

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

Minutes of a Meeting of the Advisory Board

8:30 a.m.
Davies Ward Phillips & Vineberg LLP
44th Floor, 1 First Canadian Place
Toronto, Ontario

Tuesday, September 11, 2012

Present:

Nicholas Leblovic (Chairman)	Davies Ward Phillips & Vineberg LLP
Robert Love	Borden Ladner Gervais LLP
Gord Goodman	Cassels Brock & Blackwell LLP
John Esvelt	Fraser Milner Casgrain LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Ken Crofoot	Goodmans LLP
Bill Scott	McCarthy Tetrault LLP
Daniel MacDonald	McMillan LLP
David Morritt	Oslers LLP
Julia Holland	Torys LLP
Patrick Mahoney	Office of the General Manager
Norma Ibbetson	Office of the General Manager
Joe Tontini	Dion, Durrell

1. Constitution of Meeting

The Chairman brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the June 19, 2012 Meeting of the Advisory Board

It was moved by Donald Milner and seconded by Gord Goodman that the minutes of the June 19, 2012 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Comments of the Chair

Mr. Leblovic commented on how the CLLAS rate compared with the market rates. He said that Blakes had indicated that its rate was about 20% lower than the 2011/12 CLLAS premium. CLLAS used this as a benchmark in the recent renewal discussions and obtained roughly a 15% reduction on reinsurance rates at 2012/13. The Chair was very pleased with the renewal but cautioned that there were no guarantees that the rates would hold for the next renewal.

The Chair advised that the General Manager's office will review CLLAS's surplus against the surplus target with a view to making any appropriate recommendations to the board at the December meeting.

The Chair reported that he would be meeting with John Walker in the next few weeks to discuss marketing of e-learning, including the required corporate structure.

5. Expanding Membership

The Chair discussed the fact that Blakes' departure and the merger of McMillan and Lang Michener has resulted in CLLAS' membership decreasing to 11 firms. He said that the Board should consider the potential to add new firms to CLLAS. The Board has discussed expanding membership in the past and there seemed to be little appetite and firms outside of CLLAS may have the impression that CLLAS is not interested in new members. Now that CLLAS is at 11 members firms it might be time to approach one or two firms who fit the membership criteria and gauge their interest in joining CLLAS.

A natural approach might be to talk to the firms who have expressed an interest in accessing the e-learning program. Chair undertook to raise this issue if appropriate with some of these firms. The suggestion was made that perhaps John Walker could undertake a high-level risk management audit of potential applicants prior to CLLAS confirming membership.

6. Report of the General Manager's Office

Management Report at June 30, 2012

Mr. Mahoney reviewed the June 30, 2012 Financial Statements. These statements reflect the Loss Portfolio Transfer (LPT) that took place at 11:59 pm June 30, 2012. Premium for LPT is reflected under "due to reinsurers" on the Statement of Financial Position. The "provision for unpaid claims recoverable from reinsurers" has increased substantially to reflect transfer of claims liabilities under the LPT. Investment income will be reduced once the premium for the LPT is actually paid. CLLAS' surplus has been reduced as a result of the LPT.

Mr. Mahoney reported that the final outstanding issue with a single reinsurer on claim 2004-194 has been resolved and we have received all the outstanding monies.

Mr. Mahoney reviewed the "Budget Variance Analysis" and pointed out that the Professional Services –Restructuring line is likely to finish the year over the budget amount. As well, the "Other Expenses" line related to legal services for the restructuring is also likely to be exceeded as there was more work involved than initially anticipated.

Restructuring Update

CLLAS initiated a Loss Portfolio Transfer to transfer CLLAS' outstanding net retained liabilities for the policy year periods from inception to the period ending June 3, 2012 inclusive. This reduces significantly CLLAS surplus requirements. CLLAS reinsured its net claims liabilities, including provision for adverse deviation as at June 30, 2012 to Colchester for a premium of \$44,270,000.

As part of the restructuring, CLLAS sought and obtained approval to have Alberta made its principal regulator. This took place at July 1, 2012. The Alberta regulator has been actively involved in the review and finalization of the LPT, Subscribers Agreement, Reinsurance Security Agreement, etc.

Reinsurance Placement/Reinsurance Security Report Update

The Reinsurance Security Report is dealt with by the Audit Committee and reported on at the February Board meeting. The summary circulated in the current Board material is an interim update which is conducted after the July 1st reinsurance placement which includes new markets.

Joe Tontini reviewed the final placement terms achieved for the July 1, 2012 reinsurance renewal which are in line with the authorization provided by the Board at the June meeting. Mr. Tontini's memorandum of September 6, 2012 is included with the Board meeting materials. In summary:

- Insurance structure at renewal remains unchanged from the prior year except that the Blanket Excess cover now provides protection excess of the CLLAS International Policies
- CLLAS reduced its retention from 25% of the \$49 MM xs \$1MM layer and 100% of the \$975,000 drop down to retaining only the drop down.
- One Lloyd's syndicate and 2 reinsurers left the program but CLLAS added 2 new Lloyd's syndicates and one new reinsurer (Allianz).
- Reinsurers' security ratings remain strong, including with the new markets.
- The reduced membership with the departure of Blakes' results in an increased fixed cost per lawyer to CLLAS member firms due to the allocation of operating expenses over a smaller base.
- The most significant policy change was the explicit inclusion of cyber coverage in the policy wording to clarify that the intent of the policy is to provide coverage for "cyber" exposures as they relate directly or indirectly to "Professional Services". As well, the addition of an "Economic or Financial Sanctions Exclusion" has been added as it was a requirement of many reinsurers. This excludes coverage which would expose CLLAS to any sanction, prohibition or restriction under any economic or financial sanctions legislation applicable to CLLAS.
- Reinsurers will require some additional information from firms relating to cyber-coverage so future renewal applications will include some questions specific to cyber-coverage.
- CLLAS' per claim retention has been significantly reduced so some amendments to the aggregate stop-loss protection was required.
- Net Rates are \$3,453.00 vs. \$4,271.00 for the previous year.

Mr. Tontini reiterated the Chair's comments that if the market conditions remain the same, it is unlikely that CLLAS will be looking for further rate reductions at next year's renewal.

7. Presentation by CBIA

Several members of the CBIA Board, their COO and their actuarial consultant joined the meeting to make a presentation to the CLLAS firms with respect to the services the CBIA offers.

8. Report of the General Manager's Office cont'd

Disclosure Statement

This is the statement sent by a member firm to their client when they are acting against another CLLAS member firm in litigation that could exceed \$1 million. The disclosure statement has not been reviewed in any material way since it was first introduced and there is a suggestion that its objectives can be appropriately met while reducing the level of disclosure.

Consideration should be given to eliminating all names of the CLLAS firms save and except the two firms involved in the litigation as well as removing the reference to specific insurance limits. The outline of the CLLAS structure should remain. The suggestion was also made to include a header that says "Highly Privileged and Confidential Document" and perhaps have one Disclosure Statement for claims below the umbrella and a second for claims above the umbrella layer.

Any additional comments should be provided to the General Manager's office and it is anticipated that the revised document will be available mid-October.

9. Report of the Claims Committee

In the absence of the Chair, Patrick Mahoney reported to the Board. There are currently 22 files on the list of which five have been settled.

10. Report of the Risk Management Committee

Bill Scott reported on the activities of the Committee since the last meeting.

E-learning – Mr. Walker reported to the Committee that there are currently six firms actively using the program

Re-audit Proposal – Mr. Walker is currently trying to schedule the re-audits.

Risk Management Seminar – The Committee is still working on formulating a structure for a seminar at which firms would present one of their own risk management policies to the other firms. The idea is to cover off five or six "best practices" in two hours. The timing for the seminar could be as early as the Fall of this year.

11. Report of the Policy Committee

Donald Milner reported that there are no new issues. All the changes reported at the June board meeting have been implemented. There has been some discussion on the Excess Commercial policy definitions of Insured, as it does not currently include a category of consultant. Further investigation will take place on whether this is an issue or if the liberalization clause takes care of the concern.

12. Report of the Investment Manager at June 30, 2012

This is an information item only. Once the premium has been transferred to Colchester, we will need to review the current investment policy. In the meantime, as investments come due, they are being invested in short term investments to accommodate the material LPT premium which will be paid in the Fall.

13. Other Business

Mr. Mahoney advised that discussions with the Quebec authorities with respect to licencing continue. McCarthy Tetrault is assisting in this regard.

14. Next Meeting

The next regularly scheduled meeting of the Board will be on December 11, 2012.

There being no further business, the meeting was terminated.

