

# **COLCHESTER REINSURANCE LIMITED**

**PERIODIC REPORTING PACKAGE**

**FOR THE TWELVE MONTHS ENDED JUNE 30, 2019**

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**2. STATEMENTS OF INCOME & RETAINED EARNINGS**

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**PREPARED BY: AON INSURANCE MANAGERS (BARBADOS) LTD**

**ACCOUNT EXECUTIVE: WINSTON HAMPDEN**

**COLCHESTER REINSURANCE LIMITED**  
**UNAUDITED BALANCE SHEET AS AT JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN \$)**

		JUNE 30, 2019	JUNE 30, 2018
<b>ASSETS</b>			
Cash at bank - premier accounts		2,349,059.79	9,231,988.63
Cash & cash equivalents	1	<u>2,349,059.79</u>	<u>9,231,988.63</u>
Royal Bank of Canada-Investments	2	35,828,293.88	50,395,006.04
Accrued interest receivable	3	184,891.24	210,181.89
Provision for Losses Recoverable	4	6,424,000.00	6,082,000.00
Deferred Reinsurance Premiums	5	0.00	0.00
Prepaid expenses	6	5,066.88	6,171.95
		<u>42,442,252.00</u>	<u>56,693,359.86</u>
<b>TOTAL ASSETS</b>		<u><u>44,791,311.79</u></u>	<u><u>65,925,348.51</u></u>
Insurance balances payable		0.00	0.00
Accrued expenses	7	79,059.50	130,612.84
Claims payable		60,331.84	27,094.27
		<u>139,391.34</u>	<u>157,707.11</u>
<b>RESERVES</b>			
Unearned Premium Reserve	9	0.00	0.00
Outstanding losses	8	7,567,000.00	23,231,000.00
Outstanding losses - I.B.N.R.	8	11,352,000.00	10,889,000.00
		<u>18,919,000.00</u>	<u>34,120,000.00</u>
<b>SHAREHOLDERS EQUITY</b>			
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		28,514,484.81	31,772,862.64
Net profit/(loss) for the period		(6,463,973.82)	(3,258,377.81)
		<u>25,365,610.99</u>	<u>31,829,584.83</u>
Accum. Other Comprehensive Income		367,309.46	(181,943.43)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<u><u>25,732,920.45</u></u>	<u><u>31,647,641.40</u></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>		<u><u>44,791,311.79</u></u>	<u><u>65,925,348.51</u></u>

**COLCHESTER REINSURANCE LIMITED**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE PERIOD JULY 1 2018 TO JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN \$)**

