Colchester EOL 30Mx20M-10%	Outward Retro. of Colchester EOL 50Mx50M-5%	Outward Retro. of Colchester Excess Layers 60Mx160M-100%	Total
Limits											
Policy No.											
Policy Period	CLLAS00121 1-Jul-21 to 30-Jun-22	CLLAS00421 1-Jul-21 to 30-Jun-22	ADD 50 to 89-011 1-Jul-21 to 30-Jun-22	CLLAS00221 1-Jul-21 to 30-Jun-22	C216010 - CLLAS000120 1-Jul-21 to 30-Jun-22	C216020 - CLLAS000120 1-Jul-21 to 30-Jun-22	C216016 1-Jul-21 to 30-Jun-22	C211059 1-Jul-21 to 30-Jun-22	C211016 1-Jul-21 to 30-Jun-22	C216008 1-Jul-21 to 30-Jun-22	
Premiums Written	-	-	-	-	-	-	-	-	-	-	-
Trfd from Unearned Prem. Reserv.	738,588.00	22,806.25	23,653.75	22,724.50							807,772.50
Premiums Earned	738,588.00	22,806.25	23,653.75	22,724.50							807,772.50
Reinsurance Premiums Ceded											
Trfd from Deferred Reins. Prem.			-		(123,245.69)	(247,201.82)	(106,250.00)	(87,560.15)	(22,806.24)	(21,588.32)	(608,652.21)
Reinsurance Premiums Earned			-		(123,245.69)	(247,201.82)	(106,250.00)	(87,560.15)	(22,806.24)	(21,588.32)	(608,652.21)
Net Premiums Earned											199,120.29

App. 1a

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2022
FOR THE PERIOD JULY 1, 2021 TO JUNE 30, 2022

	Inward Reinsurance of CLLAS EOL 49Mx1M-33%	Inward Reinsurance of CLLAS Agg. Stop Loss 50Mx50M-5%	Inward Reinsurance of CLLAS ADD 50 to 89-011 30- Jun-22	Inward Reinsurance of CLLAS Excess Layers 60Mx160M-10%	Outward Retro. of Colchester EOL 5Mx4M-33%	Outward Retro. of Colchester EOL 40Mx10M-23%	Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100%	Outward Retro. of Colchester EOL 30Mx20M-10%	Outward Retro. of Colchester EOL 50Mx50M-5%	Outward Retro. of Colchester Excess Layers 60Mx160M-100%	Total
Limits Policy No.	CLLAS00121 1-Jul-21 to 30-Jun-22	CLLAS00421 1-Jul-21 to 30-Jun-22	ADD 50 to 89-011 30- Jun-22	CLLAS00221 1-Jul-21 to 30-Jun-22	C216010 1-Jul-21 to 30-Jun-22	C216020 1-Jul-21 to 30-Jun-22	C216016 1-Jul-21 to 30-Jun-22	C211059 1-Jul-21 to 30-Jun-22	C211016 1-Jul-21 to 30-Jun-22	C216008 1-Jul-21 to 30-Jun-22	
Premiums Written	2,954,352.00	91,225.00	94,615.00	90,898.00							3,231,090.00
Trfd from Unearned Prem. Reserve	-	-	-	-							-
Premiums Earned	2,954,352.00	91,225.00	94,615.00	90,898.00							3,231,090.00
Reinsurance Premiums Ceded					(492,982.71)	(988,807.26)	(425,000.00)	(350,240.60)	(91,224.95)	(86,353.29)	(2,434,608.81)
Trfd from Deferred Reins. Prem.					-	-	-	-	-	-	-
Reinsurance Premiums Earned					(492,982.71)	(988,807.25)	(425,000.00)	(350,240.60)	(91,224.95)	(86,353.29)	(2,434,608.81)
Net Premiums Earned											796,481.19

App. 1b