Chairman

Secretary

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

**MINUTES OF THE MEETING OF THE ADVISORY BOARD HELD VIA TELECONFERENCE,
DECEMBER 3, 2012, 2:00 P.M. TORONTO TIME**

Present:

Nicholas Leblovic (Chairman)	Davies Ward Phillips & Vineberg LLP
Barry Bresner	Borden Ladner Gervais LLP
Gord Goodman	Cassels Brock & Blackwell LLP
John Esvelt	Fraser Milner Casgrain LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Ken Crofoot	Goodmans LLP
Bill Scott	McCarthy Tetrault LLP
Daniel MacDonald	McMillan LLP
David Morritt	Oslers LLP
Julia Holland	Torys LLP
Mike Swartz	WeirFoulds LLP
Patrick Mahoney	Office of the General Manager
Norma Ibbetson	Office of the General Manager

1. Constitution of Meeting

The Chairman brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Audit Services Proposals

The Chair of the Audit Committee reported that the Committee met November 26th and discussed the proposals for Audit Services provided by KPMG, PWC and E&Y. The meeting minutes and the Audit Committees recommendation were circulated to the Board.

Subsequent to the November 26th meeting, the Audit Committee met via conference call on December 2, 2012 to discuss recent developments with respect to the termination of a transaction between DDA and Deloitte which eliminated the "independence" issue that had given originally rise to the requirement that Deloitte resign as auditor of CLLAS. As a result the Committee concluded that it was appropriate to reconsider their recommendation made at the November 26th meeting. In attendance were Gord Goodman, Mike Swartz, David Morritt, Nick Leblovic and Patrick Mahoney. Mr. Mahoney provided the Committee with some background to the circumstances that lead Dion Durrell not to proceed with their transaction with Deloitte. After consideration of recent developments, the Committee concluded that it was not an easy decision given the quality of all of the audit firms, but in the end the Committee decided that it

would be best to revise their original recommendation and continued with the engagement of Deloitte as auditor.

It was moved by Gord Goodman and seconded by Donald Milner that Deloitte be asked to withdraw its resignation letter of November 21, 2012 and that Deloitte's appointment as auditor of CLLAS for the 2012 fiscal year be confirmed. The motion was carried unanimously.

4. Other Business

There was no other business.

5. Next Meeting

The next regularly scheduled meeting of the Board will be on December 11, 2012.

There being no further business, the meeting was terminated.

Chairman

Secretary

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

For the Period Ending September 30, 2012

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

September 30, 2012

CONTENTS

Exhibit I	Statement of Financial Position
Exhibit II	Statement of Comprehensive Income
Exhibit III	Statement of Changes in Equity
Exhibit IV	Operating Budget Variance Analysis

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF FINANCIAL POSITION
September 30, 2012

	As at September 30, 2012	As at September 30, 2011
ASSETS		
Cash	4,050,424	2,765,733
Short term investments	14,252,333	24,637,740
Bonds	42,978,105	44,393,475
Interest income due and accrued	310,085	337,661
Premium receivable	7,114,364	8,503,372
Other receivable	0	1,733,852
Prepaid expenses	204,750	204,750
Deferred policy acquisition costs	299,638	357,486
Unearned reinsurance premium ceded	8,142,500	8,913,037
Reinsurance recoverable	1,609,798	934,854
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	65,040,000	38,812,000
	<u>144,001,997</u>	<u>131,593,959</u>
LIABILITIES		
Accounts payable & accrued charges	462,403	511,439
Premium taxes payable	115,594	315,913
Unearned premium	10,642,309	12,731,824
Due to reinsurers	49,703,848	5,953,471
Provision for unpaid claims and adjustment expenses	70,390,000	89,034,000
	<u>131,314,153</u>	<u>108,546,648</u>
SUBSCRIBERS' EQUITY		
Surplus	10,670,509	20,791,536
Accumulated Other Comprehensive Income (Loss),	2,017,334	2,255,775
	<u>12,687,844</u>	<u>23,047,311</u>
	<u>144,001,997</u>	<u>131,593,959</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending September 30, 2012

	Current Year		Prior Year	
	Quarter September 30, 2012	Year to Date September 30, 2012	Quarter September 30, 2011	Year to Date September 30, 2011
Written Premium	14,228,728	14,228,728	17,006,743	17,006,743
Gross Written Premiums	14,228,728	14,228,728	17,006,743	17,006,743
Less: Reinsurance Ceded	10,876,493	55,146,493	11,905,735	11,905,735
Net Written Premiums	3,352,235	(40,917,765)	5,101,008	5,101,008
Change in Unearned Premiums	(2,499,809)	36,758	(3,818,788)	168,646
Earned Premiums	852,426	(40,881,007)	1,282,220	5,269,654
Claims Paid	0	6,294,394	11,413	461,097
Change in IBNR	(64,000)	(26,099,000)	(127,000)	1,754,000
Change in Case Reserve	0	(14,063,000)	2,432,000	4,087,000
Premium Deficiency Expense	0	(586,000)	0	(548,000)
Incurred Claims	(64,000)	(34,453,606)	2,316,413	5,754,097
Management and operating expenses	380,867	1,686,730	664,102	1,881,728
Reinsurance fees	68,250	204,750	68,250	204,750
Premium taxes	99,879	99,879	(562,589)	(475,273)
Total Operating Expenses	548,997	1,991,359	169,764	1,611,205
Underwriting Gain (Loss)	367,430	(8,418,759)	(1,203,956)	(2,095,648)
Investment Income	388,320	1,183,382	472,963	1,309,249
Income on Claim Related Matters	0	0	0	1,559,658
Interest Income on Premium Tax	82,438	82,438	0	0
NET GAIN/(LOSS)	<u>838,188</u>	<u>(7,152,940)</u>	<u>(730,993)</u>	<u>773,259</u>
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale financial assets arising during the year	(44,398)	(290,982)	950,169	1,057,722
Recognition of realized (gain) loss included in income	(28)	5,884	-	-
Other comprehensive income (loss) for the year	(44,426)	(285,098)	950,169	1,057,722
Total comprehensive income (loss)	<u>793,762</u>	<u>(7,438,038)</u>	<u>219,175</u>	<u>1,830,981</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF CHANGES IN EQUITY
September 30, 2012

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on AFS financial assets	Total Equity
Balance, beginning of year	50,000	17,773,450	2,302,432	20,125,881
Prior year adjustment		-		-
Comprehensive income (loss) for the year				
Net gain (loss) for the year		(7,152,940)		(7,152,940)
Other comprehensive income (loss)				
Change in unrealized gain on available-for-sale assets			(290,982)	(290,982)
Recognition of realized (gain) loss on available-for-sale assets			5,884	5,884
Total comprehensive income (loss) for the year		(7,152,940)	(285,098)	(7,438,038)
Balance at September 30, 2012	50,000	10,620,509	2,017,334	12,687,844

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED September 30, 2012

	Annual Budget	Year to Date Budget % Accrued to Date	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES	588,000	75%	441,000	440,907	93
PROFESSIONAL SERVICES					
Actuarial Services	102,000	83%	84,660	80,106	4,554
Reinsurance Matters	375,000	83%	311,250	300,985	10,265
Strategic Matters	120,000	83%	99,600	15,861	83,739
Restructuring	225,000	83%	186,750	219,925	(33,175)
Sub-Total Professional Services	822,000		682,260	616,877	65,383
GST/HST on Consulting Fees	183,300		146,024	137,512	8,512
Total Management & Professional Services * (See Note 1)	1,593,300		1,269,284	1,195,296	73,988
OTHER EXPENSES					
Audit Expenses	84,000	75%	63,000	82,914	(19,914)
Annual Dinner	7,000	100%	7,000	6,714	287
Premium Taxes	545,000	75%	408,750	99,879	308,871
Premium Taxes: Interest	-		-	46,386	(46,386)
Chairman's Expenses	2,000	75%	1,500	507	993
Chairman's Honourarium	75,000	100%	75,000	75,000	-
Reinsurance Expense	10,000	75%	7,500	6,332	1,168
Office Expenses	25,000	75%	18,750	24,191	(5,441)
Office Expenses - Website management software license	1,000	100%	1,000	1,188	(188)
Claims: Borderaux (LSUC)	15,000	75%	11,250	15,140	(3,890)
Special Services	100,000	75%	75,000	69,971	5,029
Special Services - Restructuring	75,000	75%	56,250	-	56,250
Miller Insurance Fees (Reins. Comm.) (See Note 2)	300,000	75%	225,000	204,750	20,250
I.B.C Statistical Plan Fees	16,000	75%	12,000	15,264	(3,264)
FSCO Assessment Fees	10,000	75%	7,500	(1,312)	8,812
Investment counsel fees	167,000	75%	125,250	103,279	21,971
Investment - Custodial	47,000	75%	35,250	30,763	4,487
Risk Management/Loss Prevention	100,000	75%	75,000	11,273	63,727
License Fee	5,000	75%	3,750	3,814	(64)
Insurance: Sundry	-		-	11	(11)
Sub-total	1,584,000		1,208,750	796,063	412,687
TOTAL	3,177,300		2,478,034	1,991,359	486,675

*** NOTE 1: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET**

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

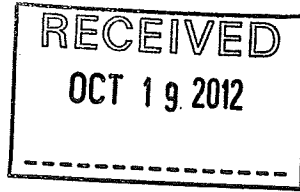
First Quarter, ending March 31st	26%
Second Quarter, ending June 30th	41%
Third Quarter, ending September 30th	16%
Fourth Quarter, ending December 31st	17%
	<u>100%</u>

*** NOTE 2: MILLER INSURANCE FEES (Reins. Comm.)**

The annual budget is based upon the annual fee estimated for the policy period 2011/2012.