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2019	12 MONTHS TO JUNE 30 2018
<b>UNDERWRITING INCOME</b>			
Premiums written	0.00	428,717.05	209,797.60
Unearned premium transfer	107,179.26	0.00	0.00
<b>GROSS EARNED PREMIUMS</b>	<b>107,179.26</b>	<b>428,717.05</b>	<b>209,797.60</b>
Reinsurers' ceded premiums	0.00	(1,068,609.99)	(1,039,021.99)
Deferred ceded premiums	(267,152.50)	0.00	0.00
Reinsurers' ceded premiums earned	(267,152.50)	(1,068,609.99)	(1,039,021.99)
	(159,973.24)	(639,892.94)	(829,224.39)
<b>TOTAL UNDERWRITING INCOME</b>	<b>(159,973.24)</b>	<b>(639,892.94)</b>	<b>(829,224.39)</b>
<b>UNDERWRITING EXPENSES</b>			
Net losses paid	25,616.00	22,085,234.30	2,329,254.00
Outstanding losses adjustment	(186,000.00)	(15,664,000.00)	480,000.00
Transfer to IBNR	739,000.00	463,000.00	(1,904,000.00)
Transfer to prov. for losses recoverable	(316,000.00)	(342,000.00)	347,000.00
<b>NET INCURRED LOSSES</b>	<b>262,616.00</b>	<b>6,542,234.30</b>	<b>1,252,254.00</b>
<b>OTHER UNDERWRITING EXPENSES</b> (see schedule)	<b>19,312.50</b>	<b>75,562.50</b>	<b>75,000.00</b>
<b>TOTAL UNDERWRITING EXPENSES</b>	<b>281,928.50</b>	<b>6,617,796.80</b>	<b>1,327,254.00</b>
<b>UNDERWRITING PROFIT / (LOSS)</b>	<b>(441,901.74)</b>	<b>(7,257,689.74)</b>	<b>(2,156,478.39)</b>
<b>GENERAL AND ADMIN EXPENSES</b> (see schedule)	<b>48,661.27</b>	<b>193,704.47</b>	<b>184,579.84</b>
	<b>(490,563.01)</b>	<b>(7,451,394.21)</b>	<b>(2,341,058.23)</b>
<b>INTEREST INCOME &amp; EXCEPTIONAL ITEMS</b>			
Interest income	419,125.62	1,278,798.65	1,604,455.10
Profit/(loss) on sale of invts	104,864.31	104,864.31	0.00
Profit/(loss) on exchange	0.00	0.00	0.00
Amortisation of investments	(227,893.54)	(247,222.31)	(343,183.52)
Investment management fees	(22,449.48)	(111,796.33)	(138,187.92)
Investment Custody Fees	(4,774.23)	(22,711.99)	(27,669.37)
	268,872.68	1,001,932.33	1,095,414.29
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>(221,690.33)</b>	<b>(6,449,461.88)</b>	<b>(1,245,643.94)</b>
<b>INCOME TAX</b>	<b>4,988.29</b>	<b>14,511.94</b>	<b>12,733.87</b>
<b>DIVIDEND PAID</b>	<b>0.00</b>	<b>0.00</b>	<b>2,000,000.00</b>
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(226,678.62)</b>	<b>(6,463,973.82)</b>	<b>(3,258,377.81)</b>

# COLCHESTER REINSURANCE LIMITED

## ANALYSIS OF EXPENSES AS AT JUNE 30, 2019 FOR THE PERIOD JULY 1 2018 TO JUNE 30, 2019

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2019	12 MONTHS TO JUNE 30 2018
<b>UNDERWRITING EXPENSES</b>			
Brokerage commission	19,312.50	75,562.50	75,000.00
	<u>19,312.50</u>	<u>75,562.50</u>	<u>75,000.00</u>
<b>GENERAL &amp; ADMIN EXPENSES</b>			
Management fees	23,000.00	87,500.00	86,000.00
Directors fees	14,480.60	19,070.60	7,650.00
Audit fees	6,250.00	31,848.58	33,610.00
Actuarial fees	880.83	30,876.15	35,307.00
Legal fees	0.00	0.00	1,498.00
Insurance Costs - D&O	1,996.88	7,987.50	7,988.00
Secretarial fees	0.00	6,827.34	6,527.00
Bank and L.O.C charges	311.60	1,030.31	751.84
Communication expenses	1,741.36	3,772.35	2,260.00
Travel	0.00	4,791.64	2,988.00
	<u>48,661.27</u>	<u>193,704.47</u>	<u>184,579.84</u>

**COLCHESTER REINSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**1. CASH ON DEPOSIT**

Royal Bank - Canadian Dollar Call Account	26,503.37
Royal Bank - Premier Canadian Dollar Account	2,322,556.42
Royal Bank - Time Deposit Account	0.00
	<b><u>2,349,059.79</u></b>

**2. INVESTMENTS**

Investment at cost	35,953,159.93
Amortization	(492,175.51)
Portfolio at amortized cost	<b><u>35,460,984.42</u></b>
Unrealized gain / (loss)	367,309.46
Portfolio at market value	<b><u>35,828,293.88</u></b>