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October 17, 2012

Mr. Patrick Mahoney,
Dion, Durrell + Associates Inc.,
2900 - 250 Yonge St.,
Toronto, ON M5B 2L7

Dear Patrick:

Re: Canadian Lawyers Liability Assurance Society

Please find enclosed our quarterly investment report on CLLAS for the period ending September 30 last. We have also included an additional schedule which details the date to date gains and losses for each of the individual holdings in the Long Term Investment Fund over the quarter.

The originals of the two separate accounts for the Short and the Long Term Investment Funds have been sent to RBC Dexia Investor Services for payment.

It was a mixed quarter for the domestic bond market as shorter term yields shifted slightly higher, while longer term yields showed little net change. As a result of the uptick in short term yields and the amortization towards par of shorter term holdings trading at premiums, the Long Term Investment Fund recorded a small capital loss. However, this was more than offset by income returns.

During the period the proceeds of a corporate bond maturity in the Long Term Fund were used to purchase money market securities in the Short Term Fund.

Please let me know if there are any questions or comments on the report.

With best regards,

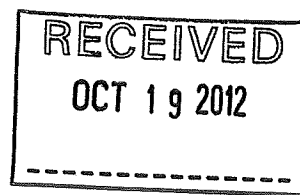
Yours sincerely,

A handwritten signature in black ink, appearing to read "Richard Bell". The signature is fluid and cursive, with a large initial "R" and "B".

RWB/mab
Enclosures

Duplicate

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October 17, 2012

In account with

Canadian Lawyers Liability Assurance Society
- Long Term Investment Fund

Valuation of Long Term Investment Fund
at September 30, 2012

\$42,975,126

Investment Counsel Fee for the period
July 1 to September 30, 2012
at .0625% (1/4 of .25% per annum)

\$26,859.45

Harmonized Sales Tax (HST) at 13%

3,491.73

\$30,351.18

Please return this account when
making payment so that it may be
receipted and sent back to you.

HST Registration No. R103546115

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October 17, 2012

In account with

Canadian Lawyers Liability Assurance Society
- Short Term Investment Fund

Valuation of Short Term Investment Fund
at September 30, 2012

\$14,252,667

Investment Counsel Fee for the period
July 1 to September 30, 2012
at .025% (1/4 of .10% per annum)

\$3,563.17

Harmonized Sales Tax (HST) at 13%

463.21

\$4,026.38

Please return this account when
making payment so that it may be
receipted and sent back to you.

HST Registration No. R103546115



CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
FOR QUARTER ENDING SEPTEMBER 30, 2012

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INDEPENDENT INVESTMENT COUNSEL

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CLLAS

CANADIAN LAWYERS LIABILITY **ASSURANCE SOCIETY**

COMMENTARY FOR THE QUARTER ENDING SEPTEMBER 30, 2012

Review of Market Yields

Bond yields across all maturities fell back early in the quarter before experiencing a sharp jump during August. However, yields subsequently turned down and edged lower over the balance of the quarter. At the end of September the results were mixed as the yields on issues maturing in five years or less closed the period slightly higher, while the yields on longer term issues were practically unchanged.

As a result of these small shifts, the slope of the yield curve flattened slightly as the yield advantage of 10-year issues over T-Bills edged lower to .76%, from .87% at the end of September.

	Jan. 1/95	Mar. 31/12	Jun. 30/12	Sep. 30/12
3-Month Treasury Bills	6.80%	0.91%	0.87%	0.97%
5-year Canadas	8.99%	1.57%	1.25%	1.30%
10-year Canadas	9.09%	2.11%	1.74%	1.73%

During the third quarter, the valuation of the Long Term Investment Fund declined \$85,661, or 0.2% on a capital basis.

At September 30, 2012, the average term to maturity of the Long Term Investment Fund stood at 3.3 years, compared to 3.5 years three months earlier.

During the quarter, in the Long Term Investment Fund, a corporate bond matured and the resulting proceeds were transferred to the Short Term fund for reinvestment. Further activity involved the roll-over of maturities in the Short Term account.

The table below shows the distribution of the assets held in both the Short and Long Term Investment Funds at September 30.

<i>Distribution at September 30, 2012</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$14,252,667	24.9%
Long Term Investment Fund	42,975,126	75.1%
TOTAL COMBINED VALUATION	\$57,227,793	100.0%

CLLAS

CANADIAN LAWYERS LIABILITY **ASSURANCE SOCIETY**

The following pages set out tables, commentary and schedules on the items listed below:

- Investment Performance: Summary of Capital Performance and Total Returns for the Long Term Investment Fund
- (Returns Exclude Investment Counsel Fees)
- Total Returns vs. Benchmarks - Gross and Net of Fees
- Distribution of Securities in the Long Term Investment Fund
by Credit Risk and by Maturity
- Compliance Statement
- Quarterly Performance Report - Gross of Fees: Long Term Investment Fund
- Bond Market Commentary and Future Policy
- Security Holdings in the Short and Long Term Investment Funds
Listed and Valued Separately as at September 30, 2012
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

CLLAS

LONG TERM INVESTMENT FUND

SUMMARY OF CAPITAL PERFORMANCE SINCE THE STARTING DATE OF JANUARY 1, 1995

	Jan. 1/95	Mar. 31/12	Jun. 30/12	Sep. 30/12
<i>Valuation of Long Term Investment Fund</i>	<i>\$3,466,369</i>	<i>\$43,681,609</i>	<i>\$43,360,787</i>	<i>\$42,975,126</i>
Cumulative Capital Added (Net) since January 1, 1995		\$37,761,199	\$37,258,406	\$36,958,406

Quarterly Capital Change		-\$475,458	+\$181,971	-\$85,661
Quarterly Capital % Change		- 1.1%	+ 0.5%	-0.2%

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIODS ENDING SEPTEMBER 30, 2012 (ANNUALIZED)

	Five Years	Four Years	Three Years	Two Years	One Year	Last 3 Months
<i>Long Term Investment Fund</i>	<i>5.32%</i>	<i>5.17%</i>	<i>3.97%</i>	<i>3.69%</i>	<i>2.78%</i>	<i>0.68%</i>
DEX Canada Short Bond Index	4.43%	3.94%	2.90%	2.52%	1.26%	0.33%
DEX Provincial Short Bond Index	4.88%	4.64%	3.45%	3.04%	1.93%	0.62%

CLLAS

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING SEPTEMBER 30, 2012

	Since Inception Oct. 1/08 *	Three Years*	Two Years *	One Year	Last 3 Months
<i>Long Term Investment Fund – Gross of Fees</i>	5.17%	3.97%	3.69%	2.78%	0.68%
<i>Long Term Investment Fund – Net of Fees</i>	4.88%	3.69%	3.40%	3.40%	0.61%
Benchmark Portfolio **	5.71%	4.71%	4.32%	3.14%	0.68%

* Annualized

** The Benchmark Portfolio, adopted from October 1, 2008, is based on the sum of the following total return indices:

30% DEX Short Term Federal Bond Index
30% DEX Short Term Provincial Bond Index
20% DEX Mid Term Federal Bond Index
20% DEX Mid Term Provincial Bond Index

SHORT TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING SEPTEMBER 30, 2012

	Since Inception Oct. 1/08 *	Three Years*	Two Years *	One Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	0.80%	0.74%	0.92%	0.91%	0.23%
<i>Short Term Investment Fund – Net of Fees</i>	0.66%	0.62%	0.76%	0.80%	0.20%
Benchmark Portfolio **	0.72%	0.68%	0.90%	0.88%	0.23%

* Annualized

** The Benchmark Portfolio, adopted from October 1, 2008, is based 100 %
on the total return index of the 30-day Treasury Bill Index

CLLAS**LONG TERM INVESTMENT FUND****DISTRIBUTION OF SECURITIES BY CREDIT RISK**
(Based on Market Values)

	Jan. 1/95	Mar. 31/12	Jun. 30/12	Sep. 30/12
Bonds, Treasury Bills & Cash Less than 1 year term	29.0%	11.1%	13.2%	14.6%
Canadas Greater than 1 year term	54.7%	39.0%	38.2%	36.3%
Provincials Greater than 1 year term	16.3%	35.8%	34.4%	34.7%
Corporates Greater than 1 year term	-	14.1%	14.2%	14.4%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY MATURITY**
(Based on Market Values)

	Jan. 1/95	Mar. 31/12	Jun. 30/12	Sep. 30/12
Under 1 year	29.0%	11.1%	13.2%	14.6%
1 - 3 years	19.8%	38.8%	35.3%	35.6%
3 - 5 years	29.3%	29.3%	31.7%	32.1%
5 - 7 years	11.4%	9.0%	6.8%	4.6%
7 - 10 years	10.5%	11.8%	13.0%	13.1%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	2.60	3.55	3.49	3.27
Average Duration	2.30	3.24	3.20	3.00

SHORT TERM INVESTMENT FUND

Short Term Average Duration	N/A	0.11	0.12	0.04
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CLLAS

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT SEPTEMBER 30, 2012

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.2 years	Yes
Minimum Size	20% of Total	24.9%	Yes
Minimum Canada & Provincial Percentage	50%	61.7%	Yes
Minimum Provincial Quality	A	A Hi	Yes
Minimum Bank CD & BA Quality	R1	R1	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.50 years	Yes
Minimum Cda and Cda Guarantee Percentage	40%	42.3%	Yes
Maximum Provincial Percentage	40%	40.6%	No
Minimum Provincial Quality *	A	A	Yes
Maximum Corporate Percentage	20%	17.1%	Yes
Minimum Corporate Quality *	A	A	Yes

** At time of purchase*

At September 30, the portfolio's provincial percentage was a fraction above the 40% maximum limit.

This will confirm that during the quarter the balance of the portfolio's components was managed in compliance with the Investment Policy Statement that became effective May 5, 2012.

At September 30, the Short Term Investment Fund represented 24.9% of the two Funds combined, which is above the 20% minimum required. At September 30, none of the bond holdings' current credit ratings was below the minimum requirement.

"At the end of the quarter, the lowest rated bonds were:"

Provincial Bonds: Quebec and Manitoba @ A Hi

Corporate Bonds: Canadian Utilities Inc. @ A

Enbridge Gas Distribution @ A

CLLAS

Martin, Lucas & Seagram Ltd.
PERFORMANCE REPORT
GROSS OF FEES

CLLAS - LONG TERM INVESTMENT FUND

From 06-30-12 to 09-30-12

Portfolio Value on 06-30-12	43,360,787
Accrued Interest	298,508
Contributions	312,447
Withdrawals	-983,918
Realized Gains	-2,013
Unrealized Gains	-83,648
Interest	371,471
Dividends	0
Change in Accrued Interest	10,671
Portfolio Value on 09-30-12	42,975,126
Accrued Interest	309,179
Average Capital	43,479,358
Total Gain before Fees	296,482
IRR for 0.25 Years	0.68%

CLLAS

BOND MARKET COMMENTARY AND FUTURE POLICY

Most economic indicators softened during the summer months and overall activity slowed across most of the advanced and emerging market economies. In the U.S., aggregate growth fell back more than expected to 1.3% during the second quarter, compared to a 2% gain during the previous period. Since then the data has been mixed, with pockets of strength appearing in the housing and consumer sectors, while manufacturing has weakened and employment growth remains subdued. Meanwhile, Canadian employment gains recently surprised on the upside and domestic demand in Canada has been holding up reasonably well, although overall activity has been restrained by falling international demand.

Offshore demand from Europe has been a particular weak spot. While Germany, which is Europe's largest economy, continues to expand, deepening contractions in Spain, Italy and the periphery countries has pulled the entire euro region into recession. This has contributed to a loss of economic momentum among the largest emerging markets. In China, the combination of slowing exports and some softening in domestic demand has called into question whether their official growth target of 7-1/2%, which would be the lowest increase in eight years, can be achieved.

Despite the deterioration in the global economic backdrop, and reduced expectations for growth this year and next, North American stock prices have been moving in a gradual uptrend following a steep correction in May. Since then, the monetary authorities across most developed and developing nations have launched additional rounds of monetary stimulus in an effort to counter the slowdown. While the economic impact of these moves has been muted so far, governments' intensifying reflationary efforts buoyed investors' appetite for risk and as a result, bond prices came under modest downward pressure during the second quarter. In Canada, the 10-year yield backed up from 1.74% at the beginning of the second quarter before peaking at 1.97% in mid September. Since then, prices have recovered some of the lost ground and 10-year Canada yields have remained in a tight 25 basis point trading range.

During this period, the European Central Bank (ECB) adopted the most expansive policy yet in an effort to keep the debt crisis from spiralling out of control. Under the new program, the ECB will buy unlimited quantities of short-term government bonds from financially distressed euro zone countries in an effort to reduce their borrowing costs. However, countries that seek assistance from the ECB plan would first have to apply for aid from the European rescue funds, which would be conditional on the adoption of economic reforms and austerity measures. Since the plan was announced, there has been a decline in borrowing costs for Spain and Italy. Nevertheless, it does not resolve the underlying problem of too much sovereign debt and too little growth. Spain will most likely be the first test case of the new bond-buying program. However, the likelihood that additional austerity measures required under the program would accelerate their economic deterioration has so far deterred Spain from requesting assistance.

CLLAS

Meanwhile, the U.S. central bank has also moved aggressively to increase their expansionary policies with a much anticipated announcement of a new bond purchase program. Including operation twist, which was adopted last fall, this marks the fourth round of quantitative easing (QE) implemented by the Fed and is specifically designed to support the mortgage markets. Unlike the previous QE programs, this latest effort entails an open-ended commitment to continue with monthly purchases of mortgage-backed securities until there is a substantial improvement in the labour markets.

The latest moves by the European and U.S. central banks have fuelled the ongoing debate surrounding the effectiveness and longer term impact of these unprecedented monetary measures. On the one hand, critics believe that these policies are either ineffective or will trigger higher inflation in the future. Meanwhile, supporters argue that these policies are not inflationary in the current environment due to the excess amount of slack in the global economy and that there will be ample time to remove this excess liquidity before inflationary pressures build. For the time being, inflation has remained subdued and bond investors seem complacent about the near term inflationary implications. This has been attributed to the deflationary pressures being exerted by the global output gap and ongoing deleveraging in the private sector, which has kept excess bank reserves from fuelling much growth through debt financing and consumption.

As mentioned in our previous report, we believe these reflationary policies present a risk to bond prices due to their longer term implications for inflation. Furthermore, these risks are exacerbated by the lack of any concrete plans in the U.S. to address their unsustainable budget deficits and their reliance on attracting foreign capital to finance a significant portion of their debt. However, at this juncture, these remain longer term concerns. Over the near term, we believe short term rates will remain anchored around current levels, given the U.S. monetary authorities' commitment and ability to keep administered rates at exceptionally low levels for a considerable time. As for longer term yields, we expect the tone of incoming economic data will remain the driving force behind near term shifts in the yield curve.

In weighing the various possibilities for the global economy's near term direction, we still believe the expansion will remain intact, although the loss of momentum over the past few months means the expansion has become more vulnerable to near term risks. Chief among these is the so called "fiscal cliff" facing the U.S. economy. This refers to automatic tax increases and spending cuts scheduled for year-end. If legislators fail to modify the existing legislation, most forecasters expect the U.S. would fall into recession. Given the consequences of inaction, we think the necessary accommodations will be made. However, in view of the fractious and partisan nature of U.S. politics, this is not assured.

In view of the near term economic and political uncertainties, we think investors should be prepared for increased volatility in the equity market and expect bonds to remain in a sideways trading range as investors vacillate between risk-on and risk-off trading positions. During the third quarter, the portfolio's duration edged lower to 3.0 years and we believe this defensive posture remains warranted in light of the limited upside we see for bond prices and the longer term downside risks.

RWB/mab
October 17, 2012

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in your financial circumstances, income needs or risk tolerance in order for us to review the suitability of your investment objectives.