**3. ACCRUED INTEREST RECEIVABLE**

Investments - RBC	184,891.24
	<b><u>184,891.24</u></b>

**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	10,000.00	10,000.00
2006/2007	0.00	55,000.00	55,000.00
2007/2008	0.00	66,000.00	66,000.00
2008/2009	0.00	66,000.00	66,000.00
2009/2010	0.00	0.00	0.00
2010/2011	0.00	0.00	0.00
2011/2012	0.00	168,000.00	168,000.00
2012/2013	0.00	144,000.00	144,000.00
2013/2014	0.00	242,000.00	242,000.00
2014/2015	0.00	480,000.00	480,000.00
2015/2016	0.00	787,000.00	787,000.00
2016/2017	0.00	1,130,000.00	1,130,000.00
2017/2018	0.00	1,492,000.00	1,492,000.00
2018/2019	0.00	1,784,000.00	1,784,000.00
	<b>0.00</b>	<b>6,424,000.00</b>	<b>6,424,000.00</b>

**COLCHESTER REINSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**5. DEFERRED REINSURANCE PREMIUMS**

Reinsurers' Premium to be earned	(\$1,068,609.99*12/0)	0.00
		<u><b>0.00</b></u>

**6. PREPAID EXPENSES**

Annual Government Tax	US\$12,500 p.a.	5,066.88
		<u><b>5,066.88</b></u>

**7. ACCOUNTS PAYABLE/ACCRUED EXPENSES**

Audit fees	25,000.00
Investment Fees	28,058.00
Investment Custody Fees	3,610.00
Brokerage Commission	19,312.50
Actuarial Fees	3,079.00
	<u><b>79,059.50</b></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	50,000.00	50,000.00
2006/2007	0.00	182,000.00	182,000.00
2007/2008	3,500,000.00	535,000.00	4,035,000.00
2008/2009	0.00	220,000.00	220,000.00
2009/2010	2,000,000.00	424,000.00	2,424,000.00
2010/2011	176,000.00	359,000.00	535,000.00
2011/2012	375,000.00	391,000.00	766,000.00
2012/2013	0.00	271,000.00	271,000.00
2013/2014	940,000.00	474,000.00	1,414,000.00
2014/2015	0.00	735,000.00	735,000.00
2015/2016	444,000.00	1,242,000.00	1,686,000.00
2016/2017	132,000.00	1,719,000.00	1,851,000.00
2017/2018	0.00	2,137,000.00	2,137,000.00
2018/2019	0.00	2,613,000.00	2,613,000.00
	<u><b>7,567,000.00</b></u>	<u><b>11,352,000.00</b></u>	<u><b>18,919,000.00</b></u>

**9. UNEARNED PREMIUM RESERVE**

Premiums	(\$428,717.05/12*0)	0.00
		<u><b>0.00</b></u>

**COLCHESTER REINSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**10. LOSS/EQUITY RATIO**

Loss Reserves	18,919,000.00
Shareholder Equity	25,365,610.99
Ratio	<b>75%</b>

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 at December 31, 2018	234,161.40
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Minimum Solvency Margin re (2) above	164,162.50
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Total Assets	44,791,311.79	
Less: Non-admitted Assets		
Long Term Investments	0.00	
Prepayments	5,066.88	
Total Admitted Assets	44,786,244.91	
Total Liabilities	19,058,391.34	
Solvency Margin (Excess of Assets over Liabilities)		25,727,853.57
<b>Excess over Minimum Solvency Margin</b>		<b><u>25,563,691.07</u></b>

**COLCHESTER REINSURANCE LIMITED**  
**UNDERWRITING ANALYSIS AS AT JUNE 30, 2019**  
**FOR THE PERIOD APRIL 1, 2019 TO JUNE 30, 2019**