CLLAS - SHORT TERM INVESTMENT FUND

Portfolio Holdings at September 30, 2012

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			9,104	0
MONEY MARKET ISSUES					
1,345,000	Royal Bank BA .98% due October 4, 2012	99.98	99.98	1,344,765	13,179
1,000,000	National Bank of Canada BA 1.00% due October 9, 2012	99.97	99.96	999,630	9,997
750,000	Bank of Nova Scotia BA 1.00% due October 10, 2012	99.96	99.96	749,737	7,497
500,000	CIBC BA .98% due October 10, 2012	99.97	99.96	499,820	4,898
1,000,000	CIBC BA 1.00% due October 10, 2012	99.96	99.96	999,639	9,996
850,000	TD Bank 1.00% due October 10, 2012	99.96	99.97	849,707	8,497
2,000,000	Canada Treasury Bill .86% due October 11, 2012	99.96	99.97	1,999,320	17,194
2,000,000	Canada Treasury Bill .90% due October 11, 2012	99.96	99.97	1,999,320	17,993
3,805,000	Canada Treasury Bill .90% due October 11, 2012	99.97	99.97	3,803,706	34,233
				<hr/> 13,245,643	<hr/> 123,484
PROVINCIAL BONDS					
1,000,000	Ontario Coupon due December 2, 2012	99.55	99.79	997,920	0
TOTAL PORTFOLIO				14,252,667	123,484

Martin, Lucas & Seagram Ltd..
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
07-03-12	07-03-12	725,000	CIBC BA 1.02% due September 19, 2012	99.78	723,423.39
07-03-12	07-03-12	1,000,000	Toronto Dominion Bank 1.00% due August 17, 2012	99.88	998,755.45
07-04-12	07-05-12	810,000	Canada Treasury Bill .75% due September 27, 2012	99.83	808,604.37
07-06-12	07-09-12	1,120,000	CIBC BA 1.00% due August 7, 2012	99.92	1,119,110.72
07-27-12	07-28-12	910,000	Canada Treasury Bill .86% due August 16, 2012	99.96	909,636.00
08-01-12	08-02-12	2,920,000	Canada Treasury Bill .86% due August 30, 2012	99.94	2,918,163.32
08-07-12	08-08-12	1,120,000	Canada Treasury Bill .80% due August 30, 2012	99.95	1,119,460.16
08-15-12	08-16-12	2,145,000	Canada Treasury Bill .82% due August 30, 2012	99.97	2,144,326.47
08-16-12	08-17-12	2,000,000	CIBC BA .97% due August 29, 2012	99.97	1,999,362.00
08-17-12	08-20-12	720,000	Bank of Nova Scotia BA .98% due August 31, 2012	99.97	719,787.60
08-29-12	08-30-12	2,000,000	CIBC BA .998% due September 26, 2012	99.93	1,998,524.00
08-29-12	08-30-12	2,650,000	Canada Treasury Bill .80% due September 13, 2012	99.97	2,649,189.10
08-29-12	08-30-12	2,645,000	Canada Treasury Bill .86% due September 27, 2012	99.93	2,643,256.94
08-29-12	08-30-12	2,000,000	FirstBank BA 1.00% due September 25, 2012	99.93	1,998,576.00
08-30-12	08-31-12	720,000	Bank of Nova Scotia BA 1.00% due September 28, 2012	99.92	719,447.76
09-04-12	09-05-12	1,100,000	Canada Treasury Bill .91% due September 27, 2012	99.95	1,099,436.80
09-07-12	09-10-12	300,000	TD Bank BA .99% due September 28, 2012	99.95	299,853.60
09-13-12	09-14-12	2,850,000	Canada Treasury Bill .82% due September 27, 2012	99.97	2,849,167.80
09-18-12	09-19-12	825,000	CIBC BA .95% due September 28, 2012	99.98	824,806.95
09-24-12	09-25-12	2,000,000	Canada Treasury Bill .86% due October 11, 2012	99.96	1,999,246.00
09-25-12	09-26-12	2,000,000	Canada Treasury Bill .90% due October 11, 2012	99.96	1,999,260.00

Martin, Lucas & Seagram Ltd..
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
09-26-12	09-27-12	750,000	Bank of Nova Scotia BA 1.00% due October 10, 2012	99.96	749,722.50
09-26-12	09-27-12	1,000,000	CIBC BA 1.00% due October 10, 2012	99.96	999,633.00
09-26-12	09-27-12	3,805,000	Canada Treasury Bill .90% due October 11, 2012	99.97	3,803,668.25
09-26-12	09-27-12	1,000,000	National Bank of Canada BA 1.00% due October 9, 2012	99.97	999,670.00
09-26-12	09-27-12	850,000	TD Bank 1.00% due October 10, 2012	99.96	849,685.50
09-27-12	09-28-12	500,000	CIBC BA .98% due October 10, 2012	99.97	499,839.00
09-27-12	09-28-12	1,345,000	Royal Bank BA .98% due October 4, 2012	99.98	1,344,783.45
					41,788,396.13
SALES					
07-03-12	07-03-12	580,000	FirstBank BA .95% due July 3, 2012	100.00	580,000.00
07-03-12	07-03-12	430,000	FirstBank BA 1.00% due July 3, 2012	100.00	430,000.00
07-03-12	07-03-12	700,000	Royal Bank BA .99% due July 3, 2012	100.00	700,000.00
07-05-12	07-05-12	810,000	Canada Treasury Bill .76% due July 5, 2012	100.00	810,000.00
07-09-12	07-09-12	190,000	Toronto Dominion Bank BA .98% due July 9, 2012	100.00	190,000.00
07-09-12	07-09-12	925,000	Toronto Dominion Bank BA 1.00% due July 9, 2012	100.00	925,000.00
07-27-12	07-27-12	425,000	CIBC BA 1.00% due July 27, 2012	100.00	425,000.00
07-27-12	07-27-12	495,000	CIBC BA 1.01% due July 27, 2012	100.00	495,000.00
08-02-12	08-02-12	1,210,000	CIBC BA 1.04% due August 2, 2012	100.00	1,210,000.00
08-02-12	08-02-12	600,000	Canada Treasury Bill .82% due August 2, 2012	100.00	600,000.00
08-02-12	08-02-12	1,100,000	Canada Treasury Bill .85% due August 2, 2012	100.00	1,100,000.00
08-07-12	08-07-12	1,120,000	CIBC BA 1.00% due August 7, 2012	100.00	1,120,000.00
08-16-12	08-16-12	1,200,000	Canada Treasury Bill .77% due August 16, 2012	100.00	1,200,000.00
08-16-12	08-16-12	910,000	Canada Treasury Bill .86% due August 16, 2012	100.00	910,000.00

Martin, Lucas & Seagram Ltd..
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
08-17-12	08-17-12	1,000,000	Toronto Dominion Bank .98% due August 17, 2012	100.00	1,000,000.00
08-17-12	08-17-12	1,000,000	Toronto Dominion Bank 1.00% due August 17, 2012	100.00	1,000,000.00
08-20-12	08-20-12	720,000	Bank of Nova Scotia BDN Discount Note 1.00% due August 20, 2012	100.00	720,000.00
08-29-12	08-29-12	2,000,000	CIBC BA .97% due August 29, 2012	100.00	2,000,000.00
08-30-12	08-30-12	1,120,000	Canada Treasury Bill .80% due August 30, 2012	100.00	1,120,000.00
08-30-12	08-30-12	2,145,000	Canada Treasury Bill .82% due August 30, 2012	100.00	2,145,000.00
08-30-12	08-30-12	1,100,000	Canada Treasury Bill .85% due August 30, 2012	100.00	1,100,000.00
08-30-12	08-30-12	2,920,000	Canada Treasury Bill .86% due August 30, 2012	100.00	2,920,000.00
08-31-12	08-31-12	720,000	Bank of Nova Scotia BA .98% due August 31, 2012	100.00	720,000.00
09-05-12	09-05-12	500,000	British Columbia Coupon due September 5, 2012	100.00	500,000.00
09-05-12	09-05-12	600,000	Manitoba Coupon due September 5, 2012	100.00	600,000.00
09-13-12	09-13-12	2,650,000	Canada Treasury Bill .80% due September 13, 2012	100.00	2,650,000.00
09-19-12	09-19-12	725,000	CIBC BA 1.02% due September 19, 2012	100.00	725,000.00
09-25-12	09-25-12	2,000,000	FirstBank BA 1.00% due September 25, 2012	100.00	2,000,000.00
09-26-12	09-26-12	2,000,000	CIBC BA .998% due September 26, 2012	100.00	2,000,000.00
09-27-12	09-27-12	810,000	Canada Treasury Bill .75% due September 27, 2012	100.00	810,000.00
09-27-12	09-27-12	2,850,000	Canada Treasury Bill .82% due September 27, 2012	100.00	2,850,000.00
09-27-12	09-27-12	2,645,000	Canada Treasury Bill .86% due September 27, 2012	100.00	2,645,000.00
09-27-12	09-27-12	1,100,000	Canada Treasury Bill .91% due September 27, 2012	100.00	1,100,000.00
09-28-12	09-28-12	720,000	Bank of Nova Scotia BA 1.00% due September 28, 2012	100.00	720,000.00
09-28-12	09-28-12	825,000	CIBC BA .95% due September 28, 2012	100.00	825,000.00

Martin, Lucas & Seagram Ltd..
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
09-28-12	09-28-12	300,000	TD Bank BA .99% due September 28, 2012	100.00	300,000.00
					41,145,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Cash Balance at July 1, 2012			25,733.35
ADD:	Proceeds from Sales	41,145,000.00	
	Interest on Balance	60.06	
	Transfer from Long Term Investment Fund	300,000.00	
	Bond Interest Credited (from Long Term Investment Fund)	<u>371,470.95</u>	<u>41,816,531.01</u>
			41,842,264.36
LESS:	Cost of Purchases	41,788,396.13	
	Investment Counsel Fees - Short Term Investment Fund	3,840.29	
	Investment Counsel Fees - Long Term Investment Fund	30,623.55	
	Trust Company Charges	<u>10,300.04</u>	<u>41,833,160.01</u>
Cash Balance at September 30, 2012			9,104.35

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at September 30, 2012

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
750,000	Canada Housing Trust Sr. 18 4.55% due December 15, 2012	102.72	100.69	755,168	34,125
900,000	Canada Housing Trust Sr. 19 3.60% due June 15, 2013	99.87	101.73	915,588	32,400
900,000	Canada Housing Trust Sr. 22 3.55% due September 15, 2013	105.12	102.31	920,781	31,950
1,650,000	Canada Housing Trust Sr. 24 2.70% due December 15, 2013	100.25	101.89	1,681,185	44,550
1,500,000	Canada Housing Trust Sr. 26 2.20% due March 15, 2014	99.80	101.55	1,523,250	33,000
1,000,000	Canada Housing Trust Sr. 28 3.15% due June 15, 2014	99.95	103.36	1,033,600	31,500
1,500,000	Canada Housing Trust Sr. 29 2.75% due September 15, 2014	101.82	103.05	1,545,735	41,250
600,000	Canada Mtge & Housing 4.30% due April 1, 2015	100.95	107.47	644,826	25,800
650,000	Canada Mtge & Housing Corp. 4.10% due October 1, 2015	98.39	108.05	702,293	26,650
1,000,000	Canada 3.00% due December 1, 2015	102.41	105.64	1,056,380	30,000
1,000,000	Canada Housing Trust 2.75% Series 39 due December 15, 2015	99.35	104.23	1,042,320	27,500
1,000,000	Canada 4% due June 1, 2016	99.58	109.98	1,099,800	40,000
1,000,000	Canada Housing Trust 2.05% Series 46 due June 15, 2017	99.91	102.02	1,020,200	20,500
750,000	Canada Housing Trust Sr. 23 4.10% due December 15, 2018	104.51	113.40	850,500	30,750
1,500,000	Canada Housing Trust No. 1 Sr. 30 3.75% due March 15, 2020	103.99	112.33	1,684,995	56,250
1,000,000	Canada Housing Trust 3.35% due December 15, 2020	104.64	109.86	1,098,630	33,500
600,000	Canada Housing Trust 2.65% Series 45 due March 15, 2022	101.55	104.04	624,252	15,900
				18,199,502	555,625
PROVINCIAL BONDS					
1,250,000	Ontario 4.50% due December 2, 2012	103.37	100.55	1,256,888	56,250
1,275,000	Ontario 4-3/4% due June 2, 2013	102.35	102.38	1,305,383	60,563
1,000,000	Manitoba 5.05% due December 3, 2013	101.61	104.47	1,044,670	50,500

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at September 30, 2012

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
750,000	Ontario 5% due March 8, 2014	102.63	105.32	789,908	37,500
500,000	Ontario 3.25% due September 8, 2014	99.84	104.06	520,306	16,250
800,000	Alberta 2.75% due December 1, 2014	101.64	103.25	826,000	22,000
750,000	Manitoba 4.80% due December 3, 2014	104.46	107.53	806,453	36,000
1,350,000	Ontario 4.5% due March 8, 2015	101.62	107.45	1,450,629	60,750
900,000	Ontario 3.15% due September 8, 2015	102.69	104.85	943,650	28,350
1,750,000	Ontario 4.4% due March 8, 2016	102.25	109.46	1,915,550	77,000
750,000	Ontario 3.20% due September 8, 2016	99.95	105.84	793,778	24,000
1,750,000	Ontario 4.30% due March 8, 2017	101.49	110.77	1,938,510	75,250
500,000	Alberta 1.75% due June 15, 2017	99.45	100.48	502,385	8,750
1,000,000	Ontario 4.20% due March 8, 2018	100.33	111.47	1,114,650	42,000
1,000,000	British Columbia 4.10% due December 18, 2019	103.60	113.06	1,130,570	41,000
1,000,000	British Columbia 3.70% due December 18, 2020	99.83	110.18	1,101,760	37,000
				17,441,088	673,163
CORPORATE BONDS					
400,000	Wells Fargo Financial Canada MTN 4.40% due December 12, 2012	99.78	100.60	402,404	17,600
750,000	Toronto Dominion Bank Dep. Note 4.854% due February 13, 2013	101.35	101.30	759,743	36,405
250,000	Bank of Nova Scotia 4.56% due October 30, 2013	100.07	103.36	258,405	11,400
300,000	Wells Fargo Financial Canada MTN 4.33% due December 6, 2013	99.97	103.27	309,807	12,990
250,000	Enbridge Gas Distribution 5.570% due January 29, 2014	107.04	105.24	263,090	13,925
250,000	Canadian Utilities Inc. 5.096% due November 18, 2014	105.56	107.03	267,578	12,740
500,000	CIBC 4.75% due December 22, 2014	101.80	106.70	533,490	23,750

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at September 30, 2012

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
300,000	GE Capital Cda Fndg 4.65% due February 11, 2015	102.20	106.23	318,675	13,950
500,000	Royal Bank 3.18% due March 16, 2015	102.15	103.71	518,550	15,900
300,000	Royal Bank 3.36% due January 11, 2016	100.54	104.43	313,290	10,080
300,000	CIBC Dep Nts 3.40% due January 14, 2016	100.67	104.52	313,548	10,200
400,000	Bank of Nova Scotia Dep. Note 3.61% due February 22, 2016	101.65	105.32	421,280	14,440
600,000	Bank of Montreal 3.103% due March 10, 2016	100.79	103.72	622,326	18,618
500,000	Bank of Montreal Dep. Note 3.49% due June 10, 2016	104.92	105.16	525,790	17,450
500,000	Royal Bank 3.66% Sr. Dep. Note due January 25, 2017	101.46	106.20	531,015	18,300
700,000	CIBC Dep Note 3.95% due July 14, 2017	102.93	107.80	754,614	27,650
200,000	Bank of Montreal 4.55% due August 1, 2017	99.94	110.47	220,932	9,100
				<hr/> 7,334,536	<hr/> 284,498
TOTAL PORTFOLIO				42,975,126	1,513,286

Martin, Lucas & Seagram Ltd..
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
SALES					
09-10-12	09-10-12	300,000	CIBC 5.00% Senior Dep Nts due September 10, 2012	100.00	300,000.00
					300,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 07-01-12 To 09-30-12

Cash Balance at July 1, 2012	0.00
ADD: Proceeds from Sales	300,000.00
LESS: Transfer to Short Term Investment Fund	<u>300,000.00</u>
Cash Balance at September 30, 2012	0.00

Martin, Lucas & Seagram Ltd..
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 06-30-12 to 09-30-12

Security	06-30-12 Market Value	Additions Withdrawals	09-30-12 Market Value	09-30-12 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	0	0	0	0				
GOVERNMENT BONDS								
Canada Housing Trust Sr. 18 4.55% due December 15, 2012	761,715	0	755,168	770,425	0	0	-15,258	-6,548
Canada Housing Trust Sr. 19 3.60% due June 15, 2013	921,582	0	915,588	898,840	0	0	16,748	-5,994
Canada Housing Trust Sr. 22 3.55% due September 15, 2013	926,325	-15,975	920,781	946,117	0	0	-25,336	-5,544
Canada Housing Trust Sr. 24 2.70% due December 15, 2013	1,687,802	0	1,681,185	1,654,203	0	0	26,982	-6,617
Canada Housing Trust Sr. 26 2.20% due March 15, 2014	1,526,820	-16,500	1,523,250	1,497,053	0	0	26,198	-3,570
Canada Housing Trust Sr. 28 3.15% due June 15, 2014	1,038,170	0	1,033,600	999,460	0	0	34,140	-4,570
Canada Housing Trust Sr. 29 2.75% due September 15, 2014	1,550,250	-20,625	1,545,735	1,527,285	0	0	18,450	-4,515
Canada Mtge & Housing 4.30% due April 1, 2015	648,582	0	644,826	605,700	0	0	39,126	-3,756
Canada Mtge & Housing Corp. 4.10% due October 1, 2015	705,868	0	702,293	639,525	0	0	62,768	-3,575
Canada 3.00% due December 1, 2015	1,060,880	0	1,056,380	1,024,060	0	0	32,320	-4,500
Canada Housing Trust 2.75% Series 39 due December 15, 2015	1,044,680	0	1,042,320	993,510	0	0	48,810	-2,360
Canada 4% due June 1, 2016	1,106,260	0	1,099,800	995,820	0	0	103,980	-6,460
Canada Housing Trust 2.05% Series 46 due June 15, 2017	1,018,840	0	1,020,200	999,120	0	0	21,080	1,360
Canada Housing Trust Sr. 23 4.10% due December 15, 2018	851,850	0	850,500	783,840	0	0	66,660	-1,350
Canada Housing Trust No. 1 Sr. 30 3.75% due March 15, 2020	1,683,450	-28,125	1,684,995	1,559,825	0	0	125,171	1,545
Canada Housing Trust 3.35% due December 15, 2020	1,095,020	0	1,098,630	1,046,410	0	0	52,220	3,610
Canada Housing Trust 2.65% Series 45 due March 15, 2022	310,092	308,472	624,252	609,315	0	0	14,937	2,040
Canada Housing Trust Mortgage Bonds 2.65% Series 45 due March 15, 2022	310,092	-316,422	0	0	0	0	0	2,028
GOVERNMENT BONDS Total	18,248,277		18,199,502	17,550,507	0	0	648,995	-48,775
PROVINCIAL BONDS								
Ontario 4.50% due December 2, 2012	1,267,438	0	1,256,888	1,292,133	0	0	-35,246	-10,550

Martin, Lucas & Seagram Ltd..