	Inward Reinsurance of CLLAS EOL 49Mx1M-20%	Inward Reinsurance of CLLAS Agg. Stop Loss 10Mx5M-100%	Inward Reinsurance of CLLAS Excess Layers 40Mx160M-7.5% 60Mx160M-7.5%	Outward Retro. of Colchester EOL 5Mx5M-20%	Outward Retro. of Colchester EOL 40Mx10M-20%	Outward Retro. of Colchester Agg. Stop Loss 15Mx2.5M-100%	Outward Retro. of Colchester Excess Layers 40Mx160M-5% 60Mx160M-5%	Total
Limits								
Policy No.	CLLAS00117	ADD 47 to 89-011	CLLAS00217	PCOLC000116	PCOLC000216	PCOLC000316	PCOLC000816	
Policy Period	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	
Premiums Written	-	-	-	-	-	-	-	-
Trfd from Unearned Prem. Reserv	76,437.26	21,147.75	9,594.25					107,179.26
Premiums Earned	76,437.26	21,147.75	9,594.25					107,179.26
Reinsurance Premiums Ceded				-	-	-	-	-
Trfd from Deferred Reins. Prem.		-		(206,400.52)	-	(51,637.50)	(9,114.48)	(267,152.50)
Reinsurance Premiums Earned		-		(206,400.52)	-	(51,637.50)	(9,114.48)	(267,152.50)
Net Premiums Earned								(159,973.24)

App. 1a



**COLCHESTER REINSURANCE LIMITED**  
**UNDERWRITING ANALYSIS AS AT JUNE 30, 2019**  
**FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019**

	Inward Reinsurance of CLLAS EOL 49Mx1M-20%	Inward Reinsurance of CLLAS Agg. Stop Loss 10Mx5M-100%	Inward Reinsurance of CLLAS Excess Layers 40Mx160M-5% 60Mx160M-5%	Outward Retro. of Colchester EOL 5Mx5M-20%	Outward Retro. of Colchester EOL 40Mx10M-20%	Outward Retro. of Colchester Agg. Stop Loss 15Mx2.5M-100%	Outward Retro. of Colchester Excess Layers 40Mx160M-5% 60Mx160M-5%	Total
Limits								
Policy No.	CLLAS00116	ADD 46 to 89-011	CLLAS00216	PCOLC000116	PCOLC00021	PCOLC000316	PCOLC000816	
Policy Period	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	1-Jul-18 to 30-Jun-19	
Premiums Written	305,749.05	84,591.00	38,377.00			-		428,717.05
Trfd from Unearned Prem. Reserve	-	-	-					-
Premiums Earned	<u>305,749.05</u>	<u>84,591.00</u>	<u>38,377.00</u>					<u>428,717.05</u>
Reinsurance Premiums Ceded				(825,602.08)	-	(206,550.00)	(36,457.91)	(1,068,609.99)
Trfd from Deferred Reins. Prem.		-	-	-		-	-	-
Reinsurance Premiums Earned		<u>-</u>		<u>(825,602.08)</u>	<u>-</u>	<u>(206,550.00)</u>	<u>(36,457.91)</u>	<u>(1,068,609.99)</u>
Net Premiums Earned								<u>(639,892.94)</u>

App. 1b

# COLCHESTER REINSURANCE LIMITED

## SCHEDULE OF SHORT-TERM DEPOSITS & ACCRUED INVESTMENT INCOME

AS AT JUNE 30, 2019

(Expressed in CAD)

(Base days = 365)

Bank	Value Date	Maturity Date	Original Currency	----- Principal -----  Original Currency	CAD	Interest Rate	Days Accrued	- Accrued Interest -   Original Currency	US\$
<u>Interest Bearing Instruments - Deposits</u>									
Royal Bank of Canada			CAD	0.00	0.00	3.915%	2738	0.00	0.00
				<u>0.00</u>	<u>0.00</u>			<u>0.00</u>	<u>0.00</u>

TOTAL SHORT TERM DEPOSITS - CAD

\$0.00

ACCRUED INVESTMENT INCOME - CAD

\$0.00

To NOTE 2.

To NOTE 3.