DATE TO DATE GAINS AND LOSSES

CLLAS - LONG TERM INVESTMENT FUND

From 06-30-12 to 09-30-12

Security	06-30-12 Market Value	Additions Withdrawals	09-30-12 Market Value	09-30-12 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Ontario 4-3/4% due June 2, 2013	1,316,705	0	1,305,383	1,304,990	0	0	393	-11,322
Manitoba 5.05% due December 3, 2013	1,053,710	0	1,044,670	1,016,075	0	0	28,595	-9,040
Ontario 5% due March 8, 2014	796,200	-18,750	789,908	769,700	0	0	20,208	-6,293
Ontario 3.25% due September 8, 2014	520,385	-8,125	520,306	499,180	0	0	21,126	-79
Alberta 2.75% due December 1, 2014	828,352	0	826,000	813,148	0	0	12,852	-2,352
Manitoba 4.80% due December 3, 2014	811,373	0	806,453	783,425	0	0	23,028	-4,920
Ontario 4.5% due March 8, 2015	1,457,852	-30,375	1,450,629	1,371,933	0	0	78,697	-7,223
Ontario 3.15% due September 8, 2015	944,379	-14,175	943,650	924,198	0	0	19,452	-729
Ontario 4.4% due March 8, 2016	1,919,855	-38,500	1,915,550	1,789,410	0	0	126,140	-4,305
Ontario 3.20% due September 8, 2016	793,695	-12,000	793,778	749,618	0	0	44,160	83
Ontario 4.30% due March 8, 2017	1,941,853	-37,625	1,938,510	1,776,025	0	0	162,485	-3,343
Alberta 1.75% due June 15, 2017	501,005	0	502,385	497,245	0	0	5,140	1,380
Ontario 4.20% due March 8, 2018	1,114,110	-21,000	1,114,650	1,003,315	0	0	111,335	540
British Columbia 4.10% due December 18, 2019	1,126,200	0	1,130,570	1,036,047	0	0	94,523	4,370
British Columbia 3.70% due December 18, 2020	1,096,920	0	1,101,760	998,345	0	0	103,415	4,840
PROVINCIAL BONDS Total	17,490,030		17,441,088	16,624,787	0	0	816,302	-48,942
CORPORATE BONDS								
CIBC 5.00% Senior Dep Nts due September 10, 2012	302,013	-307,500	0	0	-690	-2,013	0	0
Wells Fargo Financial Canada MTN 4.40% due December 12, 2012	404,980	0	402,404	399,120	0	0	3,284	-2,576
Toronto Dominion Bank Dep. Note 4.854% due February 13, 2013	766,043	-18,203	759,743	760,125	0	0	-383	-6,300
Bank of Nova Scotia 4.56% due October 30, 2013	260,103	0	258,405	250,175	0	0	8,230	-1,698
Wells Fargo Financial Canada MTN 4.33% due December 6, 2013	310,830	0	309,807	299,920	0	0	9,887	-1,023
Enbridge Gas Distribution 5.570% due January 29, 2014	265,263	-6,924	263,090	267,610	0	0	-4,520	-2,173
Canadian Utilities Inc. 5.096% due November 18, 2014	269,325	0	267,578	263,910	0	0	3,668	-1,748
CIBC 4.75% due December 22, 2014	534,140	0	533,490	508,980	0	0	24,510	-650
GE Capital Cda Fndg 4.65% due February 11, 2015	317,640	-6,975	318,675	306,600	0	0	12,075	1,035
Royal Bank 3.18% due March 16, 2015	517,315	-7,950	518,550	510,755	0	0	7,795	1,235
Royal Bank 3.36% due January 11, 2016	310,974	-5,040	313,290	301,620	0	0	11,670	2,316
CIBC Dep Nts 3.40% due January 14, 2016	311,319	-5,100	313,548	301,998	0	0	11,550	2,229

Martin, Lucas & Seagram Ltd..
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 06-30-12 to 09-30-12

Security	06-30-12 Market Value	Additions Withdrawals	09-30-12 Market Value	09-30-12 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Bank of Nova Scotia Dep. Note 3.61% due February 22, 2016	418,124	-7,220	421,280	406,596	0	0	14,684	3,156
Bank of Montreal 3.103% due March 10, 2016	617,514	-9,309	622,326	604,762	0	0	17,564	4,812
Bank of Montreal Dep. Note 3.49% due June 10, 2016	522,065	0	525,790	524,575	0	0	1,215	3,725
Royal Bank 3.66% Sr. Dep. Note due January 25, 2017	526,865	-9,150	531,015	507,323	0	0	23,693	4,150
CIBC Dep Note 3.95% due July 14, 2017	748,188	-13,825	754,614	720,496	0	0	34,118	6,426
Bank of Montreal 4.55% due August 1, 2017	219,780	-4,550	220,932	199,882	0	0	21,050	1,152
CORPORATE BONDS Total	7,622,480		7,334,536	7,134,446	-690	-2,013	200,090	14,070
TOTAL PORTFOLIO	43,360,787		42,975,126	41,309,740	-690	-2,013	1,665,386	-83,648
TOTAL DATE TO DATE GAIN OR LOSS								-85,661
% CHANGE DURING PERIOD								-0.20

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Martin, Lucas & Seagram Ltd..											
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - SEPTEMBER 30, 2012											
CLLAS - SHORT TERM INVESTMENT FUND											
ALL RATINGS ARE DBRS, UNLESS NOTED											
Quantity	Security		Rating	Unit Cost	Total Cost	Price	Market Value	Pct. Assets			
CASH											
	Cash Account				9,104		9,104	0.1			
MONEY MARKET ISSUES											
1,345,000	Royal Bank BA .98%	due October 4, 2012	R-1	99.98	1,344,783	99.98	1,344,765	9.4			
1,000,000	National Bank of Canada BA 1.00%	due October 9, 2012	R-1	99.97	999,670	99.96	999,630	7			
750,000	Bank of Nova Scotia BA 1.00%	due October 10, 2012	R-1	99.96	749,723	99.96	749,737	5.3			
1,000,000	CIBC BA 1.00%	due October 10, 2012	R-1	99.96	999,633	99.96	999,639	7			
500,000	CIBC BA .98%	due October 10, 2012	R-1	99.97	499,839	99.96	499,820	3.5			
850,000	TD Bank 1.00%	due October 10, 2012	R-1	99.96	849,686	99.97	849,707	6			
2,000,000	Canada Treasury Bill .86%	due October 11, 2012	R-1	99.96	1,999,246	99.97	1,999,320	14			
2,000,000	Canada Treasury Bill .90%	due October 11, 2012	R-1	99.96	1,999,260	99.97	1,999,320	14			
3,805,000	Canada Treasury Bill .90%	due October 11, 2012	R-1	99.97	3,803,668	99.97	3,803,706	26.7			
					13,245,508		13,245,643	92.9			
PROVINCIAL BONDS											
1,000,000	Ontario Coupon	due December 2, 2012	AA	99.55	995,455	99.79	997,920	7			
TOTAL PORTFOLIO											
					14,250,067		14,252,667	100			

Martin, Lucas & Seagram Ltd..

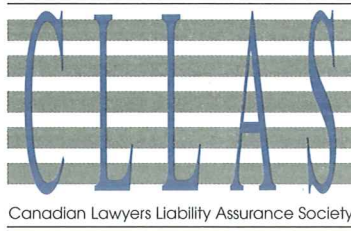
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - SEPTEMBER 30, 2012

CLLAS - LONG TERM INVESTMENT FUND

Quantity	Security				Rating	Unit	Total	Price	Market	Pct.
						Cost	Cost		Value	Assets
GOVERNMENT BONDS										
750,000	Canada Housing Trust Sr. 18 4.55%	due December 15, 2012	AAA	102.72		102.72	770,425	100.69	755,168	1.8
900,000	Canada Housing Trust Sr. 19 3.60%	due June 15, 2013	AAA	99.87		99.87	898,840	101.73	915,588	2.1
900,000	Canada Housing Trust Sr. 22 3.55%	due September 15, 2013	AAA	105.12		105.12	946,117	102.31	920,781	2.1
1,650,000	Canada Housing Trust Sr. 24 2.70%	due December 15, 2013	AAA	100.25		100.25	1,654,203	101.89	1,681,185	3.9
1,500,000	Canada Housing Trust Sr. 26 2.20%	due March 15, 2014	AAA	99.8		99.8	1,497,053	101.55	1,523,250	3.5
1,000,000	Canada Housing Trust Sr. 28 3.15%	due June 15, 2014	AAA	99.95		99.95	999,460	103.36	1,033,600	2.4
1,500,000	Canada Housing Trust Sr. 29 2.75%	due September 15, 2014	AAA	101.82		101.82	1,527,285	103.05	1,545,735	3.6
600,000	Canada Mtge & Housing 4.30%	due April 1, 2015	AAA	100.95		100.95	605,700	107.47	644,826	1.5
650,000	Canada Mtge & Housing Corp. 4.10%	due October 1, 2015	AAA	98.39		98.39	639,525	108.05	702,293	1.6
1,000,000	Canada 3.00%	due December 1, 2015	AAA	102.41		102.41	1,024,060	105.64	1,056,380	2.5
1,000,000	Canada Housing Trust 2.75% Series 39	due December 15, 2015	AAA	99.35		99.35	993,510	104.23	1,042,320	2.4
1,000,000	Canada 4%	due June 1, 2016	AAA	99.58		99.58	995,820	109.98	1,099,800	2.6
1,000,000	Canada Housing Trust 2.05% Series 46	due June 15, 2017	AAA	99.91		99.91	999,120	102.02	1,020,200	2.4
750,000	Canada Housing Trust Sr. 23 4.10%	due December 15, 2018	AAA	104.51		104.51	783,840	113.4	850,500	2
1,500,000	Canada Housing Trust No. 1 Sr. 30 3.75%	due March 15, 2020	AAA	103.99		103.99	1,559,825	112.33	1,684,995	3.9
1,000,000	Canada Housing Trust 3.35%	due December 15, 2020	AAA	104.64		104.64	1,046,410	109.86	1,098,630	2.6
600,000	Canada Housing Trust 2.65% Series 45	due March 15, 2022	AAA	101.55		101.55	609,315	104.04	624,252	1.5
							17,550,507		18,199,502	42.3
PROVINCIAL BONDS										
1,250,000	Ontario 4.50%	due December 2, 2012	AA	103.37		103.37	1,292,133	100.55	1,256,888	2.9
1,275,000	Ontario 4-3/4%	due June 2, 2013	AA	102.35		102.35	1,304,990	102.38	1,305,383	3
1,000,000	Manitoba 5.05%	due December 3, 2013	AA	101.61		101.61	1,016,075	104.47	1,044,670	2.4
750,000	Ontario 5%	due March 8, 2014	AA	102.63		102.63	769,700	105.32	789,908	1.8
500,000	Ontario 3.25%	due September 8, 2014	AA	99.84		99.84	499,180	104.06	520,306	1.2
800,000	Alberta 2.75%	due December 1, 2014	AAA	101.64		101.64	813,148	103.25	826,000	1.9
750,000	Manitoba 4.80%	due December 3, 2014	A	104.46		104.46	783,425	107.53	806,453	1.9
1,350,000	Ontario 4.5%	due March 8, 2015	AA	101.62		101.62	1,371,933	107.45	1,450,629	3.4
900,000	Ontario 3.15%	due September 8, 2015	AA	102.69		102.69	924,198	104.85	943,650	2.2

CLLAS - LONG TERM INVESTMENT FUND

Quantity	Security	Rating	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
1,750,000	Ontario 4.4%	AA	102.25	1,789,410	109.46	1,915,550	4.5
750,000	Ontario 3.20%	AA	99.95	749,618	105.84	793,778	1.8
1,750,000	Ontario 4.30%	AA	101.49	1,776,025	110.77	1,938,510	4.5
500,000	Alberta 1.75%	AAA	99.45	497,245	100.48	502,385	1.2
1,000,000	Ontario 4.20%	AA	100.33	1,003,315	111.47	1,114,650	2.6
1,000,000	British Columbia 4.10%	AA	103.6	1,036,047	113.06	1,130,570	2.6
1,000,000	British Columbia 3.70%	AA	99.83	998,345	110.18	1,101,760	2.6
				16,624,787		17,441,088	40.6
CORPORATE BONDS							
400,000	Wells Fargo Financial Canada MTN 4.40%	AA	99.78	399,120	100.6	402,404	0.9
750,000	Toronto Dominion Bank Dep. Note 4.854%	AA	101.35	760,125	101.3	759,743	1.8
250,000	Bank of Nova Scotia 4.56%	AA	100.07	250,175	103.36	258,405	0.6
300,000	Wells Fargo Financial Canada MTN 4.33%	AA	99.97	299,920	103.27	309,807	0.7
250,000	Enbridge Gas Distribution 5.570%	A	107.04	267,610	105.24	263,090	0.6
250,000	Canadian Utilities Inc. 5.096%	A	105.56	263,910	107.03	267,578	0.6
500,000	CIBC 4.75%	AA	101.8	508,980	106.7	533,490	1.2
300,000	GE Capital Cda Fndg 4.65%	AA**	102.2	306,600	106.23	318,675	0.7
500,000	Royal Bank 3.18%	AAA	102.15	510,755	103.71	518,550	1.2
300,000	Royal Bank 3.36%	AA	100.54	301,620	104.43	313,290	0.7
300,000	CIBC Dep Nts 3.40%	AA	100.67	301,998	104.52	313,548	0.7
400,000	Bank of Nova Scotia Dep. Note 3.61%	AA	101.65	406,596	105.32	421,280	1
600,000	Bank of Montreal 3.103%	AA	100.79	604,762	103.72	622,326	1.4
500,000	Bank of Montreal Dep. Note 3.49%	AA	104.92	524,575	105.16	525,790	1.2
500,000	Royal Bank 3.66% Sr. Dep. Note	AA	101.46	507,323	106.2	531,015	1.2
700,000	CIBC Dep Note 3.95%	AA	102.93	720,496	107.8	754,614	1.8
200,000	Bank of Montreal 4.55%	AA	99.94	199,882	110.47	220,932	0.5
				7,134,446		7,334,536	17.1
TOTAL PORTFOLIO							
	**Standard & Poor's rating			41,309,740		42,975,126	100



P R I V A T E & C O N F I D E N T I A L
M E M O R A N D U M

To: Nick Leblovic
Copy: Joe Tontini
From: Patrick Mahoney
Date: December 7, 2012
Re: **CLLAS Surplus**

You will recall that as part of finalizing the rates for the current policy year, the Board decided to apply a portion of CLLAS' surplus to the 2012/13 rates in keeping with the past few years. The Board decided to defer the issue of a more significant surplus credit for a year due to the change in regulatory jurisdiction and the implementation of the loss portfolio transfer (LPT).

You have asked for our updated view on this issue as it will be discussed at the upcoming Board meeting.

We have discussed this matter with CLLAS' actuary and have reviewed CLLAS' financial statements as at June 30, 2012 (the effective date of the LPT) to assess the impact of the LPT, which took effect on that day. The Minimum Capital Test (MCT) for CLLAS was not significantly affected by the LPT. For test purposes, CLLAS had surplus of \$9,833,000 and a minimum capital requirement of \$4,259,000 (for an MCT of 259%) at June 30, 2012. This compares with the June 30, 2011 results when CLLAS had surplus of \$21,522,000 and a minimum capital requirement of \$8,481,000 (for an MCT of 251%). Simplifying somewhat, the amount of capital maintained in CLLAS after the LPT yields roughly the same capital-to-liabilities ratio as before the LPT, albeit on a smaller scale. While this is not the only measure of capital adequacy, it is certainly one of the key industry benchmarks, and one which CLLAS has used to measure its own capital requirements in the past.

We note that Alberta applies a different surplus test to reciprocals, referred to as "reserve and guarantee fund", and they also have the ability to impose additional surplus requirements to a reciprocal on a case-by-case basis. In our detailed discussions with the regulator in the period leading up the transfer to Alberta and the implementation of the LPT, they indicated general satisfaction with CLLAS' financial position. Having said that, the first regulatory filings that Alberta will receive as lead regulator of CLLAS are the December 31, 2012 year-end filings.

Nick Leblovic
December 7, 2012
Page 2

We do not believe that it is advisable in the immediate term (i.e. as part of the second installment of the premium for the current policy year) to apply additional surplus to the premium. This conclusion is supported by CLLAS' actuary who has extensive experience with other reciprocals who are also regulated by the Alberta Regulator. It is our recommendation that CLLAS reconsider this issue at its June 2013 meeting, as part of finalizing the rates and reinsurance terms for the 2013/14 policy year.

Please let me know if you would like to discuss this matter in advance of the Board meeting.

A handwritten signature in black ink, appearing to be 'N. Leblovic', with a long, sweeping horizontal line extending to the left.